

Economists report surging income inequality in United States

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Economists tracking the distribution of income in the U.S. find the very rich are getting richer. Credit: iStock photo

Economic growth for those in the bottom half of the income distribution in the United States has stalled since the 1970s, but it's going gangbusters for those on the upper rungs, according to new research.

University of California, Berkeley, economists Emmanuel Saez and Gabriel Zucman joined French Thomas Piketty of the Paris School of Economics to tap tax, survey and national accounts data in order to produce a working paper posted today by the National Bureau of Economic Growth that shows:

- The average pre-tax income of adults in the bottom 50 percent income share in the U.S. has stagnated since 1980.
- The bottom 50 percent's share of income share has collapsed from about 20 percent in 1980 to 12 percent in 2014.
- Between the early 1980s and 2014, the average pre-tax income of the top 1 percent of adults rose from \$420,000 to

about \$1.3 million, and their income share increased from about 12 percent.

- In 1980, the top 1 percent adults earned on average 27 times more than bottom 50 percent adults, while they earn 81 times more today.
- The share of women falls sharply as one moves up the income ladder, with only 11 percent in the top 1 percent today.
- There has been close to zero growth for working-age [adults](#) in the bottom 50 percent of the distribution since 1980.
- In the bottom half of the distribution range, only income for the elderly is rising, while income has fallen for those under the age of 65.

"The top 1 percent income share is now almost twice as large as the bottom 50 percent share, a group that is by definition 50 times more numerous," write Saez, Zucman and Piketty, who are co-directors of the [World Wealth and Income Database](#).

To address the inequities they are documenting through their combination of tax, survey and national account data that captures 100 percent of national [income](#), the economists suggest that officials consider improving education and access to skills, reforming labor market institutions to boost workers' bargaining power, and instituting a higher minimum wage.

More information: Distributional National Accounts: Methods and Estimates for the United States. www.nber.org/papers/w22945.pdf

Provided by University of California - Berkeley

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