DURING the first 70 years of the 20th century, inequality declined and Americans prospered together. Over the last 30 years, by contrast, the United States developed the most unequal distribution of income and wages of any high-income country.

Some analysts see the gulf between the rich and the rest as an incentive for strivers, or as just the way things are. Others see it as having a corrosive effect on people’s faith in the markets and democracy. Still others contend that economic polarization is a root cause of America’s political polarization. Could, and should, something be done?

Claudia Goldin and Lawrence F. Katz, two Harvard economists, think yes. Their book, “The Race Between Education and Technology” (Harvard, $39.95), contains many tables, a few equations and a powerfully told story about how and why the United States became the world’s richest nation — namely, thanks to its schools.

The authors skillfully demonstrate that for more than a century, and at a steady rate, technological breakthroughs — the mass production system, electricity, computers — have been increasing the demand for ever more educated workers. And, they show, America’s school system met this demand, not with a national policy, but in grassroots fashion, as communities taxed themselves and built schools and colleges.

Beginning in the 1970s, however, the education system failed to keep pace, resulting, Ms. Goldin and Mr. Katz contend, in a sharply unequal nation.

The authors allow that a decline in union membership and in the inflation-adjusted minimum wage also contributed to the shift in who partook of a growing pie. But they rule out the usual suspects — globalization (trade) and high immigration — as significant causes of rising inequality. Amid the current calls to restrict executive compensation, their policy prescription is to have more Americans graduate from college.

If only it were that easy.

The authors’ argument is really two books in one. One offers an incisive history of American education, especially the spread of the public high school and the state university system. It proves to be an uplifting tale of public commitment and open access. The authors remind us that the United States long remained “the best poor man’s country.” A place where talent could rise.
The other story rigorously measures the impact of education on income. The authors’ compilation of hard data on educational attainment according to when people were born is an awesome achievement, though not always a gripping read.

They show that by the 1850s, America’s school enrollment rate already “exceeded that of any other nation.” And this lead held for a long time. By 1960, some 70 percent of Americans graduated from high school — far above the rate in any other country. College graduation rates also rose appreciably.

In the marketplace, such educational attainment was extremely valuable, but it didn’t produce wide economic disparity so long as more people were coming to the job market with education. The wage premium — or differential paid to people with a high school or a college education — fell between 1915 and 1950.

But more recently, high school graduation rates flatlined at around 70 percent. American college attendance rose, though college graduation rates languished. The upshot is that while the average college graduate in 1970 earned 45 percent more than high school graduates, the differential three decades later exceeds 80 percent.

“In the first half of the century,” the authors summarize, “education raced ahead of technology, but later in the century technology raced ahead of educational gains.”

Proving that the demand for and supply of educated workers began not in the time of Bill Gates but in the era of Thomas Edison is virtuoso social science. But wasn’t a slowdown in rising educational attainment unavoidable? After all, it’s one thing to increase the average years of schooling by leaps and bounds when most people start near zero, but quite another when the national average is already high.

The authors reject the idea that the United States has reached some natural limit in educational advances. Other countries are now at higher levels.

What, then, is holding American youth back?

The authors give a two-part answer. For one thing, the financial aid system is a maze. More important, many people with high school diplomas are not ready for college.

The second problem, the authors write, is concentrated mostly in inner-city schools. Because the poor cannot easily move to better school districts, the authors allow that charter schools as well as vouchers, including those for private schools, could be helpful, but more evaluation is necessary.

Data on the effects of preschool are plentiful, and point to large returns on investment, so the authors join the chorus in extolling Head Start, the federal government’s largest preschool program.

Providing more children with a crucial start, along with easier ways to find financial aid, are laudable national objectives. One suspects, though, that the obstacles to getting more young people into and through college have to do with knotty social and cultural issues.
BUT assume that the authors’ policies would raise the national college graduation rate. Would that deeply reduce inequality?

Averages can be deceptive. Most of the gains of the recent flush decades have not gone to the college-educated as a whole. The top 10 or 20 percent by income have education levels roughly equivalent to those in the top 1 percent, but the latter account for much of the boom in inequality. This appears to be related to the way taxes have been cut, and to the ballooning of the financial industry’s share of corporate profits.

It remains to be seen how a reconfigured financial industry and possible new tax policies might affect the 30-year trend toward greater inequality.

In the meantime, it is nice to be reminded, in a data-rich book, that greater investments in human capital once put Americans collectively on top of the world.