

Macro Roundup Article

Headline: [Income Inequality in the United States: Using Tax Data to Measure Long-Term Trends](#)

Article Link: https://davidsplinter.com/AutenSplinter-Tax_Data_and_Inequality.pdf

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Tweet: Gerald Auten and David Splinter have updated their income inequality estimate and find that the after-tax income share of the top 1% in the US has been steady since the 1960s, disproving Piketty-Saez-Zucman's claims otherwise.

Summary: Using administrative tax data in combination with the Survey of Consumer Finances and other data sources, this paper develops new estimates of the distribution of income in the U.S. since the 1960s. Our analysis examines levels and trends in all parts of the distribution in addition to top income shares. Our estimates for pre-tax income, based on distributing total national income, show that the top one percent share declined from 11.1% to 9.4% from 1962 to 1979 and then increased to 13.8% by 2019. Viewed over the full period, the top share increased by only 3 percentage points. While our pre-tax income measure includes labor and investment income, it provides an incomplete picture of economic resources available to individuals. A broader measure that includes Social Security benefits and other transfers lowers top one percent shares and results in a smaller increase. Our estimates for after-tax income indicate that the top one percent share increased only 1.4 percentage points since 1979 and only 0.2 percentage points since 1962. Related: The Cost of Thriving Has Fallen: Correcting and Rejecting the American Compass Cost of Thriving Index and New Evidence Eviscerates Relevancy of Piketty's Claim Capital Has Grown at Expense of Labor and The Economics of Inequality in High-Wage Economies

Primary Topic: Inequality

Topics: Academic paper, Database, Inequality, Very Important, Wages/Income, Weekly, Workforce

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