Inequality

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US: bottom 90% have seen little increase in income over last third of a century

Source: World Wealth and Income Database
Note: Fiscal income is defined as the sum of all income items reported on income tax returns, before any deduction. It includes labour income, capital income and mixed income. The concept of fiscal income varies with national tax legislations, so in order to make international comparisons it is preferable to use the concept of national income. The population is comprised of individuals over age 20. The base unit is the individual (rather than the household) but resources are split equally within couples.

Source: World Wealth and Income Database.
Top 1% wealth shares across the world, 1913–2015: the fall and rise of personal wealth inequality


In 2015, the Top 1% wealth share was 43% in Russia against 22% in 1995.
Global Inequality:
Share of Income Earned by Top 1%, 1975-2015

Inequality even at the top 0.1%

CEOs compensation has grown faster than the wages of the top 0.1 percent and the stock market
Cumulative percentage change in CEO compensation, wages of the top 0.1 percent, and the S&P 500, 1978–2015

Notes: Wage data for the top 0.1 percent is not yet available for 2015.
Source: EPI analysis of Compustat Execucomp, Social Security Administration, and Federal Reserve Bank of St. Louis databases.

Economic Policy Institute
US: Median income of a full time male worker is at the level that it was more than 4 decades ago

(constant 2016 $)

Note: Data is adjusted for the methodological change of 2013.
Source: U.S. Census Bureau.
US: Real wages at the bottom are at the level that they were roughly sixty years ago

Source: Federal Reserve
The Walton Family and The Koch Brothers have a net worth of $212 billion in 2016. That’s the net worth of 115 million Americans or 35% of the country.
Figure 1.1 All-cause mortality by race and ethnicity, ages 50-54

Figure 1.9  All-cause mortality, white non-Hispanics, ages 45-54

Figure 1.5 Drug, alcohol and suicide mortality, men and women ages 50-54

Figure 1.6 Drug, alcohol and suicide mortality, white non-Hispanics ages 45-54

Income inequality and earnings mobility

FIGURE 3
Intergenerational Mobility (Parent-Rank and Child-Rank Income Correlation)

Notes: This figure maps CZ coefficients from OLS regressions of adult children’s income rank on their parents’ income rank, with rank defined by income centiles within each CZ. Darker areas represent lower intergenerational mobility. See Section 2.2 for details on the construction of local IGE measures.

Source: OECD Income Distribution Database.
Global inequality: Gini worse in many countries, late 2000s vs. 1980s

<table>
<thead>
<tr>
<th></th>
<th>1985-90</th>
<th>After 2008</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Gini</td>
<td>36.3</td>
<td>38.8</td>
<td>+2.5</td>
</tr>
<tr>
<td>Pop-weighted Gini</td>
<td>33.9</td>
<td>37.3</td>
<td>+3.4</td>
</tr>
<tr>
<td>GDP-weighted Gini</td>
<td>32.2</td>
<td>36.4</td>
<td>+4.2</td>
</tr>
<tr>
<td>Countries with higher Gini</td>
<td>32.0</td>
<td>36.2</td>
<td>+4.5</td>
</tr>
<tr>
<td>Countries with lower Gini</td>
<td>42.8</td>
<td>39.5</td>
<td>-3.3</td>
</tr>
</tbody>
</table>

Global Income Growth by Percentile

The elephant curve of global inequality and growth, 1980-2016

Bottom 50% captured 12% of total growth

Top 1% captured 27% of total growth

Prosperity of the global 1%

Rise of emerging countries

Squeezed bottom 90% in the US & Western Europe


On the horizontal axis, the world population is divided into a hundred groups of equal population size and sorted in ascending order from left to right, according to each group’s income level. The Top 1% group is divided into ten groups, the richest of these groups is also divided into ten groups, and the very top group is again divided into ten groups of equal population size. The vertical axis shows the total income growth of an average individual in each group between 1980 and 2016. For percentile group 999999 (the poorest 10% among the world’s richest 1%), growth was 7% between 1980 and 2016. The Top 1% captured 27% of total growth over this period. Income estimates account for differences in the cost of living between countries. Values are net of inflation.

LABOR SHARE

Source: Giovannoni (2014) based on NIPA and WTID data

Source: Olivier G. Giavonnoni
US: Disconnect Between Productivity and a Typical Worker’s Compensation, 1948-2015

Note: Data are for average hourly compensation of production/nonsupervisory workers in the private sector and net productivity of the total economy. "Net productivity" is the growth of output of goods and services minus depreciation per hour worked.

Source: EPI analysis of data from the BEA and BLS (see technical appendix of Understanding the Historic Divergence Between Productivity and a Typical Worker’s Pay for more detailed information)
The capital share of gross value added is declining

The figure shows the capital share of gross value added for the U.S. non-financial corporate sector over the period 1984–2014. Capital payments are the product of the required rate of return on capital and the value of the capital stock. The capital share is the ratio of capital payments to gross value added. The required rate of return on capital is calculated as $R = (i - \mathbb{E}[\epsilon] + \delta)$. Capital includes both physical capital and intangible capital. The cost of borrowing is set to Moody’s Aaa and expected inflation is calculated as a three-year moving average.

Source: Simcha Barkai, University of Chicago
Growing profits and low business investment

US Corporate Profits (% of GDP)

Source: Federal Reserve Bank of St. Louis
Growing profits and low business investment

US Business Investment (% GDP)

Source: Federal Reserve Bank of St. Louis
Simulated national wealth-income ratios in the absence of capital gains: U.S. 1970-2010

Authors’ computations based on 1970 wealth-income ratios, 1970-2010 national saving flows (including other volume changes) and real income growth rates.