Inequality: Facts

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Econ520

October 18, 2021

Introduction

We study economic inequality within countries.

income and wealth

We start with descriptive facts

- how much inequality is there? (a lot)
- has inequality been rising over time? (yes)
- how does it compare across countries?

Then we look at potential causes and policy options.

Income Distribution

Figure 3.

Return to Reference



Average Market Income, by Market Income Group, 2013

Source: Congressional Budget Office.

Source: Congressional Budget Office (2016)

Wealth Distribution

Wealth is even more concentrated than income.

The top 1%

- ▶ income: 16%
- ▶ wealth: 35%

Gini:

income: 0.58

wealth: 0.85

Source: Kuhn and Rios Rull (2016)

Rising Income Dispersion



Source: Congressional Budget Office.

Source: Congressional Budget Office (2016)

Rising Inequality After Tax



Source: Congressional Budget Office (2016)

Rising return to schooling





Α

Source: Autor (2014)

Remarkable: No wage gains for high school grads since 1970

U.S. vs. Europe

Share of top income decile in total pretax income



Source: Piketty and Saez (2014)

International comparison

Figure 2

The Evolution of the Shares of the Top 1 Percent in Different Countries

A: Top 1 Percent Income Shares in English-speaking Countries (U-Shape)



Alvaredo et al. (2013)

International comparison



B: Top 1 Percent Income Shares in Continental Europe and Japan (L-Shape)

Source: The World Top Incomes Database.

Alvaredo et al. (2013)

Summary

- 1. Inequality in wealth and incomes is "high" and rising over time.
- 2. U.S. inequality rose far more than European inequality.
- 3. More inequality is associated with less intergenerational mobility.

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