

Income Inequality in the Greater Baltimore Area, Particularly its Effects on Individual Health

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Effective Writing 100-14
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“I pledge on my honor that I have not given or received any unauthorized assistance in the completion of this assignment. All work contained herein is my own. All referenced work is cited correctly.”

A problem that has forever affected people on an international level is income inequality. It affects people of different ages, genders, and races—people who earn income and those who do not. To narrow the topic, I have chosen a more particular problem linked to income inequality. Studies have associated the effects of income inequality on individuals' overall well-being, but more specifically on their health. In his scholarly journal, titled "Rising U.S. Income Inequality, Gender and Self-Rated Health, 1972-2004," Hui Zheng "argues that in developed nations it is not the absolute standard of living that is important for health, but rather the depression, isolation, insecurity, and anxiety that are associated with income inequality."¹ Here, Zheng considers the psychological side of the health effects. Because income inequality has been shown to potentially have an effect on health, the problem is exigent. Solving the issue is important if it means improving aggregate health. Through my research, I hope to answer which effects of unequal income can be harmful for individuals' health and in what ways. I specifically hope to find how the problem affects Baltimore city residents. As sub-questions, I will research whom the problem affects, the causes of unequal income that lead to the problem, and what measures have been taken in the past to solve it. I hypothesize that income inequality does not actually harm health but that lower income families cannot afford the quality healthcare that higher income families can. I think it is this inability to afford better healthcare and benefits that leads to health issues. My guess is that society believes there is a more direct link between income inequality and health than actually exists. I hope to find information grounded in statistics and legitimate sources in order to determine the correlation between the two. I will

1. Hui Zheng, "Rising U.S. Income Inequality, Gender and Self-Rated Health, 1972-2004," *Social Science & Medicine*, 69, no. 9 (2009): 1338, accessed Mar. 12, 2012, <http://www.sciencedirect.com/science/article/pii/S0277953609005437>.

organize this paper by research question, and I will use the sources with relevant information to answer them.

Before answering the primary question, it is important to investigate the narrower topics. The problem affects those who earn income, in addition to those who are dependent on others' incomes. This latter group of people includes children and the unemployed. Perhaps, therefore, the best question to ask is how the problem affects different categories of people. Zheng provides an answer to this question when he says that, "The results...show that for women, being white, highly educated, married, having a job and higher income reduce the odds of reporting worse health."² This serves to show that income inequality can more significantly affect the health people who do not possess the characteristics that the author lists. A second source, "Does Income Inequality Harm Health? New Cross-National Evidence," by Jason Beckfield, helps to answer this question by citing, "Wilkinson³ hypothesizes that income inequality should affect health most strongly in wealthier countries, since social factors become stronger determinants of health after the epidemiological transition (Wilkinson 1996)."⁴ This evidence provides more groups of people whom income inequality affects- citizens of overall richer nations.

It is easy to find evidence of whom the problem affects in the Baltimore area without researching any literature. By driving through the city, it becomes obvious that income inequalities affect the living conditions of residents city-wide as some areas are clearly poorer

2. Ibid.

3. Richard G. Wilkinson, *Unhealthy Societies: The Afflictions of Inequality* (London: Routledge, 1996)

4. Jason Beckfield, "Does Income Inequality Harm Health? New Cross-National Evidence," *American Sociological Association* 45, no. 3 (2004): 232, accessed March 13, 2012, (American Sociological Association, 2004), 232, <http://www.jstor.org/stable/3653843>.

than others. Indications of lower income areas include worn-down aspects of the living quarters, such as broken windows on houses and a lack of street upkeep. However, just miles away, you can find a town with mansions and beautiful landscaping, which is a sign that it is a higher income area. According to the United States Census Bureau, the median household income between 2006 and 2010 in Baltimore was \$39,386. This same value for Washington D.C., a fairly close major United States urban, is \$58,526. Obviously, levels of income are a problem for citizens of Baltimore when compared to those of Washington, D.C. Still, income levels are more of a problem for the residents of lower-income areas within Baltimore because of the huge income ranges among the city's different neighborhoods.

To answer my second research question on the causes that lead to income inequality in the first place, I looked at a book with the following quotation about the link between levels of education completed and quality of health:

As in the case with income and health, there is consistent evidence linking more education with better health... Earning a degree increases one's chances for obtaining a job that pays well, has prestige, and exposes workers to fewer safety hazards. Data showing that the association of education and health is not perfectly linear suggests that a "sheepskin effect" may be responsible for some of the health benefits of education.⁵

The sheepskin effect deals with preferences of employers about education in order to determine a person's abilities and the jobs for which they are qualified. For instance, it could describe a hypothetical situation where two people who hold the same job receive different levels of income. The two people in this situation should only receive different incomes based on possession of a degree and its type. However, the problem with income inequality is that factors, such as gender and race, often become involved. This employer preference as a result of the

5. Nancy E. Adler, William H. Dow and Ichiro Kawachi, *Money, Schooling, and Health: Mechanisms and Causal Evidence* (Boston: Harvard School of Public Health, 2010), 58-59.

sheepskin effect can cause any health issues related to income injustice. This conclusion is based on a series of chain events in which education directly affects the sheepskin effect, which, in turn, affects future income. According to the Bureau of Labor Statistics, the difference in median weekly earnings in 2011 between employees who hold a Doctoral degree and those who have less than a high school diploma is \$1,400.⁶ These statistics clearly show that level of education affects a person's career abilities. In most cases, a more educated person can obtain a higher-paying job according to the sheepskin effect. Since there is reason to believe thus far that income affects health, we can conclude that the sheepskin effect, an aspect of income inequality, indirectly affects health.

A second source used to answer this question addresses how much workers are really to blame for unequal incomes. Dennis Wong's "How Much are Workers Really to Blame for Income Inequality?" in *Time* Magazine begins with the commonly-held belief that, "More education will lead people to better-paying jobs and higher living standards."⁷ However, Wong vows not to discuss the value of education because he already knows its importance. Instead, he offers the details of "recent research from MIT economist Frank Levy and business professor Tom Kochan [which] provides an especially sharp illustration of why just focusing on the worker side of the equation probably won't get us too far."⁸ This 2011 article focuses on the fact that no class of people is obtaining the most income benefits, which counteracts the argument that better

6. Bureau of Labor Statistics, "Education Pays," *United States Department of Labor*, Feb. 9, 2012, http://www.bls.gov/emp/ep_chart_001.htm.

7. Dennis Wong, "How Much are Workers to Blame for Income Inequality?" *Time* Magazine, November 28, 2011, <http://business.time.com/2011/11/28/how-much-are-workers-to-blame-for-income-inequality/>.

8. Ibid.

educated people have higher paying jobs. Realizing that he needs another explanation, he concludes that a second standard for observing income, in addition to level of education, is labor productivity, which is how much a worker can accomplish in a given time period. He supports this with statistical evidence: “Since 1980, labor productivity has risen by 78%, but compensation for full-time workers, including fringe benefits, has grown by just about half of that... The researchers found that real wages have actually *decreased* by 10% for high-school graduates, while rising by 32% for college grads.”⁹ Real wage is a calculation of wage against inflation rates. Therefore, when a person’s real wage decreases, his or her income is worth less because national prices increase. He or she is not able to buy as much. Real wages have decreased for lesser educated people and increased by more than three times that amount for college graduates even though labor productivity has only grown by half in the last forty years. He makes the link between productivity and education to explain this quotation, saying that a higher level of education leads a person to know how to be more productive in the workplace.¹⁰ This higher level of productivity is the direct cause of higher income, according to Wong.

My third research question asks what measures have been taken in the past in an attempt to fix the problem. I looked at an article from the *Baltimore Sun* to see what methods Baltimore has tried. The first attempted solution he mentions is the recent Occupy Wall Street movement: “Occupy Wall Street protested the nation's income inequality; it set up the wealthiest 1 percent against everyone else, the 99 percent.”¹¹ This protest found its way to nearly every major city in

9. Ibid.

10. Ibid.

11. Dan Rodricks, “The Economy: All Good, Except Where It’s Not,” *Baltimore Sun* (Baltimore, MD), Jan. 09, 2012.

the United States, including Baltimore. According to Occupy Baltimore's website, "In Baltimore, [they] want better schools and fewer jails; we want resources for the people, not tax breaks for developers... [They] want to put energy into things that will help the whole population of Baltimore, not just a chosen few."¹² After a few weeks of overtaking national newscasts daily, however, the movement began to fizzle out. Therefore, Rodricks offers a more peaceful, effective and simpler solution. Ralph Moore creates a job fair at the beginning of each year. Rodricks' article, published a week before this year's 10th Annual Martin Luther King Jr. Day Job Fair at the St. Frances Academy Community Center, sought volunteers to help at the event. He asked companies and small firms to participate. The volunteers helped unemployed people to compose a résumé; Moore asked the companies to find jobs or potential future slots for jobs in order to increase the employment rate in Baltimore.¹³

To cite Beckfield again, he uses Wilkinson's study that the correlation between income inequality and health factors is -0.86 on a scale from -1 to 0.¹⁴ Correlations between -1 and -0.9 in statistics are considered very high. Correlations between -0.9 and -0.7, the range in which -0.86 falls are slightly less strong correlations, but can still be considered high. While Beckfield himself does not necessarily believe in a strong relation between the two variables, he cites several sources who do, such as Wilkinson. He discusses common hypotheses with regards to this topic that the only connection between income inequality and health is attributed to social

12. "About Occupy Baltimore," *Occupy Baltimore*, Mar. 25, 2012, <http://occupybmore.org/about>.

13. Dan Rodricks, "The Economy: All Good, Except Where It's Not," *Baltimore Sun* (Baltimore, MD), Jan. 09, 2012.

14. Jason Beckfield, "Does Income Inequality Harm Health? New Cross-National Evidence," *American Sociological Association* 45, no. 3 (2004): 232, accessed March 13, 2012, (American Sociological Association, 2004), 232, <http://www.jstor.org/stable/3653843>.

withdrawal. People with this view often support their hypothesis by arguing that lower income leads to lower self-esteem, which further leads to poor health as a result of mental stress.¹⁵

People who are more susceptible to negative psychological side effects are more likely to be victims of poor health as a result of income inequality. (While contributing to answer Question 3, this same source also provides an answer to Question 1, whom the problem affects). Here, I begin to negate my hypothesis. I neglected to consider any psychological factors that may contribute to health issues resulting from income injustice. A sure link between the two factors remains in question:

“But it is unclear whether the relationship is positive because increased income allows individuals to purchase more health inputs that improve their health, because healthy individuals are more productive and thus can earn higher wages in the labor market, or because a third factor is improving health and increasing income.”¹⁶

This source leaves me with questions that still need to be answered. Through my research, I have found that health problems are not the direct effect of income inequality. Rather, income injustices directly cause more psychological stress, which in turn cause greater or poorer health depending on level of income. It is important to note, too, that level of education is not always the direct cause of income. In this case, we can see that level and quality of education may be the direct cause of what jobs you can attain but not of the jobs you necessarily do attain. I remain

15. Jason Beckfield, “Does Income Inequality Harm Health? New Cross-National Evidence,” *American Sociological Association* 45, no. 3 (2004): 232, accessed March 13, 2012, (American Sociological Association, 2004), 232, <http://www.jstor.org/stable/3653843>.

16. Jeff Larrimore, “Does a Higher Income Have Positive Health Effects? Using the Earned Income Tax Credit to Explore the Income-Health Gradient,” *Wiley-Blackwell* 89, no. 4 (2011): 694-727, accessed March 13, 2012, <http://apps.webofknowledge.com/InboundService.do?SID=1BeI6KkjmfEcJ%40g4ncG&product=WOS&UT=000298357400006&SrcApp=CR&DestFail=http%3A%2F%2Fwww.webofknowledge.com&Init=Yes&action=retrieve&Func=Frame&customersID=EBSCO&SrcAuth=EBSCO&IsProductCode=Yes&mode=FullRecord>.

unsure about the definite cause of health issues as a factor of income injustice. My research shows that a link between the two definitely exists, but looking to the future, I will need to find the most certain connection in order to propose a solution.

Through research, I had hoped to answer how some effects of unequal income can be harmful on individuals' health. I found effects of unequal income, but the direct effect that it has on health is still murky. Some sources say unequal income directly affects health, but this most recent source weighs other options to indicate that perhaps the relationship is not completely linear. A definite answer to this question remains up in the air and requires more research. I was able to find answers to my three sub-questions by looking at various sources. My hypothesis did not pan out entirely because the problem affects health in more ways than the ability or inability to afford healthcare. My hypothesis did not account whatsoever for education or psychological problems caused by income inequalities; however, it is not completely wrong in a sense that it says that income inequality does not actually harm health. While this is not entirely the case, it may still be true insofar as income inequality does not have an absolute direct effect on health. So for my proposal and to completely answer my questions, I plan to do a survey of people who work in various fields of study and to conduct more statistical research in order to answer the questions that remain while building upon the questions that I was able to answer.

Annotated Bibliography

“About Occupy Baltimore.” *Occupy Baltimore*. Mar. 25, 2012. <http://occupybmore.org/about>.

This website contains information about the goals of the Occupy movement throughout the United States, which helped to provide background information regarding the entire movement. However, because it was the page specific to the movement in Baltimore, it assisted in applying the issue to the greater Baltimore area, making it a useful source.

Drawing information from this source was helpful because it helped to localize an international issue.

Adler, Nancy E., William H. Dow, and Ichiro Kawachi. *Money, Schooling, and Health: Mechanism and Causal Evidence*. Boston: Harvard School of Public Health, 2010.

This book makes a link between health and education, saying that there is “consistent evidence linking the two.” I was able to use this to educate myself with background information about experiments performed to determine income, education, and health causalities. This source is helpful because it acknowledges the challenges of attributing direct causality between income inequality and health without involving other factors, such as education.

Beckfield, Jason. “Does Income Inequality Harm Health? New Cross-National Evidence.” *American Sociological Association* 45, no. 3 (2004): 231-248. Accessed March 13, 2012. <http://www.jstor.org/stable/3653843>.

This scholarly journal pulls in information from several other scholarly journals, so it provides Beckfield’s opinions about the connection between income inequality and health and the opinions of his peers. He offers his side of the argument and offers solid reasoning; however, he does the same when he uses other sources with a different spin on the topic with equally legitimate reasoning. This source was helpful throughout the paper because it provided a lot of statistics.

Bureau of Labor Statistics. "Education Pays." *United States Department of Labor*. Feb. 9, 2012. http://www.bls.gov/emp/ep_chart_001.htm.

This source was used in the paper strictly for statistic-based research. I was able to find the median weekly earnings in 2011 for United States employees with various degrees, which was very helpful in discussing how levels of education can have an effect on income holding all other things equal. This was a great source to use because it laid out the needed numbers in a color-coordinated, organized bar graph.

Larrimore, Jeff. "Does a Higher Income Have Positive Health Effects? Using the Earned Income Tax Credit to Explore the Income-Health Gradient." *Wiley-Blackwell* 89, no. 4 (2011): 694-727. Accessed March 13, 2012. <http://apps.webofknowledge.com/InboundService.do?SID=1BeI6KkjmfEcJ%40g4ncG&product=WOS&UT=000298357400006&SrcApp=CR&DestFail=http%3A%2F%2Fwww.webofknowledge.com&Init=Yes&action=retrieve&Func=Frame&customersID=EBSCO&SrcAuth=EBSCO&IsProductCode=Yes&mode=FullRecord>.

This source discusses the overall economic status of the United States. It talks about how finding a positive relationship between income and morbidity is a popular topic within many works of literature regarding this paper's topic. It was a helpful source because it was the first one which made me consider the idea that income and health are not necessarily directly related. It provided a helpful quote to use within the context of the paper where it was placed.

Rodricks, Dan. "The Economy: All Good, Except Where It's Not." *Baltimore Sun* (Baltimore, MD), Jan. 09, 2012.

This article simply gives a brief overview of the income inequality problem. The title implies that the economy is for the most part okay, but the article shows how the economy is basically struggling in every way. This article was especially useful in answering my third sub-question by offering some solutions that have been tried.

However, it did not fully answer this question because it provided a very broad, international attempted solution (Occupy movement) and a very narrow, local attempted solution (job fair).

United States Census Bureau. "State & County QuickFacts." *U.S. Census Bureau*. Jan. 31, 2012, Mar. 28, 2012. <http://quickfacts.census.gov/qfd/states/24/24510.html>.

This source provided statistics about income earnings based on gender, race, and geography. It was helpful to have averages laid out in chart format. I wish I thought to use this site sooner, but I am glad I was able to make last minute changes to make use of it because it has a lot of relevant information about local issues.

Wong, Dennis. "How Much are Workers to Blame for Income Inequality?" *Time Magazine*, November 28, 2011. <http://business.time.com/2011/11/28/how-much-are-workers-to-blame-for-income-inequality/>.

This article shows that society typically only sees education as a factor of the income problem. However, Wong seeks to show how an additional benchmark for measuring income is labor productivity. The article provided percentages regarding real wages of employees with different levels of education. The article was a useful source because it provided several good quotes used to build topics within the paper.

Zheng, Hui. "Rising U.S. Income Inequality, Gender and Self-Rated Health, 1972-2004." *Social Science & Medicine*. 69, no. 9 (2009): 1333-1342. Accessed Mar. 12, 2012. <http://www.sciencedirect.com/science/article/pii/S0277953609005437>.

This journal discusses all the psychological issues that result from income inequalities and lead to health problems. Although the journal is quoted before the hypothesis in the paper, I found the information in this resource after hypothesizing. This article had me questioning my hypothesis from the very beginning since I never initially considered

psychological effects of income injustice, such as depression and low self-esteem. Since it provided a completely new take on the situation, it was a useful article.

TASK	TIME SPENT	DATE
Initial Research in order to determine a paper topic - Reviewing use of the Library Seeker	15 minutes	3/1/12
Researching Topic- <i>Income Inequalities Based on Gender</i> *	30 minutes	3/9/12
Formulating Research Questions Primary: Is there a such thing as gender income inequality or do statistics prove otherwise? For example, is income inequality based on other things and not at all on gender? Secondary: 1. What role does level of education, in addition to gender, play in the determination of individual income? 2. What negative effects can unequal treatment with regards to income have on individuals' health, desire to work, etc.?	10-15 minutes	3/10/12
Skimming possible resource choices Resource found 1. <i>The Gender Pay Gap: Have Women Gone as Far as They Can?</i> - provides graphs	45 minutes	3/10/12
- Topic change after reviewing several ideas in different resources by various authors - New topic: Effects of Income Inequality on Health New resources found 1. <i>Examining the Lag Time between State-Level Income Inequality and Individual Disabilities: A Multilevel Analysis</i> 2. <i>State-Level Income Inequality and Family Burden of US Families Raising Children with Special Health Care Needs</i> 3. <i>Income Inequality and Limitations in Activities of Daily Living: A Multilevel Analysis of the 2003 American Community Survey.</i>	2 hours	3/11/12

<p>4. <i>The Economy: All Good, Except Where It's Not</i> * article from the Baltimore sun - use to support that it is a local issue - provides an attempt at solving the problem</p>		
<p>More research</p> <p>Resource found 1. <i>Whose Health is Affected by Income Inequality? A Multilevel Interaction Analysis of Contemporaneous and Lagged Effects of State Income Inequality on Individual Self-Rated Health in the United States</i> - provides graphs and other visuals to answer the question of who is affected by income inequalities</p>	45 minutes	3/12/12
<p>Worked on outline- found more sources * See outline for sources found and how to use them - reading sources and beginning to determine which resource questions they will answer... made the decision to organize paper by research question</p> <p>Formulated new research questions: Primary- In what ways can the affects of unequal income be harmful on individuals' health? Secondary- Who does this problem affect? What measures have been taken in the past as attempts to solve this problem? What are the causes of the unequal incomes that lead to the problem?</p>	2 hours-2 hours	3/13/12-3/14/12
<p>Creating introductory paragraph *Workshop</p>	45 minutes	3/17/12
<p>Editing/Revising/Shortening</p>	15 minutes	3/20/12
<p>Writing a rough draft while simultaneously reading/skimmming sources again *did not write conclusion and still needed another body paragraph</p>	3-4 hours	3/20/12
<p>Worked on rough draft again - still missing a conclusion- figured out what to incorporate by the end of 3/27's class</p>	1 hour	3/25/12
<p>Went to writing center - had the piece revised and discussed with tutor how to incorporate what I needed in my conclusion - tutor gave suggestions about adding statistics and adding a</p>	30 minutes	3/27/12

hypothetical scenario at the end to discuss direct causations in the topic		
Revised according to suggestions from the writing center and finished the entirety of the rough draft- wrote a conclusion!	2 hours	3/27/12
Went to see instructor	30 minutes	3/28/12
Went to writing center again	30 minutes	3/28/12
Editing/revising/adding finishing touches Creating annotated bibliography	2 hours	
TOTAL:	19-20 hours	

Sent: Monday, April 16, 2012 9:49 PM

Hi Dr. Brizee,

You have my permission to use my essay wherever! Thank you for asking me to put it on the Writing for Change page.

See you tomorrow,

Jenna Smith