Economic Inequality and Power Imbalance in the United States: 
The Role of Globalization

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Abstract

Social inequality has become a challenging social phenomenon in many advanced countries. Individuals are affected by social divisions of race, gender, economic, cultural, and political structures. Among these social divisions, income and power inequality have become the major political preoccupation in most developed countries. In the United States, income disparity between the upper and middle classes has been increasing for several decades. While the top 1% earners who contributed to 10% of the U.S. national income in 1980 increased to 20% in 2016, the bottom 50% earners who contributed to 20% of national income in 1980 decreased to 13% in 2016. There have been several interpretations of this phenomenon but from a globalization point of view. This study, therefore, explores the phenomenon of economic and power inequality from a globalization standpoint. Using intersectionality as the theoretical framework, this paper explores how various social constructs intersect in a globalized economy to create income and power disparities. The author adopts a systematic literature review approach to identify gaps, contradictions, inconsistencies, interpretations, and connections in the literature relative to the phenomenon being explored. The findings will add to the scholarly literature on socioeconomic inequality and provide meaningful recommendations to improve U.S. social policies.

Keywords: Globalization, Intersectionality, Social Class, Inequality, Power.

1. Introduction

In the United States, income disparity between the upper and middle classes has been increasing for several decades (Kochhar & Richard, 2014; Mather & Jarosz, 2014). While the top 1% earners who contributed to 10% of the U.S. national income in 1980 increased to 20% in 2016, the bottom 50% earners who contributed to 20% of national income in 1980 decreased to 13% in 2016 (Mather & Jarosz, 2014). Today, the average annual income of the wealthiest 20% of the U.S. population is 16 times the average annual

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income of the poorest 10% of the population (National Poverty Center, 2016). These data corroborate the claim by the United Nations that disparity in the distribution of opportunities for remunerated employment is widening in various parts of the world, which eventually affects a greater number of individuals at the lower end of the socioeconomic scale (United Nations Department of Economic & Social Affairs, 2015). These individuals at the lower end of the socioeconomic scale are deprived of the basic human rights that are invoked in the Charter and Universal Declaration by the United Nations (United Nations Department of Economic & Social Affairs, 2015).

Many scholars (e.g., Hurst et al., 2017; Mather & Jarosz, 2014; McCall, 2014) have examined the causes and consequences of this persistent social disparity in the United States. A phenomenon that pervades the social justice and inequality literature as a contributing factor to the progressive economic inequality and power imbalance in the United States is globalization. According to Hurst et al. (2017), the progressive increase in social inequalities, particularly income and power imbalance among social classes in the United States is influenced by developments and conditions beyond national borders. Hurst et al. argued that the open exchanges of ideas and technology, as well as free trade between the United States and other nations, create political, social, economic, and cultural outcomes that could promote the national systems of inequality.

Mikander (2016) also corroborated the argument that the structures of globalization influence national policies and decision-making, which in turn affects economic inequality and power balance of social groups in society. Mikander (2016) explained that opening the national borders to people and other countries breeds insecurity and promotes protectionist tendencies by the U.S. government. For instance, with the fear of terrorism, political leaders may institute policies that will help maintain their political power (Hurst et al., 2017). These policies mostly take the form of stringent immigration and trade policies, which ultimately foster economic inequality. Correspondingly, Losonc (2016) added that globalization exposes the nation to many problems originating in other countries. The open exchanges between the United States and other nations suggest that changes in one country could reverberate through the global system and increase the economic and power inequalities in society. This paper,
therefore, aims to explore the role of globalization on economic inequality and power imbalance in the United States. This paper provides significant contributions to scholarly research, practice, and decision-making relative to social and economic inequality in the United States.

To address this purpose, the author posed the following research question: How does globalization contribute to economic inequality and power imbalance among social classes in the United States? Using the intersectionality theory as a theoretical lens, the paper presents an explanation of how various social constructs (e.g., race, gender) intersect in a globalized economy to create income and power disparities in American society. By exploring the impacts of the progressive interaction between the United States and other nations, the paper further contributes to the social inequality literature in terms of economic inequality and power imbalance.

2. Methodology

To identify and select relevant scholarly materials that addressed the purpose of this study, the author narrowed down the major issues understudy during the initial review of the literature. Given the study’s purpose and research question, the author conducted a systematic literature review to identify gaps, contradictions, inconsistencies, interpretations, and connections in the literature. As noted by Baumeister (2013), a systematic literature review is a “review of a clearly formulated question that uses systematic and explicit methods to identify, select, and critically appraise relevant research, and to collect and analyze data from the studies that are included in the review” (p. 122). The purpose for using this approach was to create analytical themes through a descriptive synthesis and interpretation of the literature and find feasible strategies that may reduce the impact of globalization on economic inequality and power imbalance among social classes in the United States.

The author performed an initial search of pre-existing academic information using ERIC (Proquest), ERIC (USDE), JSTOR, Emerald Insight, and Science Direct. The search terms “economic inequality,” “power imbalance,” and “globalization” were combined with “social classes” and
“the United States” as texts and keywords. The initial search included all kinds of studies across institutions and developed countries with no design or language limits but was restricted to 2009 to 2020. Despite the year range, 1546 articles were found after duplicates were removed. The author screened all titles and abstracts to establish eligibility. The search was refined to refocus on the research question and problem. Afterward, a new search was performed based on the initial search but with some minor modifications to exclude dissertations, unpublished articles, conference abstracts, and editorials. This search produced a total of 16 articles that were included in the literature review. Because the study was a review of existing literature with no direct contact with participants, the author did not apply for ethical approval prior to the study.

3. Literature Review

3.1. Globalization

Globalization, a phenomenon that began in a primitive form when humans first settled into different areas of the world, has shown rapid and steady progress in recent times (Losonc, 2016). As described by Losonc (2016), this phenomenon is the integration of economies of nations throughout the world. Similarly, Mikander (2016) defined globalization as the open exchange of people, technology, services, and goods among nations in an integrated manner. This integration impacts the world in four major areas: economic, social, cultural, and political (Mikander, 2016). According to Frankel (2018), globalization has broadened the methods by which countries engage in open exchanges with the rest of the world. Frankel (2018) noted that the rapid technological advancements, transportation, communication, along with the economic, environmental, and political developments, globally, have increased the scale and speed of interactions among countries. Countries efficiently interact and engage in trade, cultural, social, and economic exchanges using the internet and diverse modes of transportation (Mikander, 2016). Globalization has significantly improved the economies of most nations (Mikander, 2016). The significance of globalization includes cross-cultural exchanges, growth of businesses due to lower cost and economies of scale, exchange of natural and human
resources, and foreign direct investments (Mikander, 2016). According to Potrafke (2015), globalization consists of various dimensions, including economic, political, and cultural. Potrafke, however, noted that these dimensions are intertwined to the extent that the consequences of one dimension affect the other.

3.1.1. The Economic Dimension of Globalization

According to Potrafke (2015) and Gozgor (2014), this dimension of globalization is the ultimate form of globalization. The economic form of globalization is demonstrated by the dominant roles played by developed countries (e.g., USA, China, Japan, UK), international organizations (e.g., World Bank, World Trade Organization), and big multinational organizations (e.g., Microsoft, Toyota, KFC). Potrafke argued that a nexus of three elements characterize economic globalization. First, economic globalization is characterized by the increased movement of capital around the world through information and communication technology (Potrafke, 2015). Potrafke noted that the second attribute of economic globalization is the existence of international economic bodies, such as the World Bank, World Trade Organization, and International Monetary Fund. These organizations regulate the flow of capital among nations in a globalized free-market economy. The third characteristic of economic globalization is the existence of multinational firms. Countries compete in terms of financial inducements and tax-breaks to persuade multinational organizations to establish subsidiaries in their countries (Potrafke, 2015).

3.1.2. The Political Dimension of Globalization

The political form of globalization refers to the increasing trend of nations toward multilateralism (Gilens & Page, 2014). In today’s globalized economy, multiple countries create an alliance to pursue a common goal (Gilens & Page, 2014). Therefore, political globalization is characterized by the expansion and strengthening of political relationships around the globe. With this form of globalization, nation-states are the dominant players in the international arena. International politics generally rests on power, and the politics of military security takes precedence over politics of social or economic affairs under this dimension of globalization (Felbermayr et al.,
2013). However, with the existence of international organizations, such as the United Nations, World Trade, and World Bank, some scholars (e.g., Felbermayr et al., 2013; Gilens & Page, 2014) believed that political globalization no longer dominates the international arena. Political leaders have less influence over people, and the era of nation-states no longer exists.

3.1.3. The Cultural Dimension of Globalization

This dimension of globalization interprets open interactions among nations from a cultural perspective. Culture, as defined by Potrafke (2015), is the common attribute of society relative to art, food, material things and objects, lifestyle, and communication. Potrafka (2015) also included the cultivation of the minds and the civilization of society as a critical component of culture. From a different perspective, Leidner (2010) explained culture as the articulation and social construction of meaning. Lately, culture has become a global phenomenon (Leidner, 2010).

As noted by Gözgor (2014), the concept of globalization has led to global cultural standardization. The imposition and promotion of foreign culture by multinational organizations, for example, “Coca-Colonization” and McDonaldization” (Gözgor, 2014, p. 1019), has resulted in the opposition of different identities. With the open exchanges among various nations, cultural pluralism and hybridization have become an emergent social concept in today’s society (World Inequality Report, 2018).

3.2. Social Inequality in the United States

The unequal distribution and access to opportunities among people in different social classes in the United States have received unparalleled attention in the social inequality literature (Corak, 2013). Over the years, scholars (e.g., Bowser, 217; Corak, 2013; Hurst et al., 2017) have discussed the social consequences and impact of social inequalities in both developed (i.e., Organization for Economic Cooperation and Development [OECD] countries) and developing nations. In the United States, elements of social inequality, including gender, race, sexuality, ethnicity, economic classes, and immigrant status, have been a subject of public discourse, judicial
action, and legislation in the last few decades (Corak, 2013). Among the OECD countries, economic inequality in the United States is among the highest of all rich countries (National Poverty Center, 2016). Lately, scholars do not only remark that social inequality poses economic, sociocultural, and political threats but also substantiate the outcomes of inequality in society (Hurst et al., 2017). To this extent, some scholars (e.g., Blau & Kahn, 2012; Bloome, 2014; Corak, 2013) have urged political leaders, decision makers, and the general society to identify and critically address factors that contribute to social inequalities in today’s society. Two critical dimensions of inequality in the U.S. society (i.e., economic and power) are discussed in the next sections.

3.2.1 Economic Inequality

Since the 1970s, income and wealth disparity among social classes in the United States has been growing steadily (Kochhar & Richard, 2014; Mather & Jarosz, 2014). The average income for the top 1% has increased over seven times within the last three decades, whereas the income gains for the middle class have stagnated (Mather & Jarosz, 2014). Also, between 1993 and 2012, the top 1% earners in the United States realized real income growth of 86.1% while the remaining population (i.e., 99%) realized a growth of only 6.6% (Mather & Jarosz, 2014). In 2016, the bottom 99% of Americans recored a drop in wealth from 33% to 23%, while the share of wealth held by the top 1% increased by 9%. Mather and Jarosz argued that 50% of the national income is contributed by only 10% of workers in the United States. In this light, Mather and Jarosz noted that the disparity in disposable income in the United States is higher than most of the other developed countries. As this economic gap widens, it becomes difficult for average and low-income earners to move up the economic ladder. This situation has created lower economic mobility (i.e., the probability that an individual in one income group will move to a higher income group) in the United States than in most advanced countries (Kochhar & Richard, 2014).

3.2.2. Power Imbalance

The concept of power can exist in many forms and levels. Power imbalance or political inequality in the United States can be viewed from (a) pluralist,
(b) power elite, or (c) ruling class perspectives (Hurst et al., 2017). The distribution of power varies among these three positions. In discussing power inequality among the various social groups in the United States, Hurst et al. (2017) noted that the relationship between, for example, the rich and poor, Black and White, men and women, and gays and straight people, are mediated by the relative cultural and socioeconomic power of these groups. Individuals closer to the bottom of the class hierarchy are less likely to hold political positions and elite positions in public offices than those in the upper-income classes. In other words, the higher an individual’s economic status, the greater the power of such individual in society and vice versa.

3.3. Globalization and Social Inequality

A current study by Frankel (2018) highlighted the extent to which globalization impacts social inequality in societies. Frankel (2018) noted that global economic exchanges are a major contributing factor to the social challenges in the United States. In 2014, The Outlook on the Global Agenda compared and contrasted various global social challenges. Among the trends revealed in the report, social inequality conditions such as widening income disparities and the expanding gap between the upper and middle classes were among the top 10 challenges caused by globalization (World Economic Forum, 2014). Similarly, Krueger (2012) noted that globalization has widened disparity gaps among social groups in society. According to Krueger, interactions between the US and other countries affect the social stability within the country as well as threatens national security. Lakner and Milanovic (2016) also remarked that global competition broadens the disparity between the rich and the poor, and as the wealth gap widens, health, social mobility, and education are affected in society.

3.4. Intersectionality Theory

In discussing social inequality and its effect on social groups, it is important to consider the theory of intersectionality. Intersectionality refers to the “axes of oppression” that influence the lives of oppressed groups within society (Brahm, 2019). According to Brahm (2019), social constructs
intersect to create complex structures that compound social inequality. Recognizing the various structures that combine to create inequalities in society will provide a better understanding of the phenomenon.

The theory of intersectionality has evolved over time. However, the underlying concepts remain identical. The common notion of intersectionality maintains that a social construct (e.g., gender, race) is “not an abstract and timeless essence, but an embodied and historical practice that is structured by other forms of inequality” (Williams, 2013, p. 614). The primary focus of intersectionality, when first introduced, was on the intersection between sexism and racism. The concept has recently evolved to include other oppressions, such as age, disability, sexuality, and citizenship (Hurst et al., 2017).

An intersectional approach to this study recognizes that experiences of workers in a global economy and explanation of inequalities relative to income and power cannot be easily described as being a classification into one category, but rather stem from an interaction between various social constructs or statuses (Hurst et al., 2017). The author used the intersectional theoretical framework to explain why economic and power inequalities are experienced differently across social groups due to occurrences in the labor market. According to Ray (2014), explaining income inequality gaps by combining gender and race (e.g., lumping Black women and Black men, or White women and White men together) distorts the divergent patterns across gender and racial groups. Thus, to describe the economic and power disparities between the upper- and lower-income groups in the U.S. economy, the author identified and explained intersectionality forces (i.e., race, gender) based on McCall’s (2014) intercategorical and intracategorical approaches that affect individuals within the labor market.

An intercategorical intersectional approach to economic and power inequality explains the experiences of individuals across categories (McCall, 2014). Generally, this approach explores the relationships between social groups to understand the extensive form of inequality. An example is how McDonald (2011) explored the intersection of class and race on aspirations. Discussing this study based on an intercategorical approach provides a further understanding of how the structures of globalization
interact globally or between social groups in society to create economic and power inequality. Using an intercategorical approach, the author noted that in a globalized economy, race and gender intersect to compound the economic and power inequality in society (Hurst et al., 2017).

An intracategorical intersectional approach to economic and power inequality explains the experiences of individuals within a category and highlights the complexity of groups and diversity within social classes (Hurst et al., 2017). For instance, in reviewing the literature on economic and power inequality relative to race, the author noted that Blacks are treated differently to other races within the same social class (i.e., lower-income group). The author also realized that gender and race intersect within a particular social class to create more disparity among individuals in that class. Thus, women have less economic and political power than men within the same social class. Black women even have more limited opportunities than White women within this same social class.

4. Findings

The purpose of this paper was to explore the role of globalization on economic inequality and power imbalance in the United States. To address this purpose, the author posed the following research question: How does globalization contribute to economic inequality and power imbalance among social classes in the United States? The author identified two themes that provided evidence to address the research question from the review of scholarly materials and the United Nations report on social inequality. Discussions of the themes are summarized in the following paragraphs.

4.1. Globalization Induces Unemployment

From the review of relevant literature on the topic, the author noted that globalization plays a major role in increasing unemployment. Several globalization theorists (e.g., Felbermayr et al., 2013; Gozgor, 2014; Heid & Larch, 2016; Mitra & Ranjan, 2010) maintained that globalization, particularly economic globalization, induces national policymakers and politicians to implement social policies towards specific market orientation. These policies benefit the upper-income class or white-collar employees
more than people in blue-collar jobs. Additionally, Gozgor (2014) noted that globalization has made policymakers in capitalist economies perceive that job creation is not the responsibility of the government. The labor market, which is mainly dominated by the private sector, is controlled by the forces of demand and supply. Because the lower-class group lacks the requisite skills and competence to compete in the labor market, they end up unemployed (Marger, 2014; United Nations Department of Economic & Social Affairs, 2015).

Further, the worldwide logic of competitive profit-making strategies of downsizing and extensive digitization and automation of processes and services contribute to the growing unemployment or underemployment in the United States (Felbermayr et al., 2013; Potrafke, 2015). According to Felbermayr et al. (2013), the information and technological revolution in the economy has contributed to the endemic job losses recorded in various sectors of the economy. Technological innovation and development have crippled the manufacturing sector that employs the majority of middle- and lower-class groups. Today, from the comfort of homes and in a matter of seconds, consumers use computers and the internet to select products and services from a broad international supply chain. Consequently, manufacturers seek cheaper labor from other countries to reduce cost, which leads to limited job opportunities in the labor market (McDonald, 2011; Potrafke, 2015).

4.2. Globalization Strengthens the Connection Between Economic and Power Inequality

As globalization intensifies, the bond between economic status and power becomes stronger (Hurst et al., 2017; McDonald, 2011; Mitra & Ranjan, 2010). Hurst et al. (2017) noted that the upper-income class, who constitute only 1% of all earners in the United States, become wealthier and more powerful. Because of their power and economic position, the upper-income class dominates and controls society (United Nations Department of Economic & Social Affairs, 2015). Although the United States is a democratic nation, people within the top 1% income earners are those who mostly occupy political offices (Corak, 2013; DeNavas-Walt & Proctor, 2015). When these people are voted into power, they implement policies
that only create more opportunities to increase their wealth and power rather than supporting the greater population (i.e., the 99%), who are at the bottom of the social class.

5. Conclusion and Recommendation

The industrial revolution and free flow of goods and services across national borders, based on a capitalist mindset, has unleashed the process of economic change that has created and intensified social inequality among the various social classes (DeNavas-Walt & Proctor, 2015). Globalization is regarded as the principal cause of persistent social disparity in the United States (Felbermayr et al., 2013; Hurst et al., 2017; McDonald, 2011; Mitra & Ranjan, 2010; Potrafke, 2015). According to Hurst et al. (2017), the progressive increase in social inequalities, particularly income and power imbalance among social classes in the United States is influenced by developments and conditions that are beyond the national borders. Because the United States operates a free market mixed economy, competition is rife (Gozgor, 2014). Therefore, corporations that provide employment opportunities for individuals in the labor market move to other countries to seek cheaper labor to maximize profit. As a result, the unemployment rate has increased, which has resulted in a widened economic gap between the social classes. The increased economic inequality has caused a ripple effect on the power balance among the various social groups. In sum, globalization has widened economic inequality and created more power imbalances between the upper-income class and lower-income class in the United States.

The author adopted a systematic literature review approach to address the purpose of the study and research question. In order to identify gaps, contradictions, inconsistencies, interpretations, and connections in the literature relative to the topic, the author narrowed down the major issues understudy during the initial review of the literature. The author conducted a systematic review of the literature to create analytical themes from the descriptive synthesis and interpretation of the literature. This approach enabled the author to identify feasible strategies that could reduce the impact of globalization on economic inequality and power balance among
the social classes. Using online databases, such as ERIC (Proquest), ERIC (USDE), and JSTOR, the author identified 16 relevant articles that were included in the literature review.

The synthesis and interpretation of the scholarly articles used in this study revealed two main themes. First, the author noted that globalization induces unemployment in the United States. Several scholars, including Felbermayr et al. (2013), Gozgor (2014), Heid and Larch (2016), and Mitra and Ranjan (2010) maintained that globalization, particularly economic globalization, induces national policymakers and politicians to implement social policies that are unfavorable to people at the lower end of the socioeconomic status. Second, the findings revealed that globalization strengthens the connection between economic and power inequality. Corak (2013), McDonald (2011), and Mitra and Ranjan (2010) argued that the economic status of individuals determines their power status in society. Individuals with higher economic status and power in society advocate for policies that only create more opportunities to increase their wealth and power rather than supporting the greater population who are at the lower end of the socioeconomic status (Corak, 2013).

Despite the numerous policies and intervention programs by governmental organizations, international organizations, and social activism groups to reduce economic inequality and power balance among the different social classes, the phenomenon persists in today’s society. The discourse on economic inequalities and power balance relative to the issues of gender, race, sexuality, and ethnicity are far more heightened in today’s society than in years past (Hurst et al., 2017). As noted by Gozgor (2014), the primary reason for the increased economic inequality in today’s globalized economy is attributed to a theoretical concept known as wealth concentration. This concept proposes that under certain conditions, newly created wealth is concentrated in the possession of already-wealthy individuals. Wealthy individuals continually get richer because they possess the means of production and resources to invest or leverage the accumulation of wealth, which creates new wealth (Gozgor, 2014). The concept that the rich get richer while the poor get poorer is not just a cliché but a vicious cycle of economic and power inequality.
Based on the findings from this literature review, the author recommends the following practical solutions: First, policymakers and politicians should conduct a stakeholder engagement to develop comprehensive strategies that will create more jobs locally. Second, through private sector engagement, the government should support firms in the manufacturing sector to become vibrant growing businesses that could provide additional employment in the labor market. Creating more jobs locally will reduce economic inequality and decrease the power imbalance among the various social groups (United Nations Department of Economic & Social Affairs, 2015). Finally, the government and non-governmental social advocacy groups should institute and promote social structures to reduce racial and gender inequality in society.

In view of the existing literature, the author has established social justice and inequality as an important phenomenon that requires the full consciousness of politicians, policymakers, and the general public. Today, the less educated, less skilled, unemployed, low-income earners, and racial minority groups in society are treated unfairly and remain insecure about the future. To this extent, social activists, policymakers, politicians, religious bodies, and social justice scholars need to discuss and address the extensiveness and pervasiveness of inequality in society. Processes that promote social and historical structures of inequality in society can be addressed when policymakers and government agencies adopt the practical solutions the author has recommended.

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