

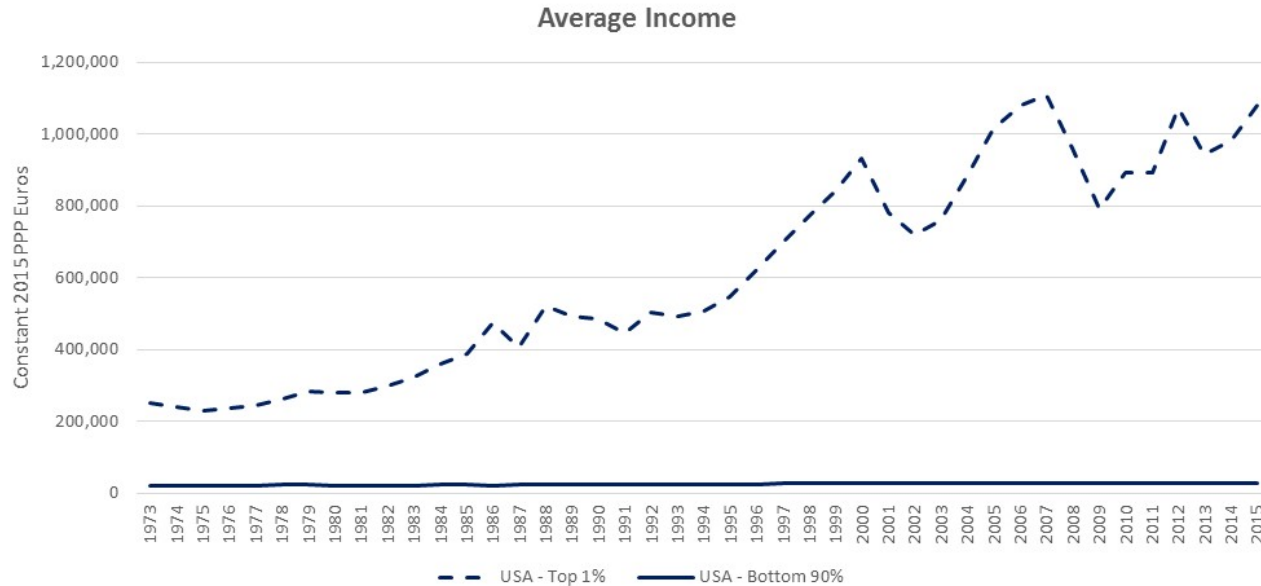
Key Data on Inequality

Joseph E. Stiglitz

Montreal

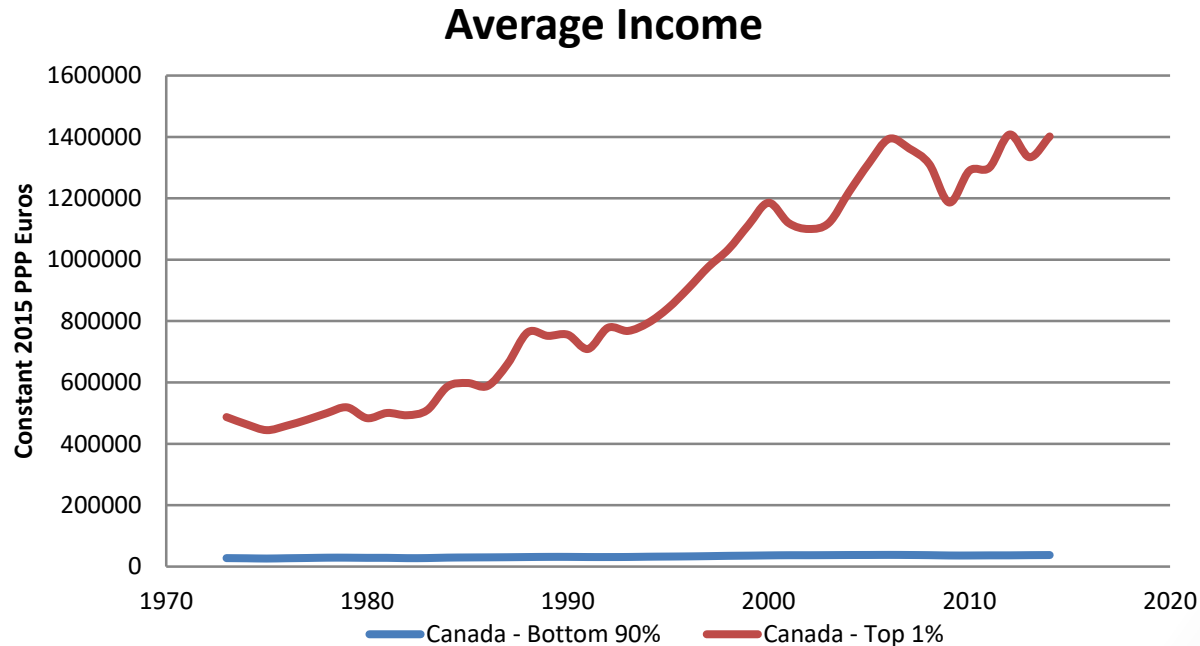
April 2019

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



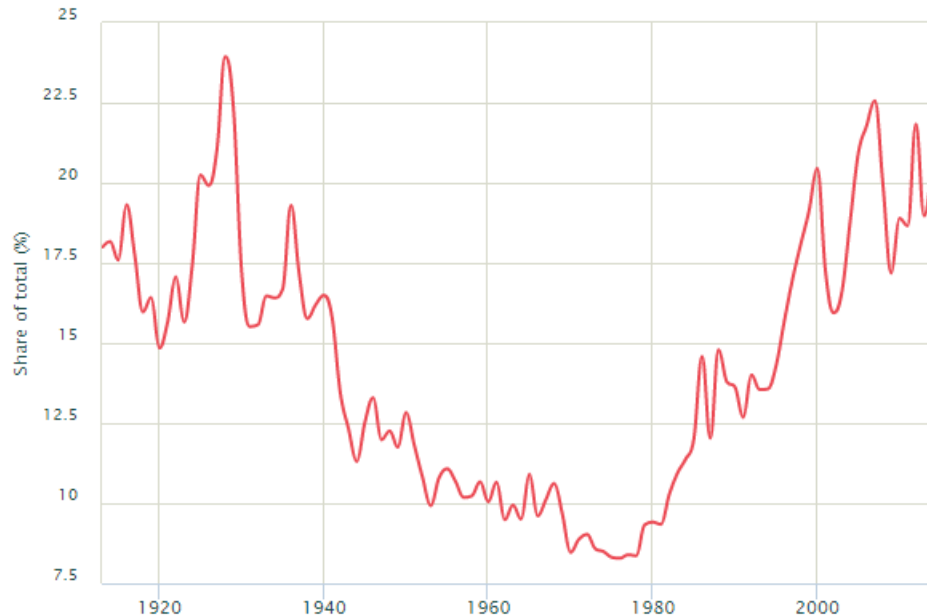
Source: World Wealth and Income Database

Canada: Bottom 90% have seen little increase in income over the last third of a century



Source: World Wealth and Income Database

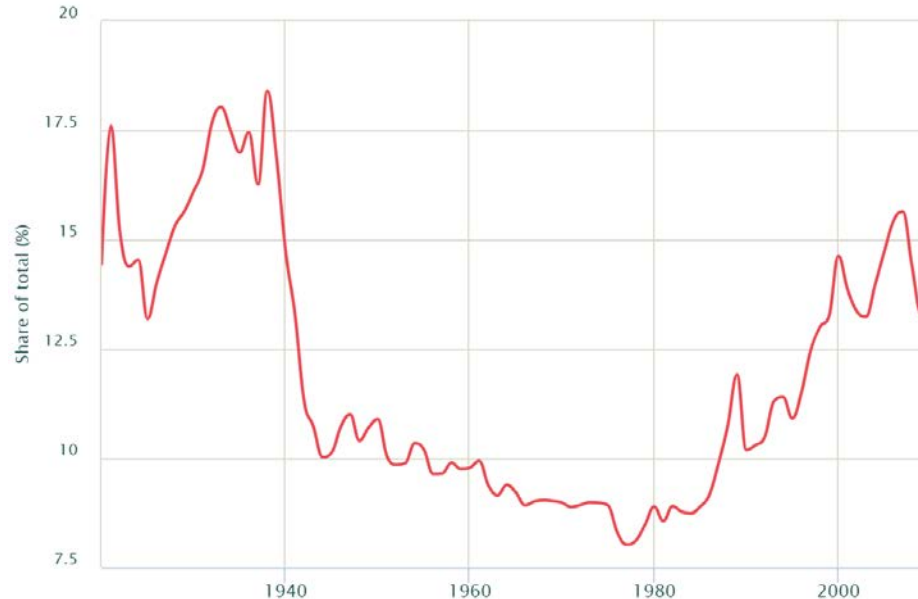
Top 1% income share in the United States 1913-2015



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

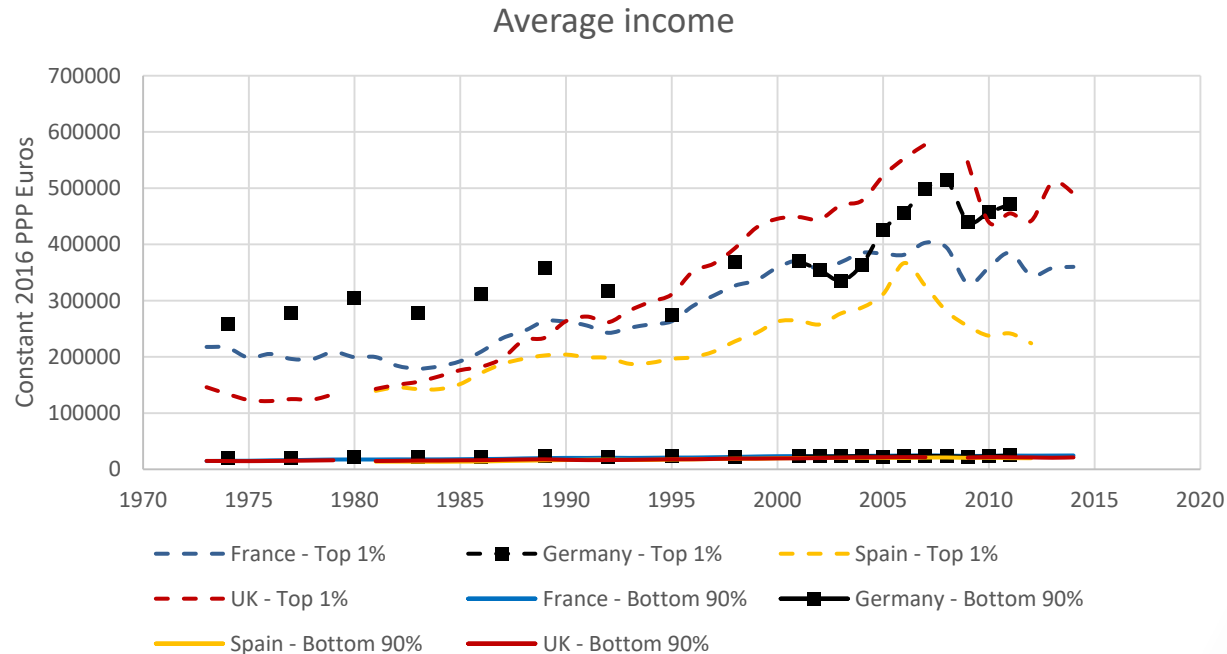
Top 1% income share in Canada 1913-2015



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.

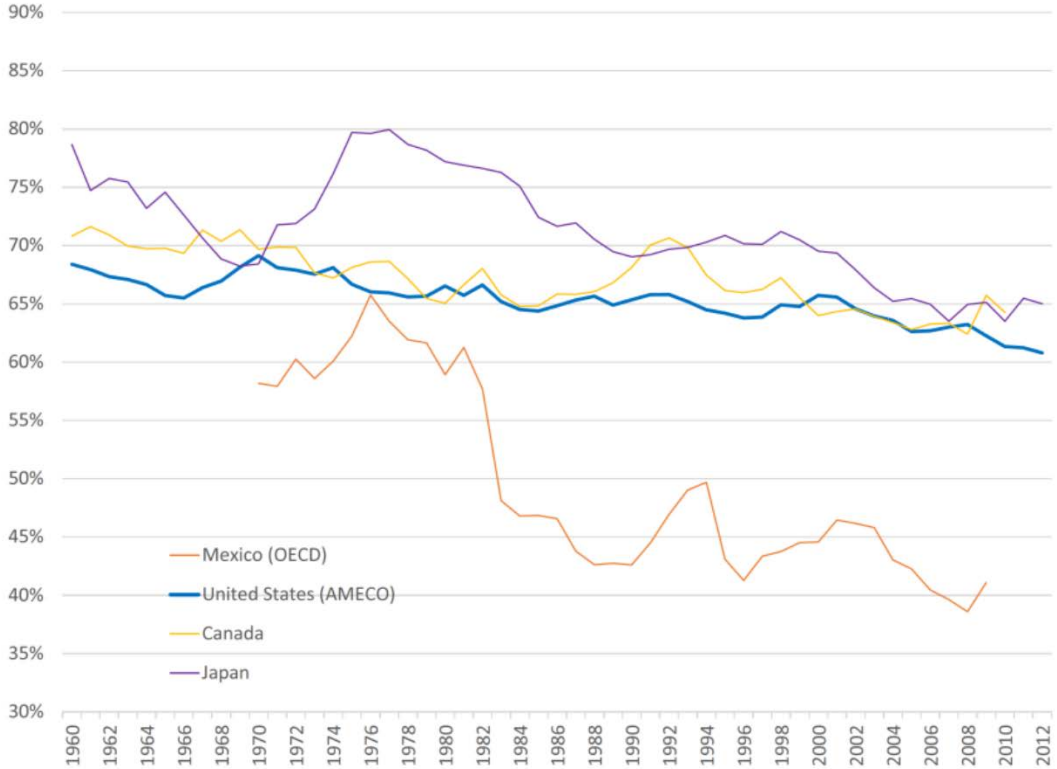
Source: World Wealth and Income Database

Europe: Less increase in inequality in some countries than in others



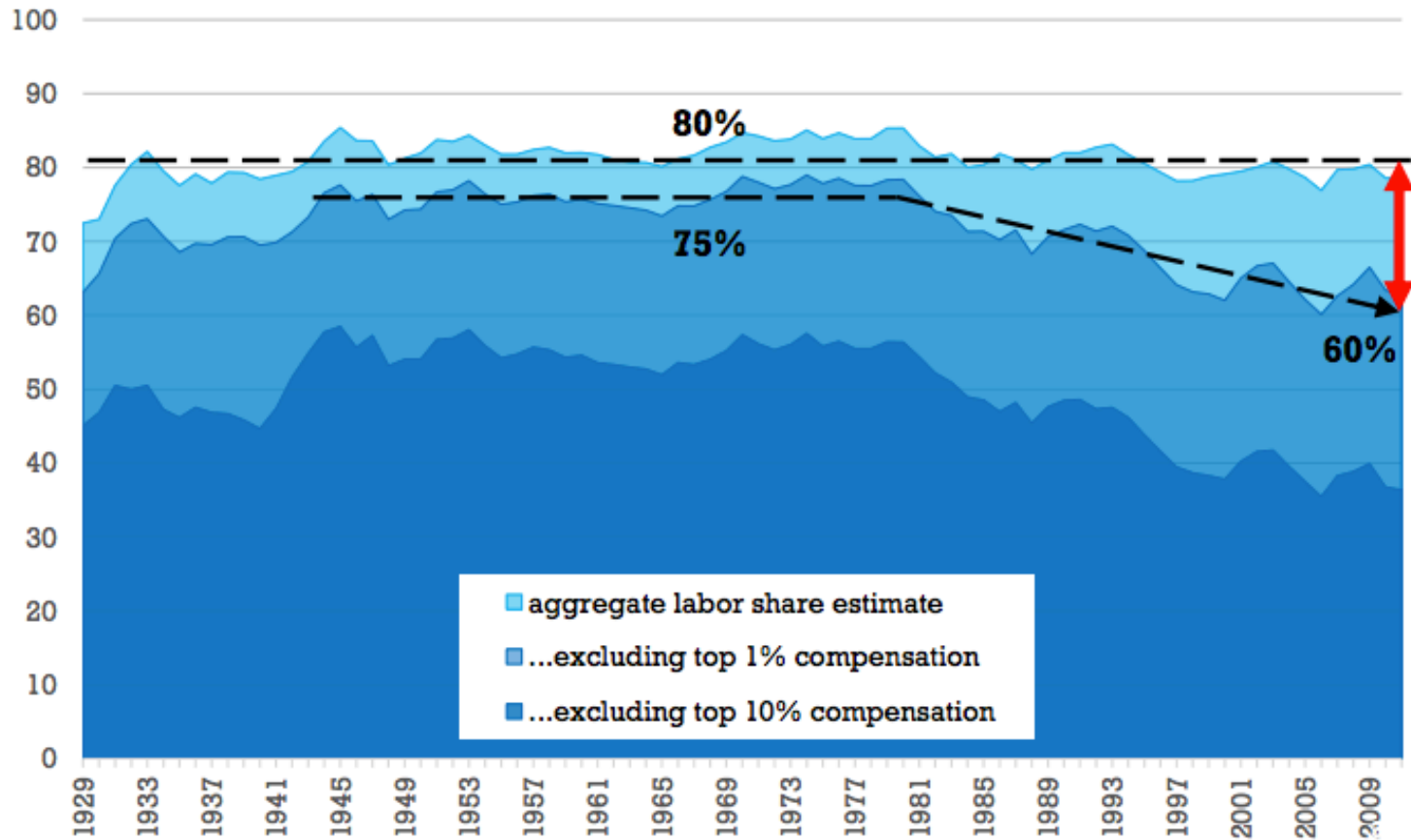
Source: World Wealth and Income Database

Labor Share Comparison



Source: Olivier G. Giavonni

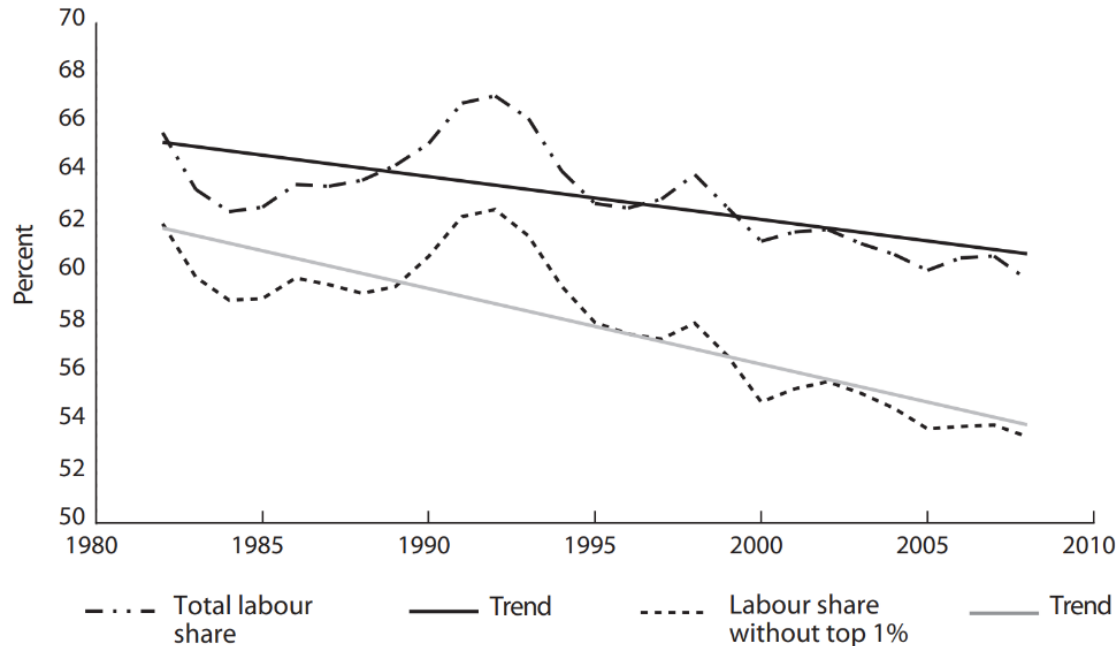
1. LABOR SHARE



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

Labor Share for Canada

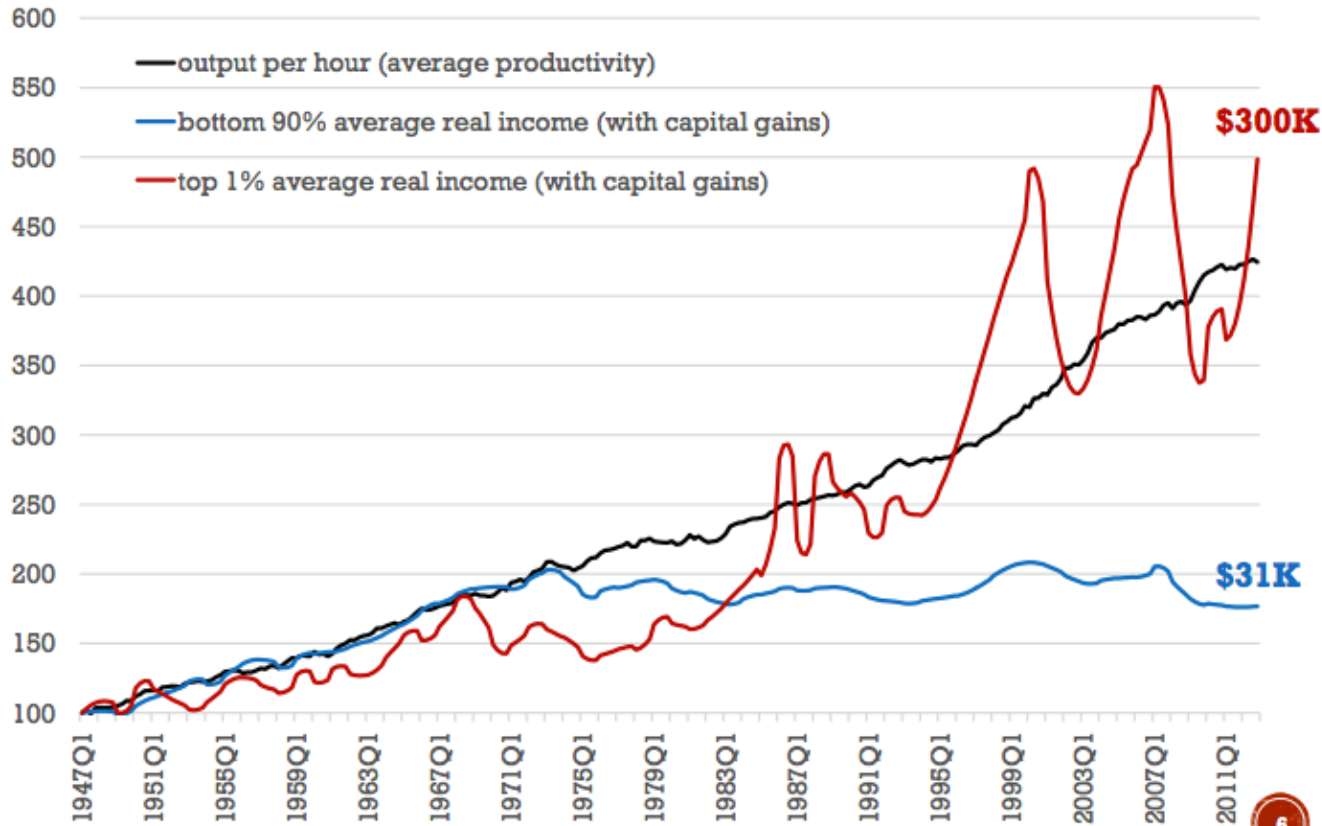
Labour share of total income with and without the top 1 percent of earners, Canada, 1982-2008



Source: Authors' calculations based on Organisation for Economic Co-operation and Development, OECD Data, Productivity Unit Labour Costs (<https://data.oecd.org/lprdy/unit-labour-costs.htm>).

Source: Lemieux and Riddell

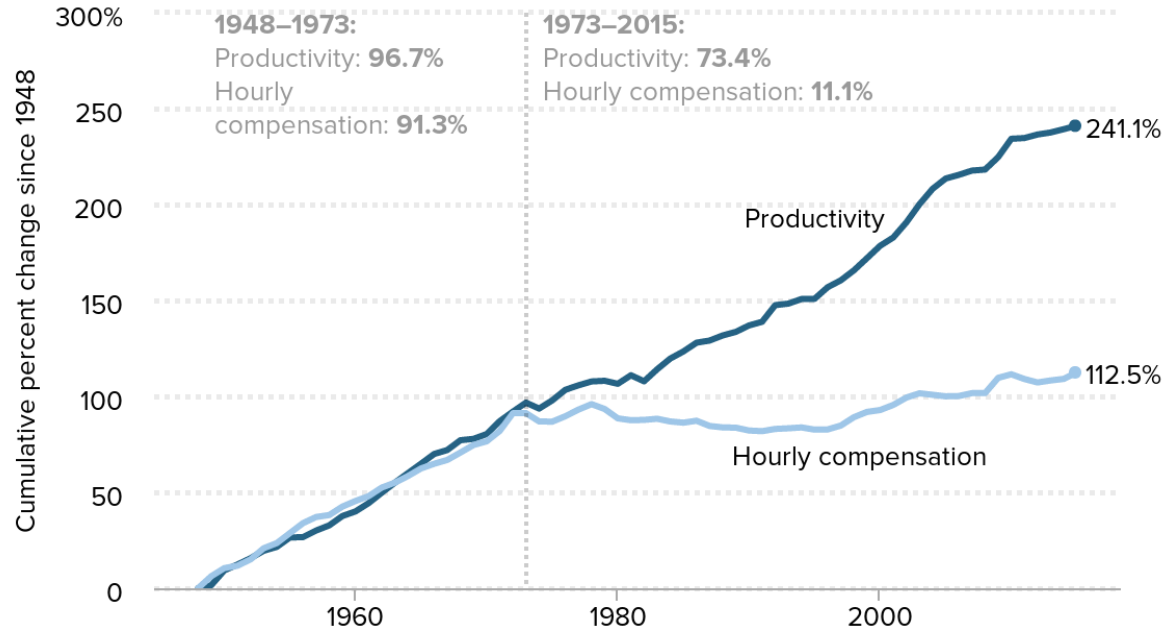
3. TOP AND BOTTOM REAL INCOMES



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



US: Disconnect Between Productivity and a Typical Worker's Compensation, 1948-2015

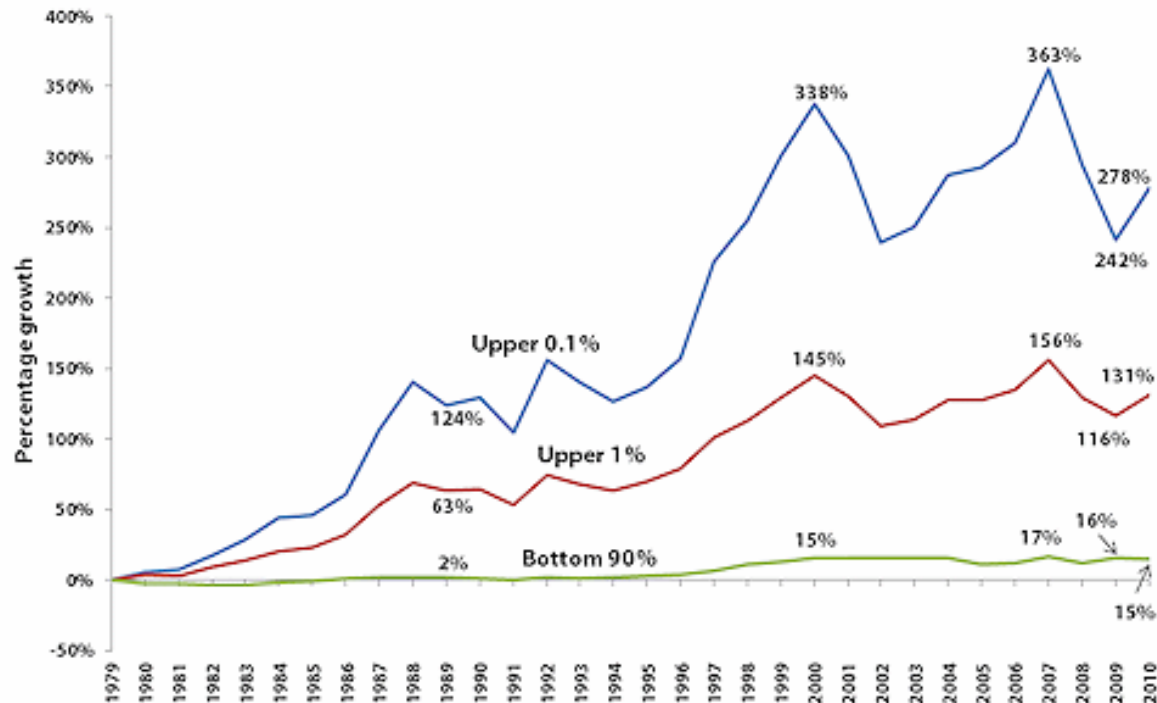


Note: Data are for average hourly compensation of production/nonsupervisory workers in the private sector and net productivity of the total economy. "Net productivity" is the growth of output of goods and services minus depreciation per hour worked.

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)

Inequality is a decades-long trend, with more and more going to the very top

Percentage growth in annual wages and salaries,
by wage and salary group 1979–2010

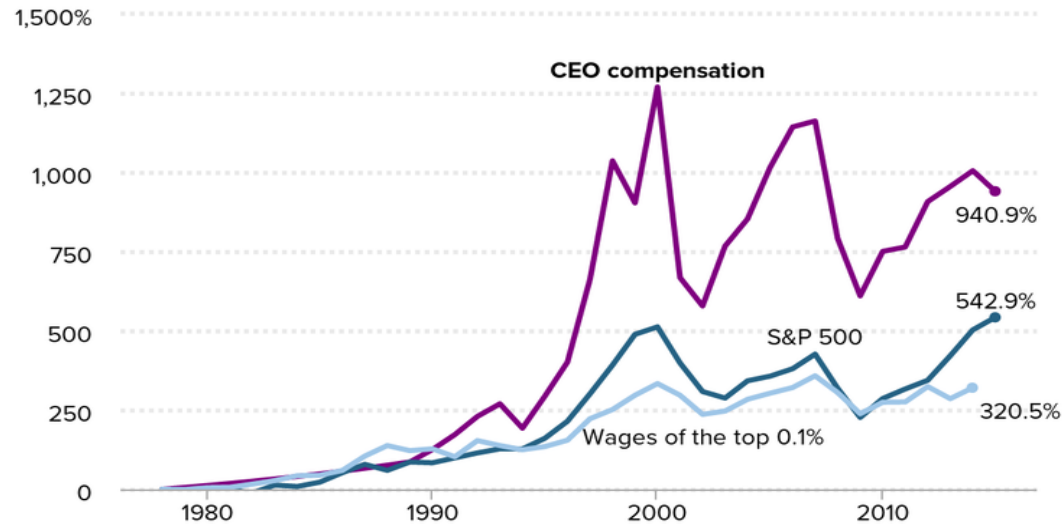


Source: Kopczuk, Saez and Song (2007), extended by Economic Policy Institute analysis of Social Security Administration data

Inequality even at the top 0.1%

CEO 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.

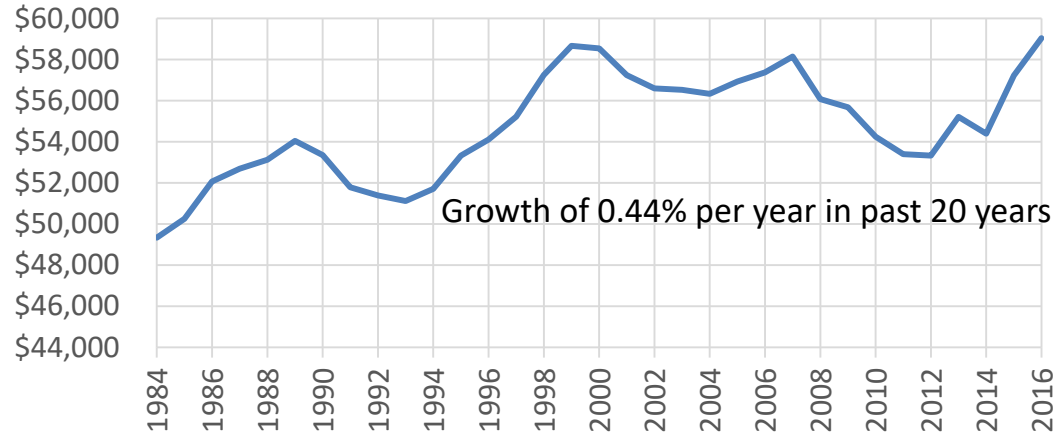
Source: EPI analysis of Compustat Execucomp, Social Security Administration, and Federal Reserve Bank of St. Louis databases.

Stagnation: U.S. median household income (constant 2016 US\$)

1996:
\$54,105

2016:
\$59,039

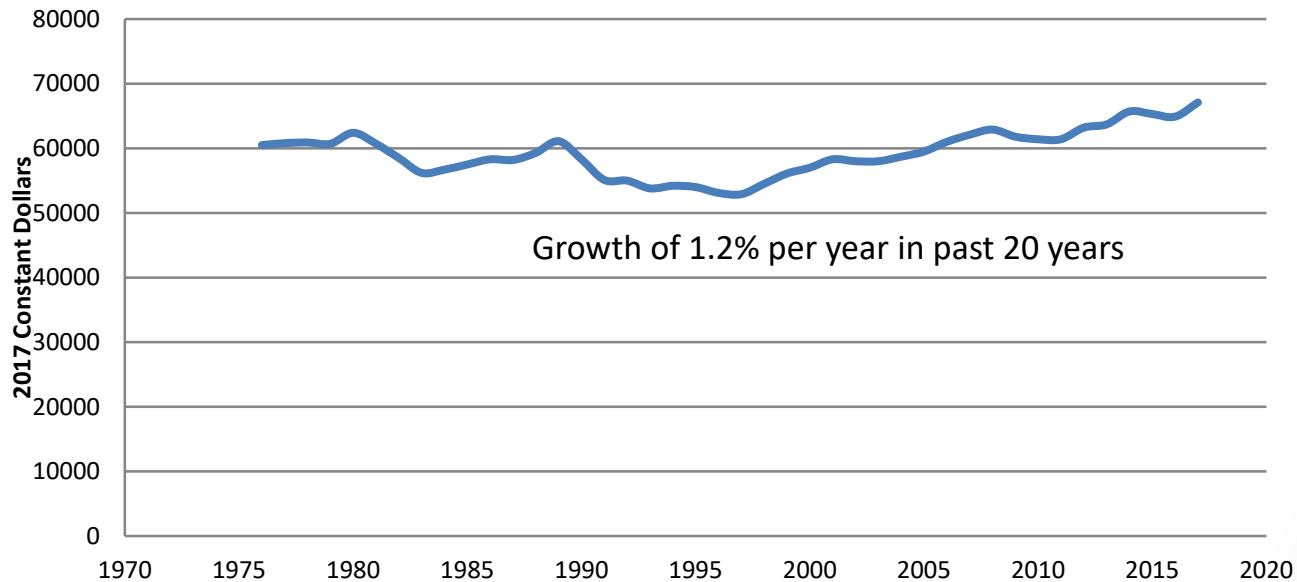
Median Household Income in the US



Source: U.S. Census Bureau

Note: Data is adjusted for the methodological change of 2013

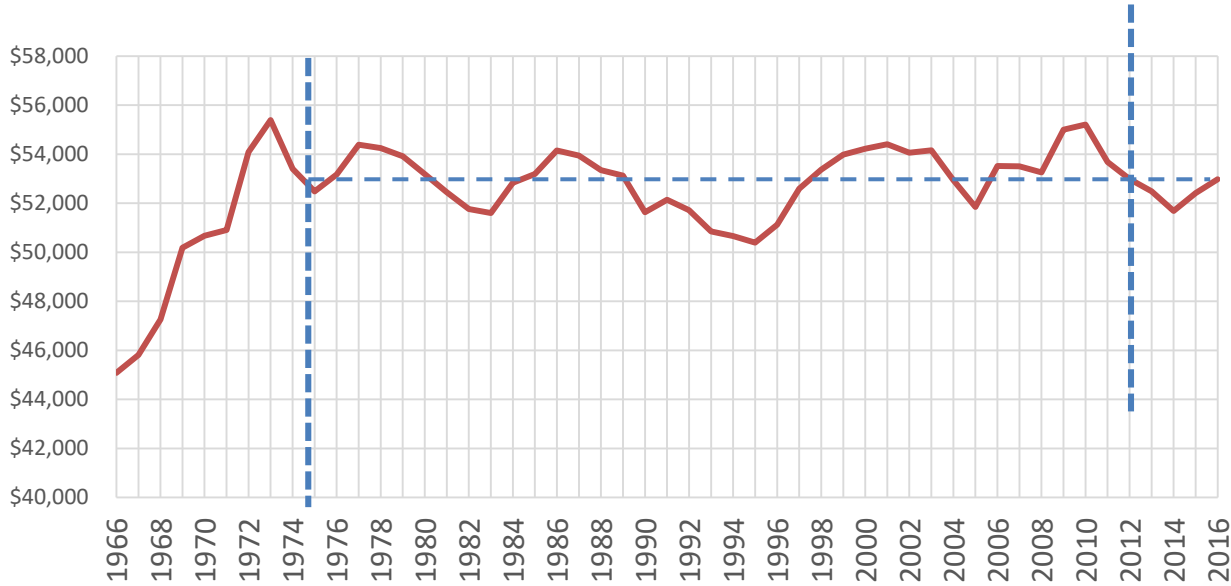
Stagnation: Canadian median income in economic family and persons, not in economic family (constant 2017 dollars)



Source: Statistics Canada

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

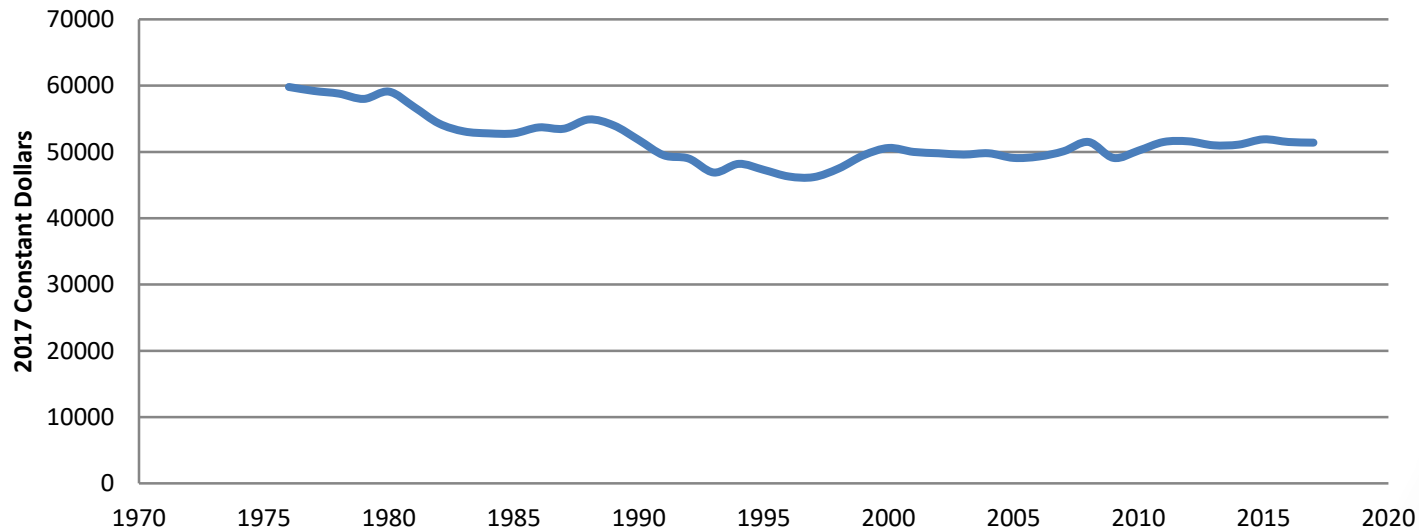
(constant 2016 US\$)



Note: Data is adjusted for the methodological change of 2013
Source: U.S. Census Bureau

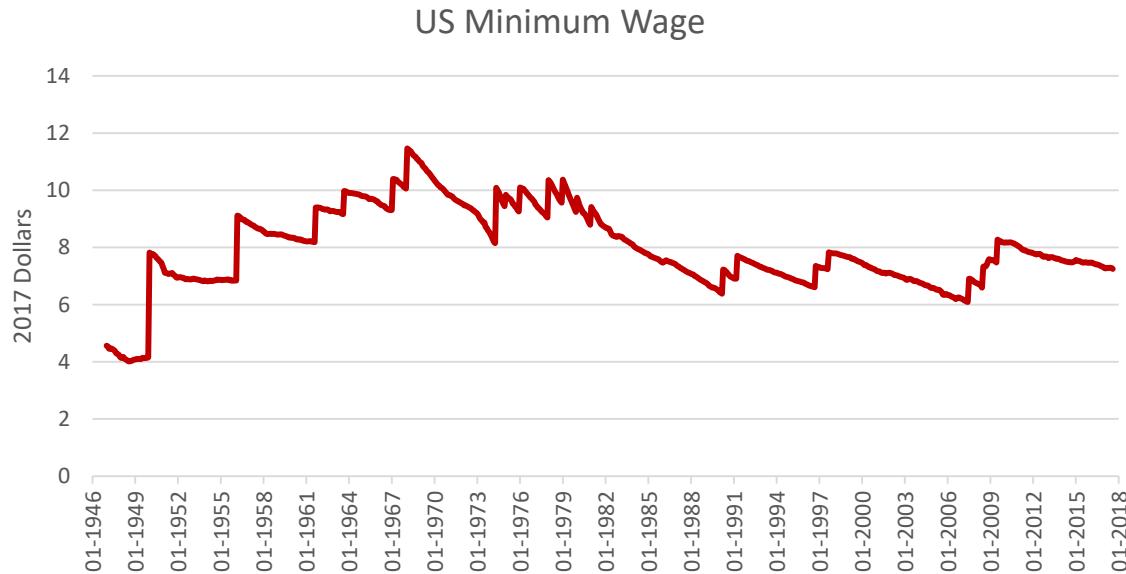
Canada: Median income of a male, age 25-54, is lower than the level it was more than 4 decades ago

(constant 2017 Canadian \$)



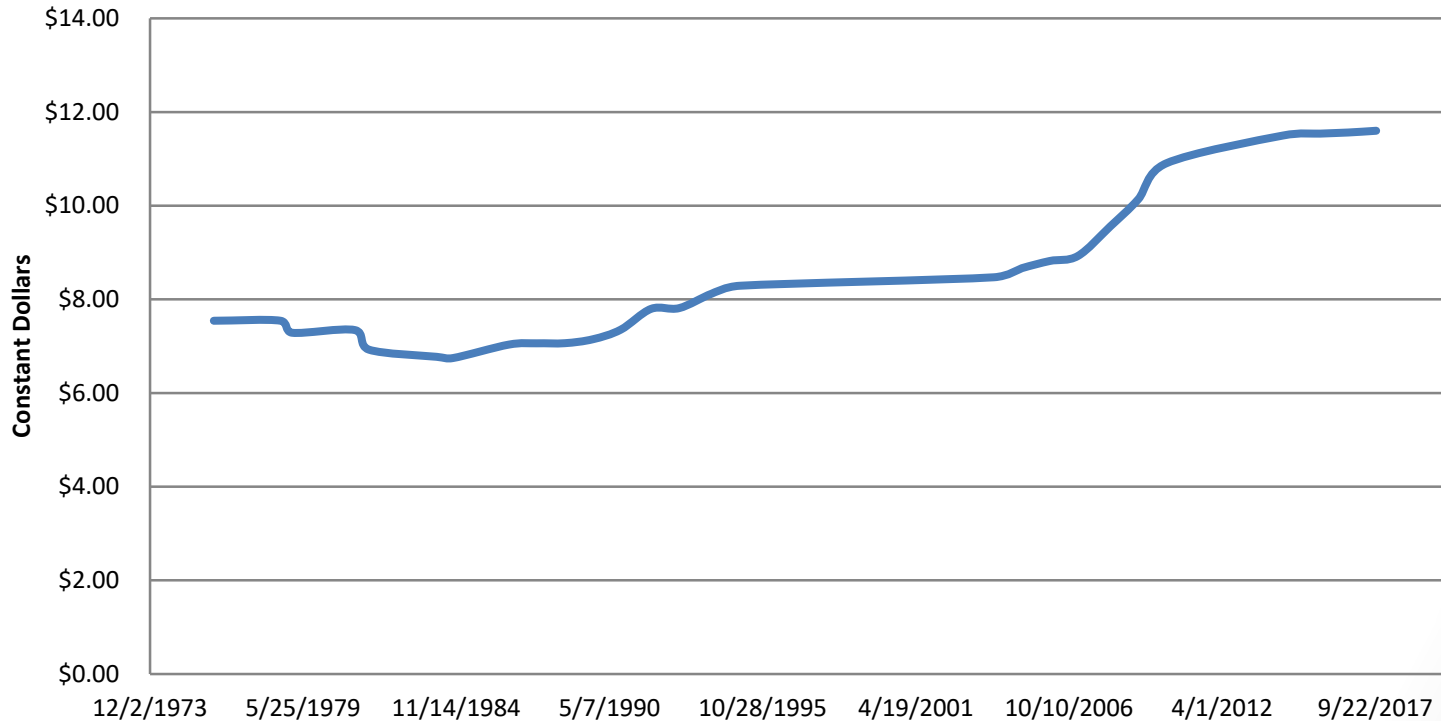
Source: Statistics Canada

US: Real wages at the bottom are at the level that they were roughly sixty years ago



Source: Federal Reserve

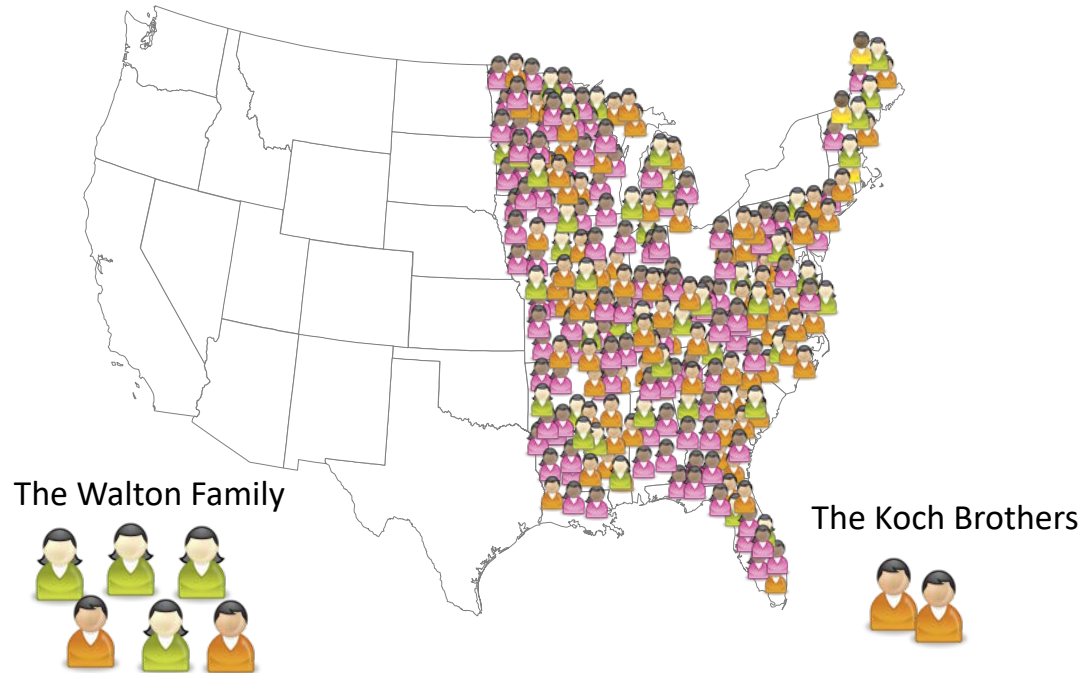
Canada: Real wages at the bottom for Ontario



Source: Statistics Canada

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.



7. WEALTH

The share of total U.S. wealth owned by the top 0.1 percent of families, 1913-2012



Notes: Wealth is total assets (including real estate and funded pension wealth) net of all debts. Wealth excludes the present value of future government transfers (such as Social Security or Medicare benefits).

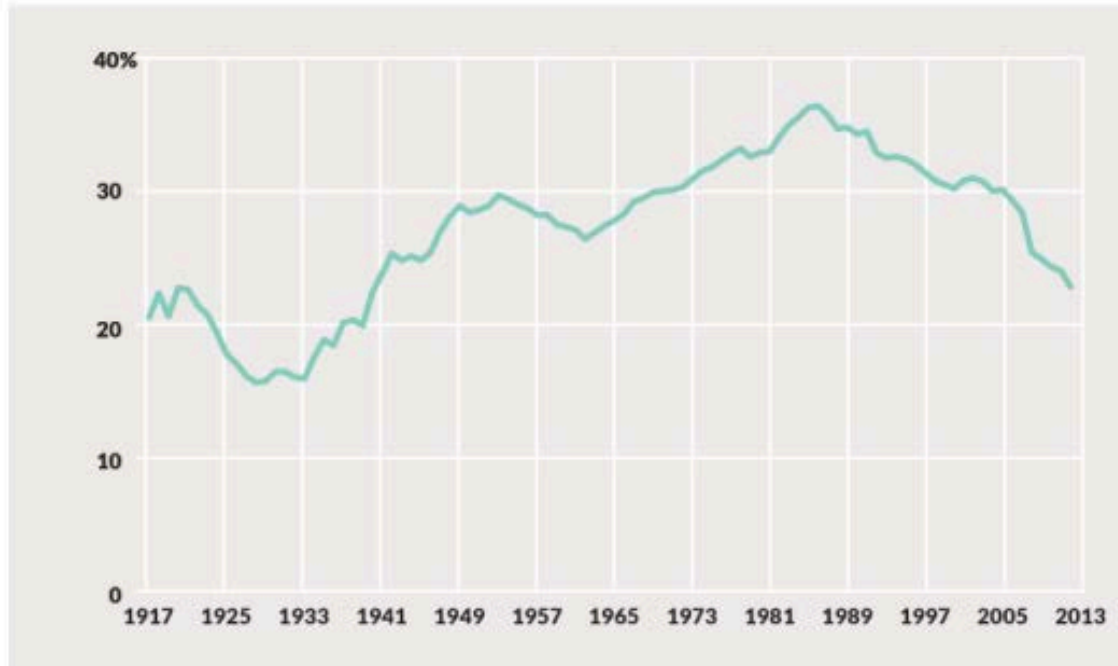
Source: Saez, Emmanuel and Gabriel Zucman "Wealth Inequality in the United States since 1913: Evidence from Capitalized Income Tax Data", NBER Working Paper, October 2014, online at <http://gabriel-zucman.eu/uswealth/>

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7. WEALTH

The share of total U.S. wealth owned by the bottom 90 percent of families, 1917-2012



Notes: Wealth is total assets (including real estate and funded pension wealth) net of all debts. Wealth excludes the present value of future government transfers (such as Social Security or Medicare benefits).

Source: Saez, Emmanuel and Gabriel Zucman "Wealth Inequality in the United States since 1913: Evidence from Capitalized Income Tax Data", NBER Working Paper, October 2014, online at <http://gabriel-zucman.eu/uswealth/>

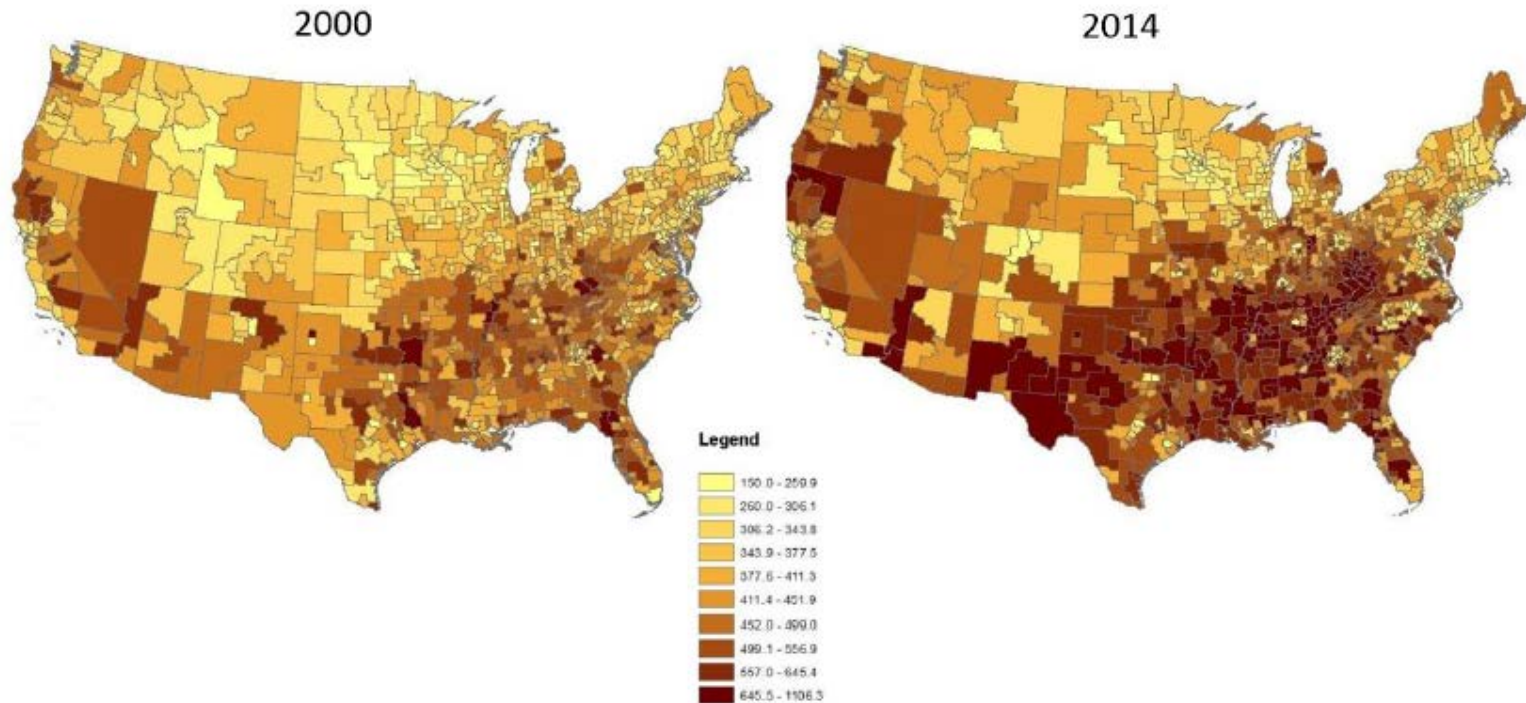
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Even health and life expectancy is in decline

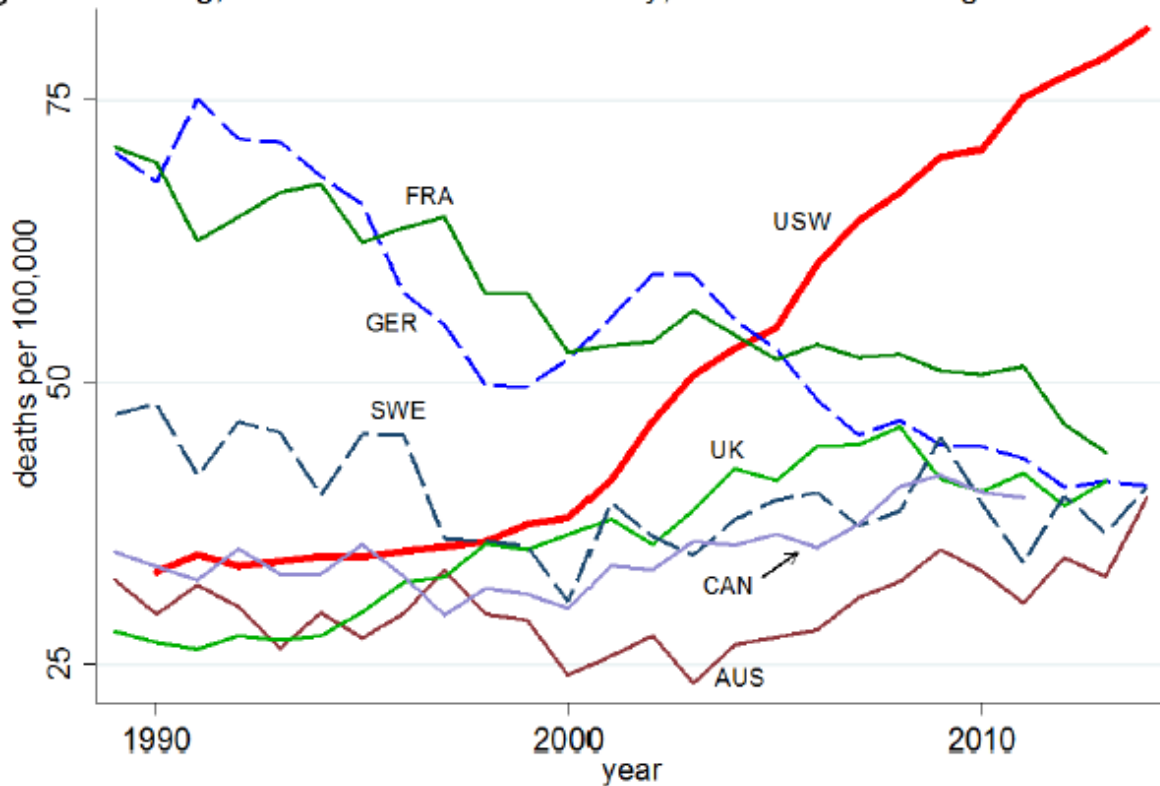
- Especially surprising data on white males
- Reflecting social diseases—alcoholism, drugs, suicide

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



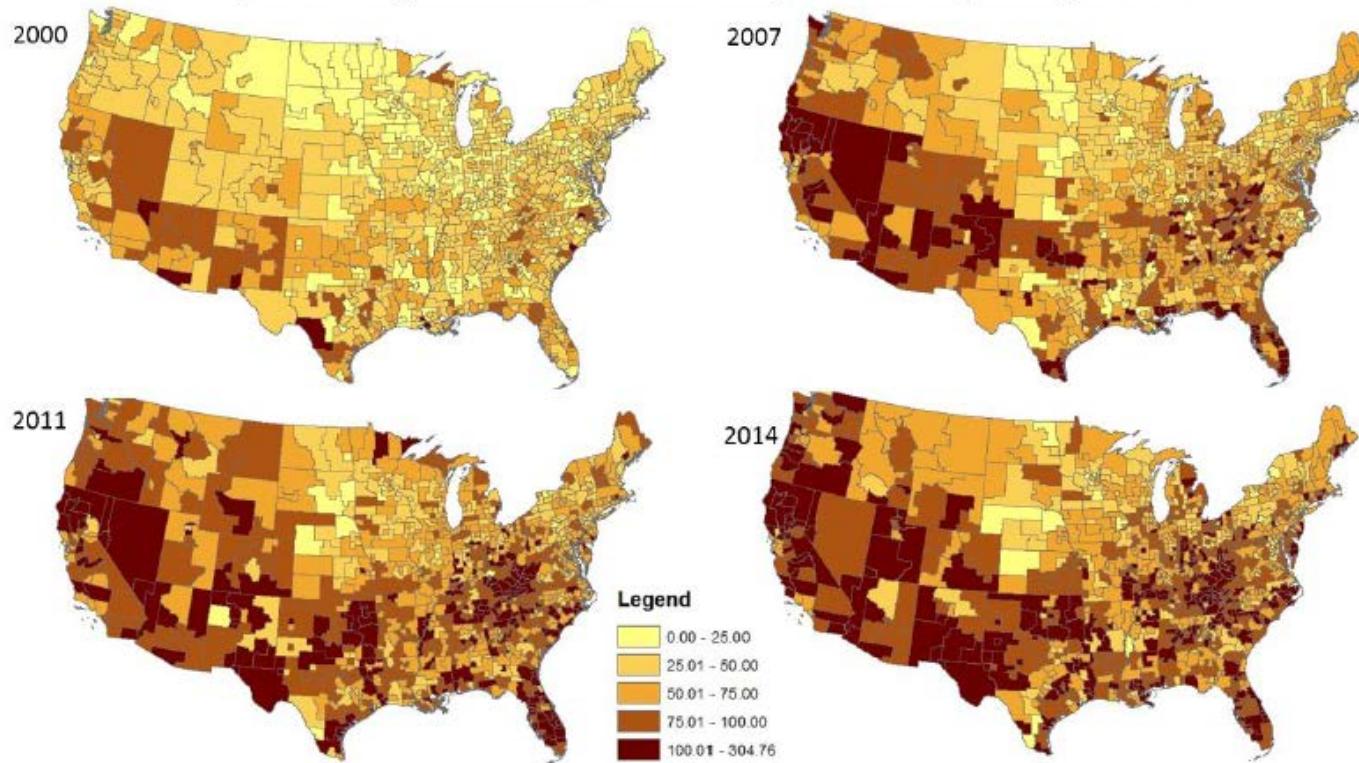
Source: "Mortality and Morbidity in the 21st Century", Anne Case and Angus Deaton, Brookings Papers on Economic Activity, March 17, 2017

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



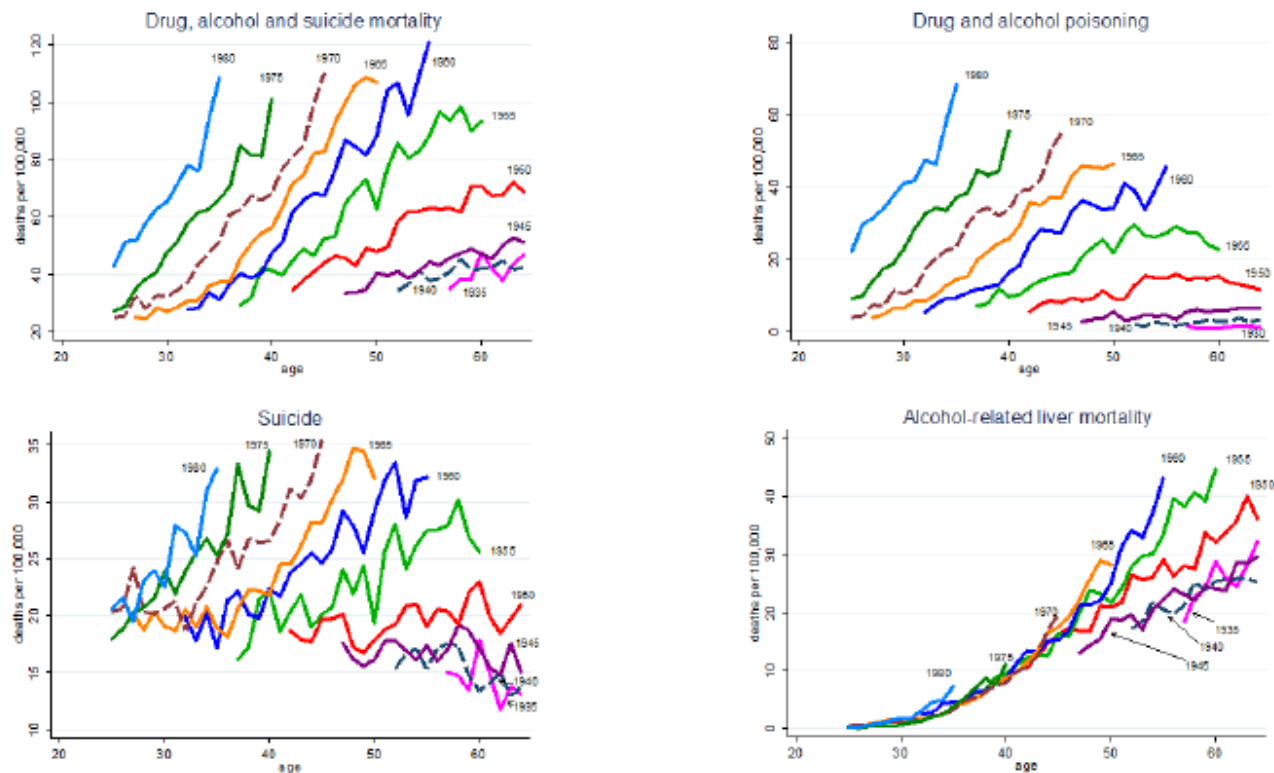
Source: "Mortality and Morbidity in the 21st Century", Anne Case and Angus Deaton, Brookings Papers on Economic Activity, March 17, 2017

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



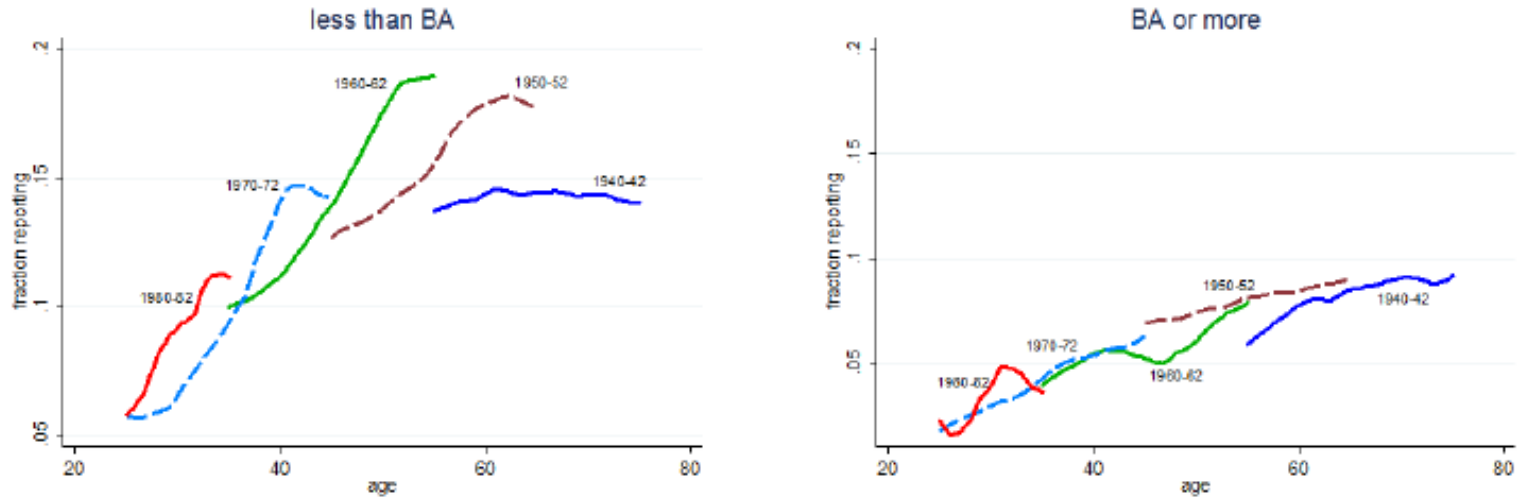
Source: "Mortality and Morbidity in the 21st Century", Anne Case and Angus Deaton, Brookings Papers on Economic Activity, March 17, 2017

Figure 1.7 Drug, alcohol and suicide mortality by birth cohort, white non-Hispanics, less than BA



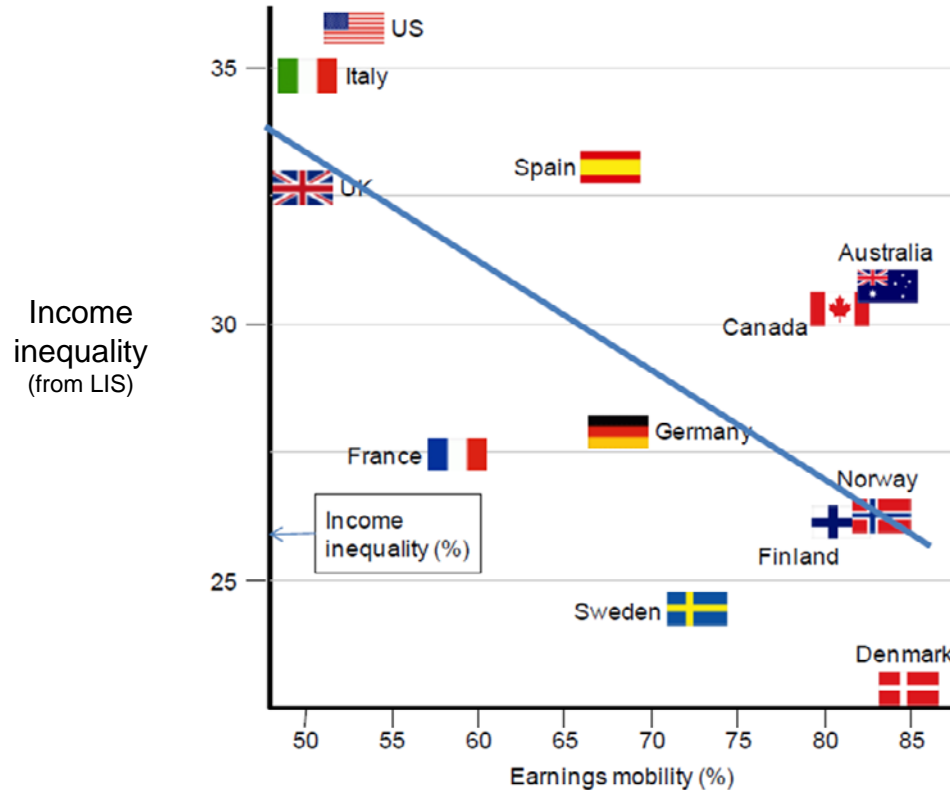
Source: "Mortality and Morbidity in the 21st Century", Anne Case and Angus Deaton, Brookings Papers on Economic Activity, March 17, 2017

Figure 1.13 Fraction reporting sciatic pain, white non-Hispanics by birth year and education class



Source: "Mortality and Morbidity in the 21st Century", Anne Case and Angus Deaton, Brookings Papers on Economic Activity, March 17, 2017

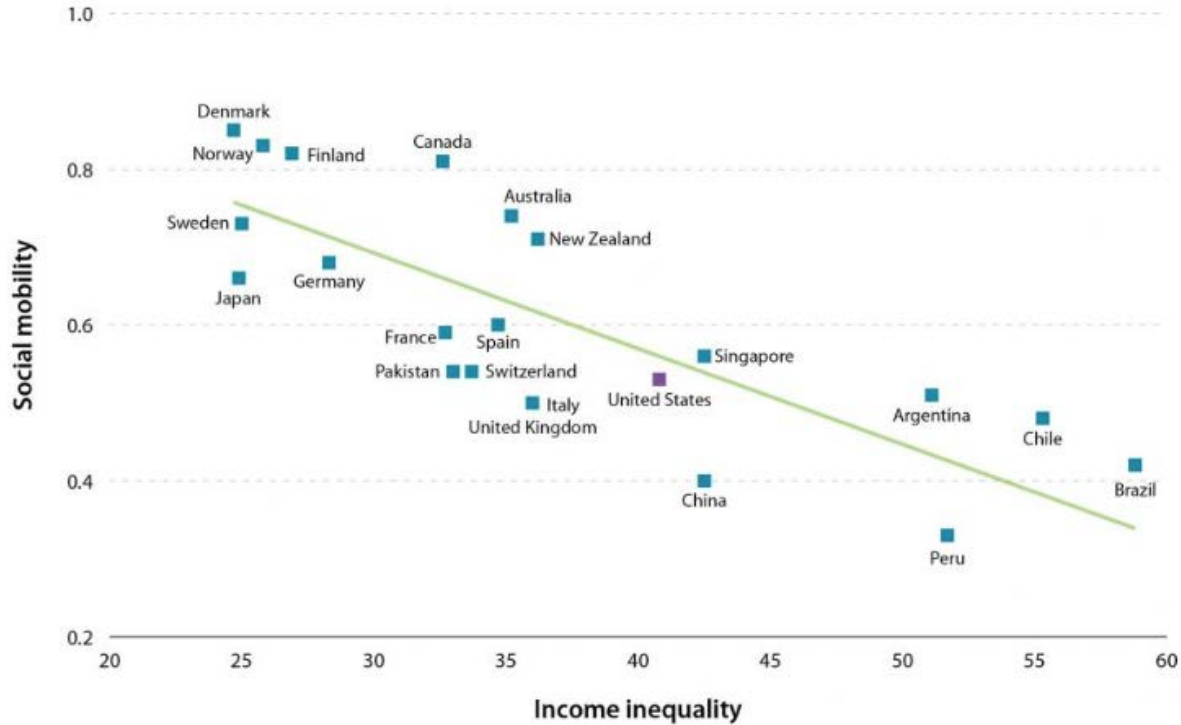
Income inequality and earnings mobility



Source; Janet Gornick; OECD 2008. *Growing Unequal: Income Distribution and Poverty in OECD Countries*. Paris: OECD

The Relationship between Income Inequality and Social Mobility

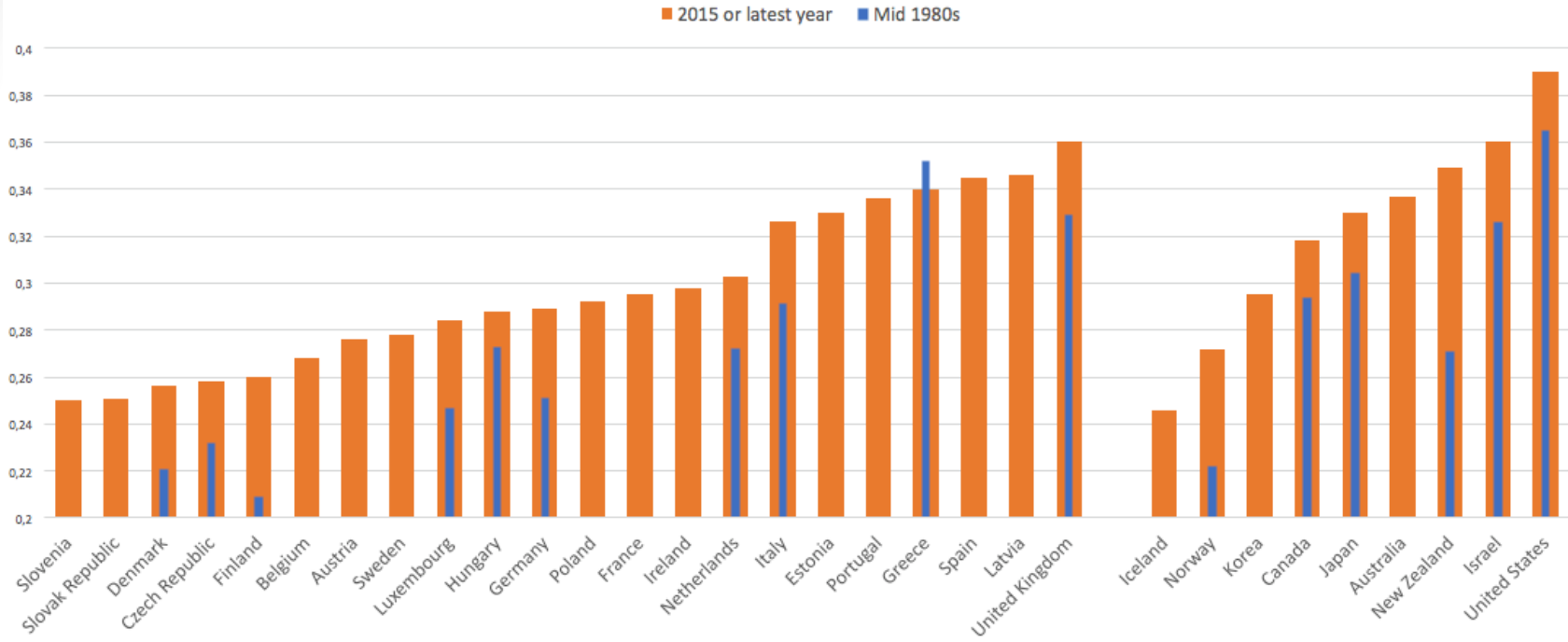
Around the world, high income inequality is associated with low social mobility.



Source: Corak (2013); World Bank (2013).

Note: Reproduction of figure 2 from Corak (2013). Data points for Italy and the United Kingdom overlap. The x-axis shows Gini coefficients as reported by the World Bank. The y-axis is a measure of social mobility and is equal to 1 minus the intergenerational earnings elasticity for each country.

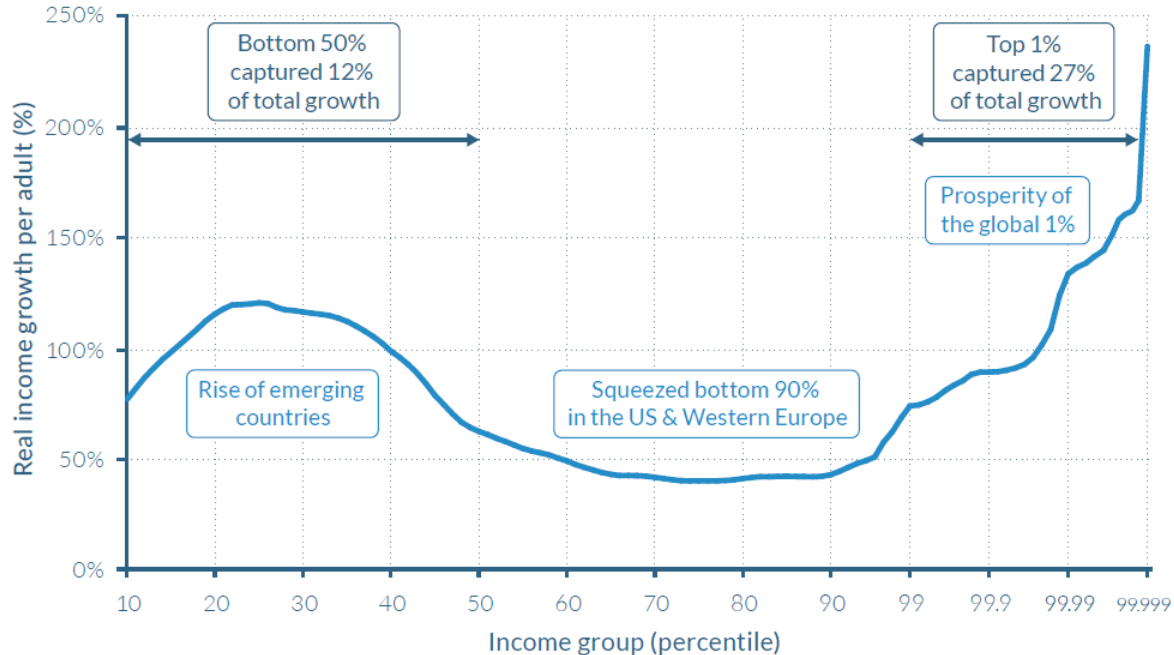
Gini Coefficient of disposable income in 2015 (or latest year) and mid-1980s (when available)



Source: OECD Income Distribution Database

Global Income Growth by Percentile

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



Source: WID.world (2017). See wir2018.wid.world for more details.

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 p99p99.1 (the poorest 10% among the world's richest 1%), growth was 74% 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.

Source: World Inequality Report 2018, Branko Milanovic

Global Inequality

- Oxfam reports on wealth concentration at the top: how many of the richest people have as much wealth as bottom 50% (3.8 billion people!)
 - In 2010: 388
 - In 2017: just 42
 - 2018: just 26
- 82% of all growth in global wealth in 2016 went to the top 1%, while the bottom half saw no increase at all.
- The richest 1% continue to own more wealth than the whole rest of humanity.