

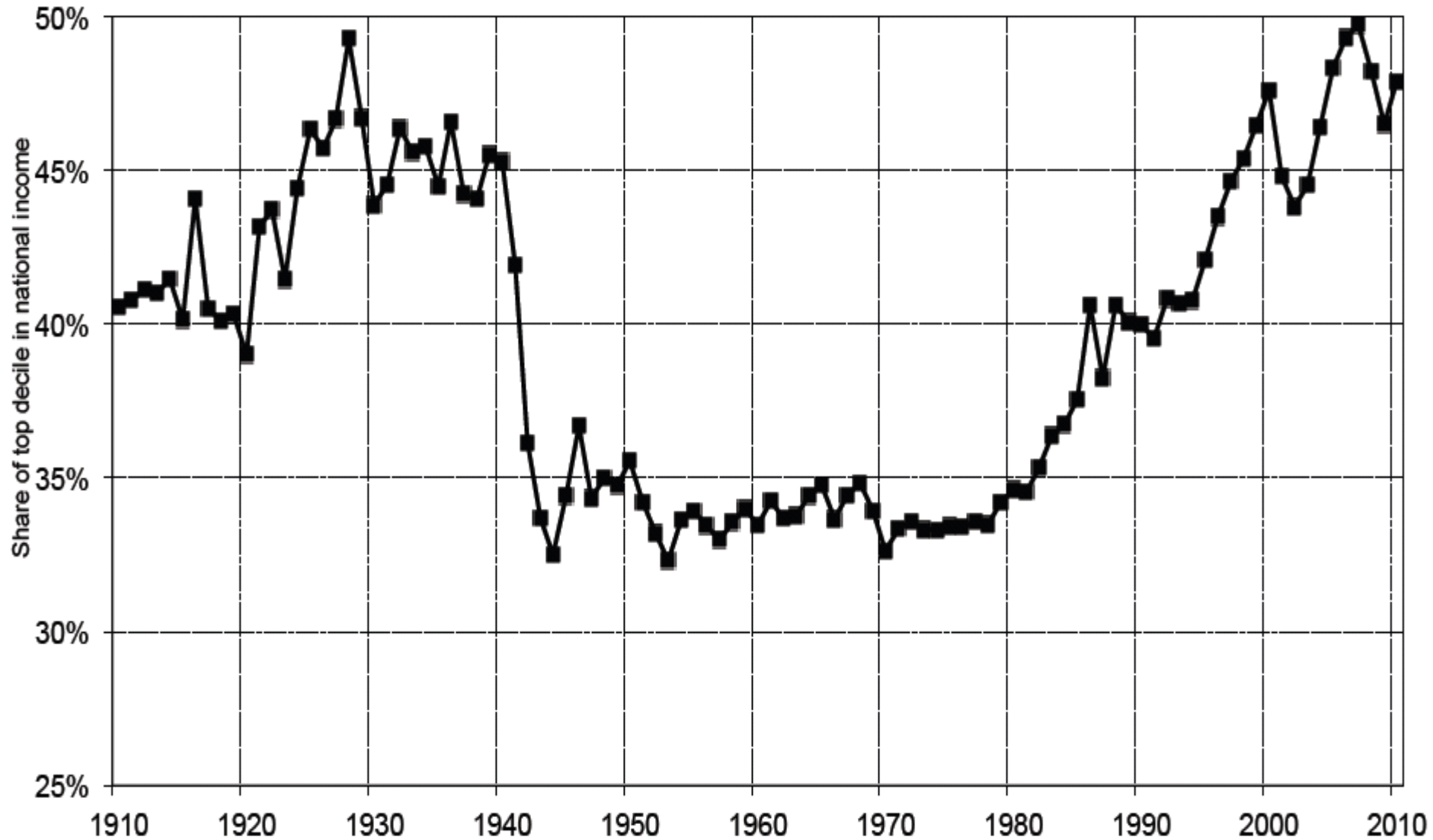
**5 Myths
About Inequality
in the United States**



Myth 1

Inequality Has Never Been
So Bad
(And Getting Worse)

Income inequality in the United States, 1910-2010

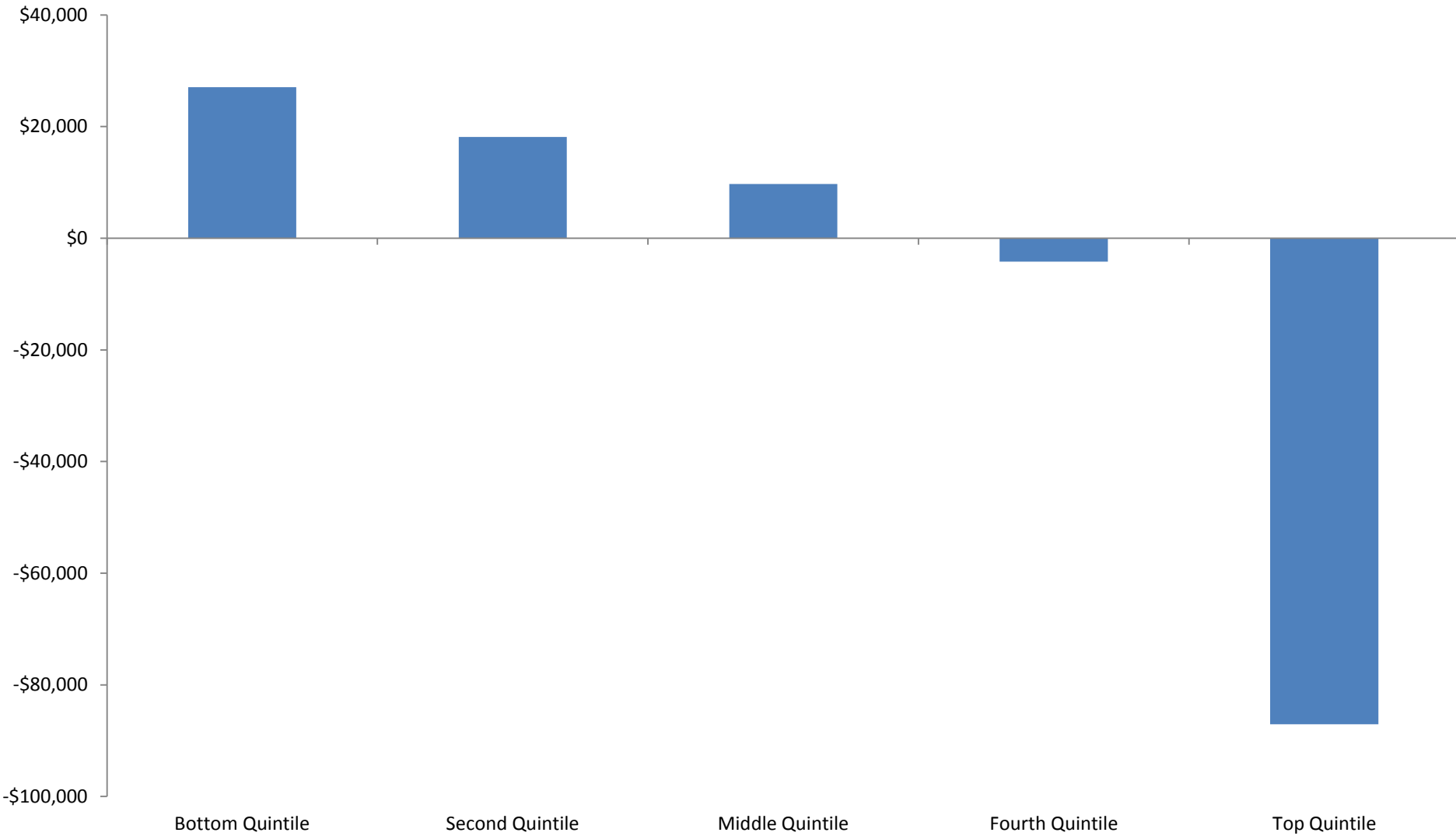


The top decile share in U.S. national income dropped from 45-50% in the 1910s-1920s to less than 35% in the 1950s (this is the fall documented by Kuznets); it then rose from less than 35% in the 1970s to 45-50% in the 2000s-2010s. Sources and series: see piketty.pse.ens.fr/capital21c.

Source: Thomas Piketty, "Capital in the Twenty-First Century."

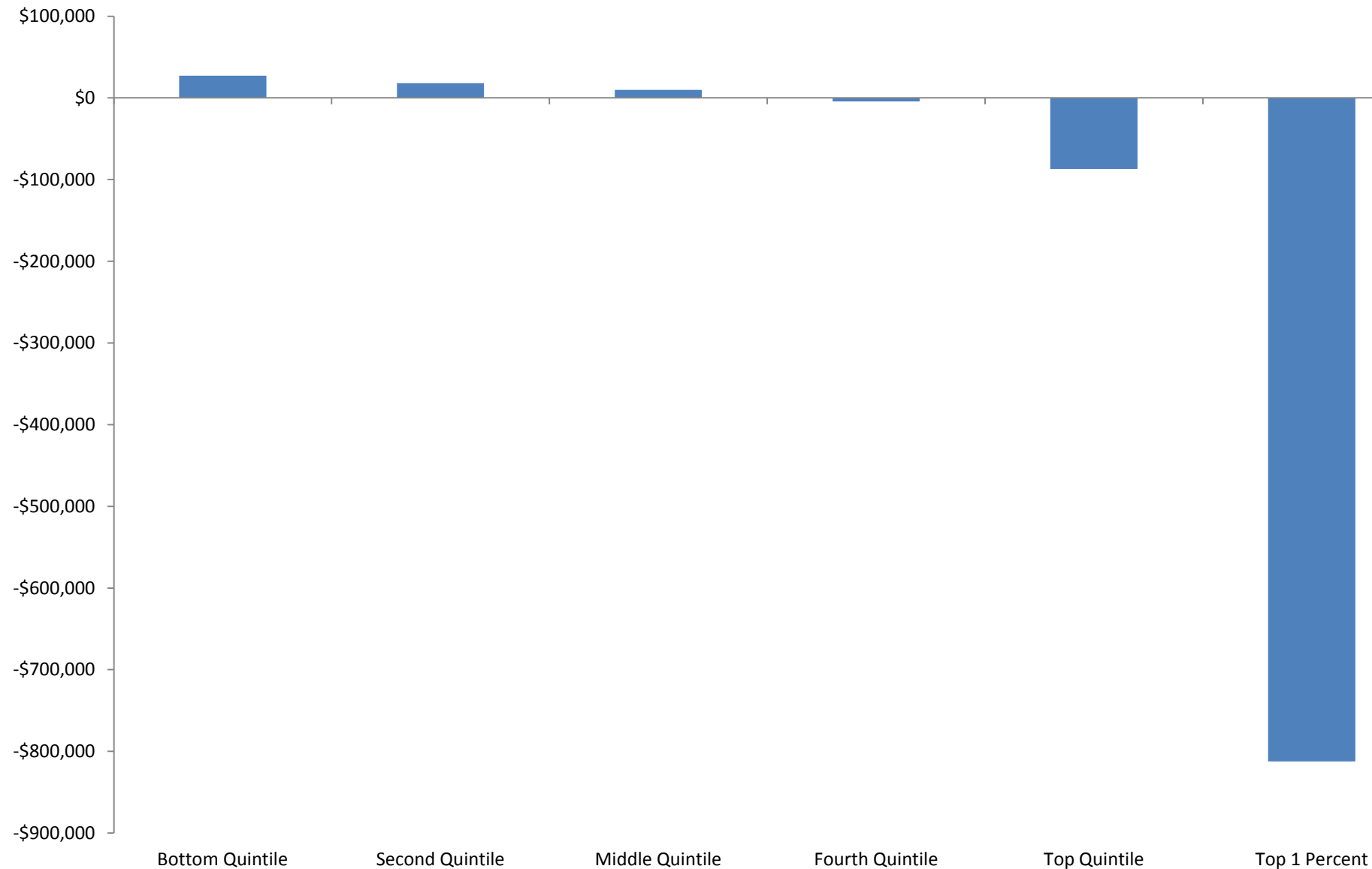
Redistribution by Income Quintile, 2012

Redistribution



Source: Prante and Hodge, "The Distribution of Tax and Spending Policies in the United States," Tax Foundation, 2013.

Redistribution by Income Quintile and Top 1 Percent, 2012



Source: Prante and Hodge, "The Distribution of Tax and Spending Policies in the United States," Tax Foundation, 2013.

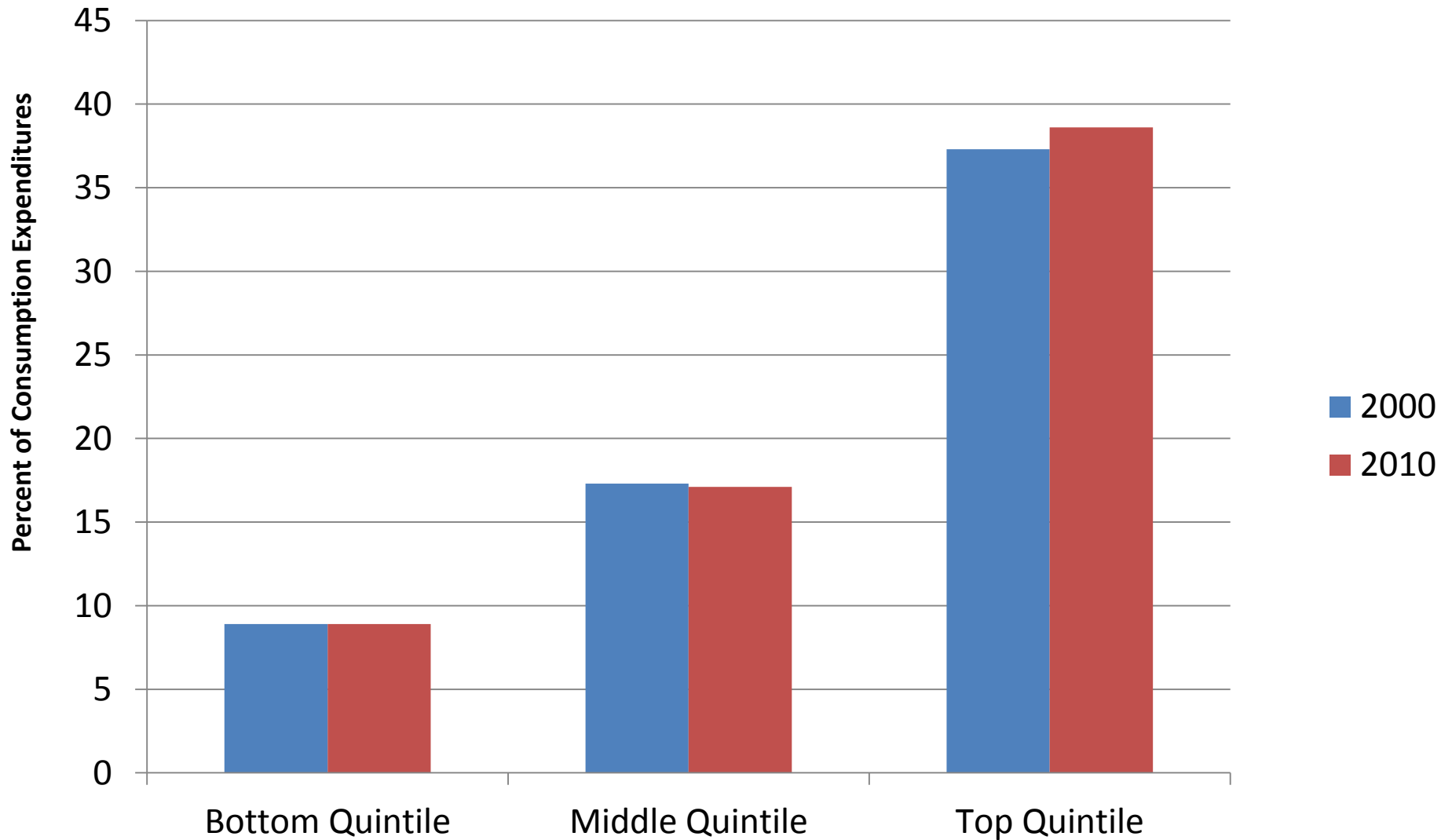
Reduction in Income Inequality From Government Transfers and Federal Taxes, 1979 to 2011

Percentage Reduction in Gini Index



Source: Congressional Budget Office.

Share of Consumption Expenditure Across Income Quintiles, 2000 and 2010



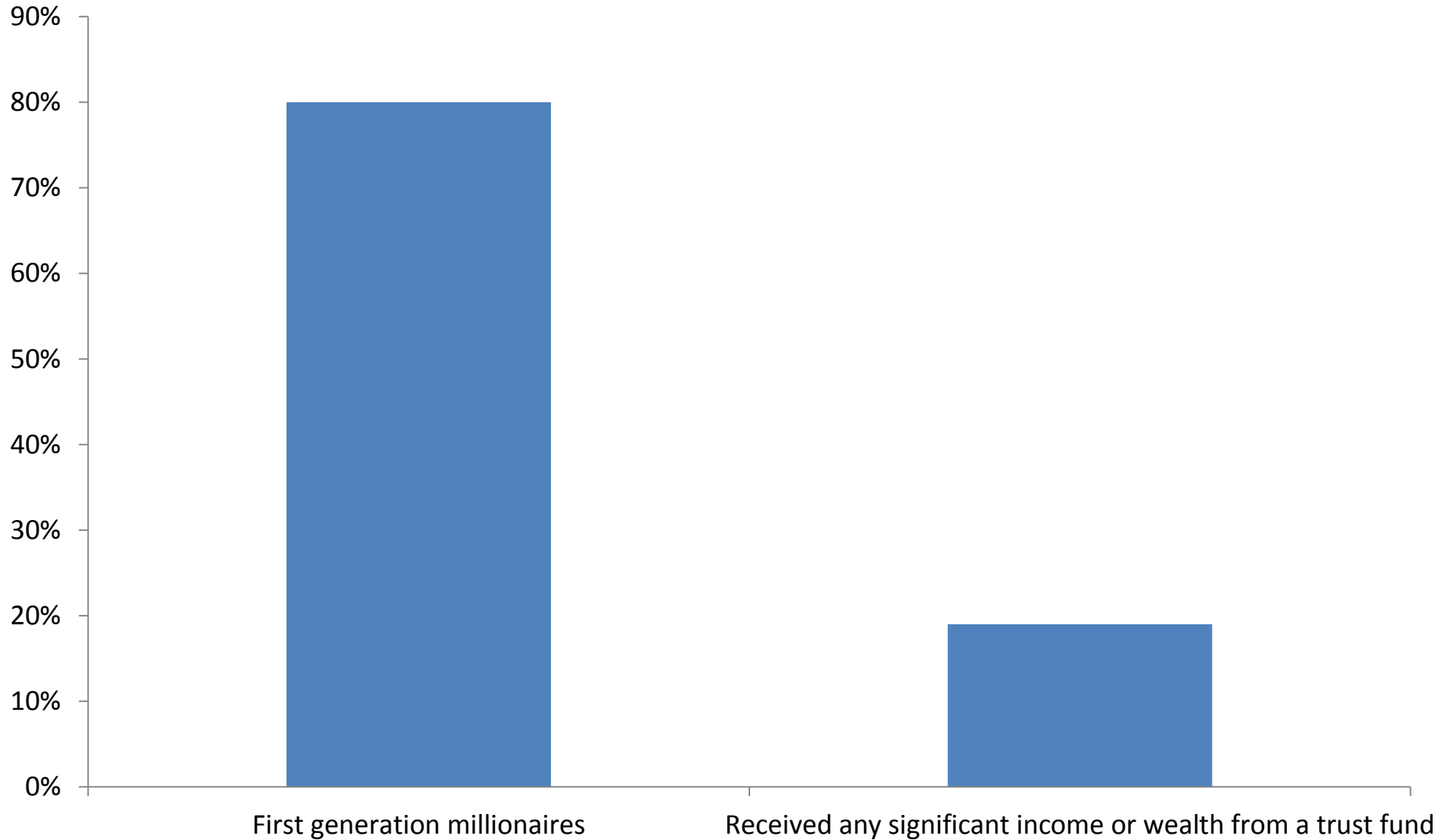
Source: Kevin Hasset and Aparna Mathur (2012).

Myth 2

The Rich Don't Deserve It

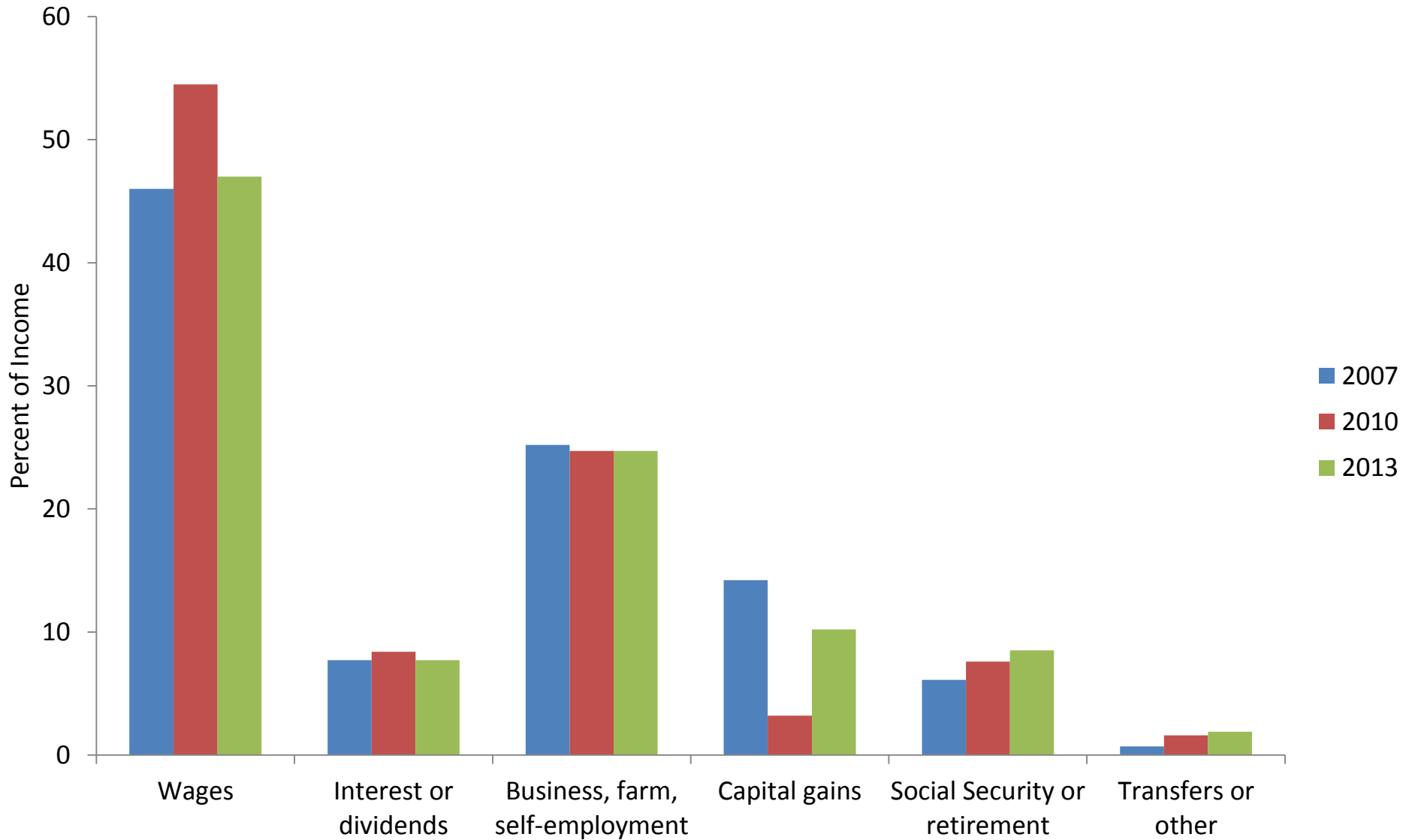


Inheritance and Self-Made Millionaires



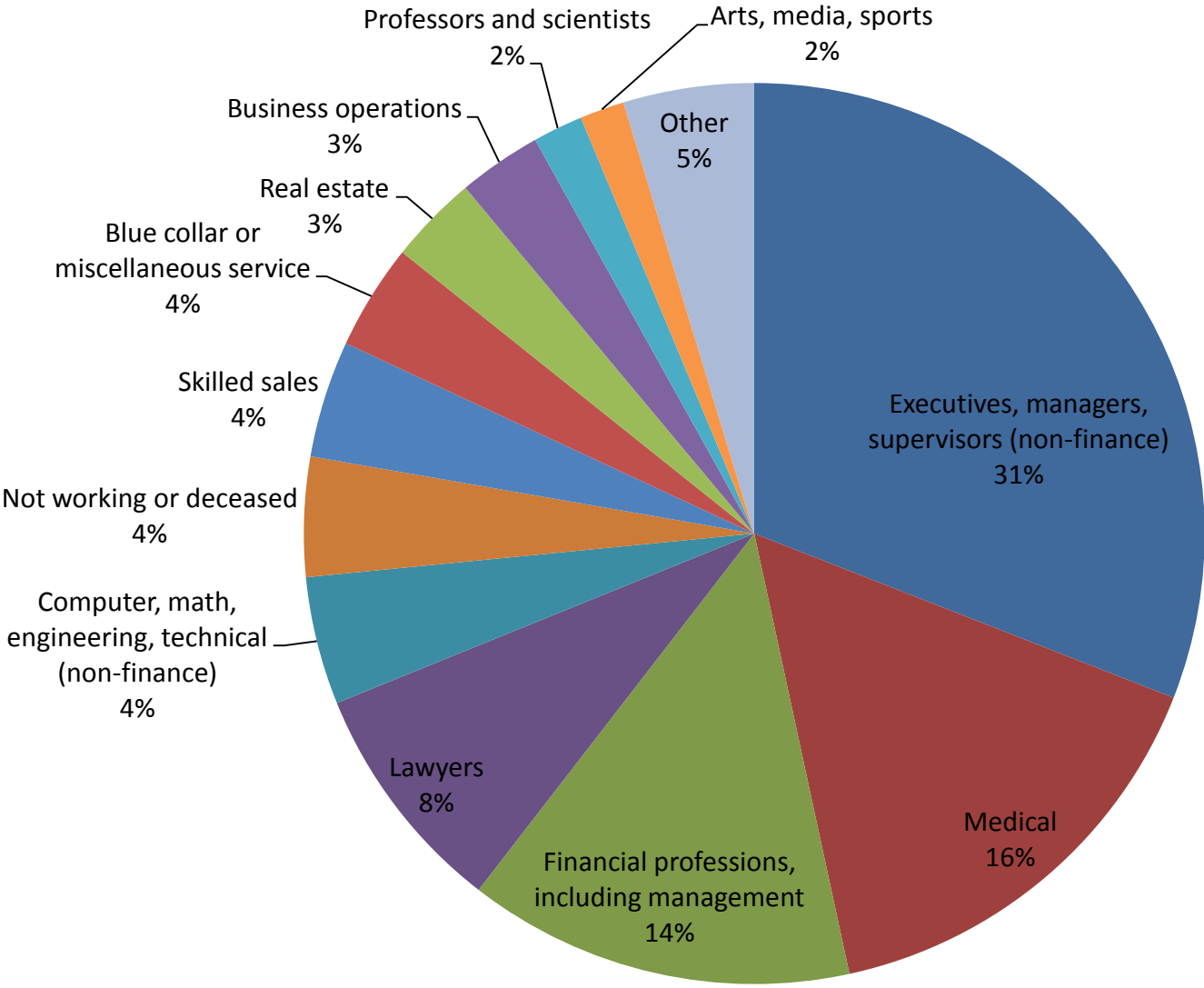
Source: The Millionaire Next Door

Income Composition of Households in Top Decile of Net Worth



Source: 2013 Survey of Consumer Finances

Occupations of Primary Taxpayers in Top One Percent



Source: Bakija et. al (2012)



Myth 3

The Rich Stay Rich

The Poor Stay Poor



Andrew W. Mellon



Carnegie family



Pierre Samuel du Pont

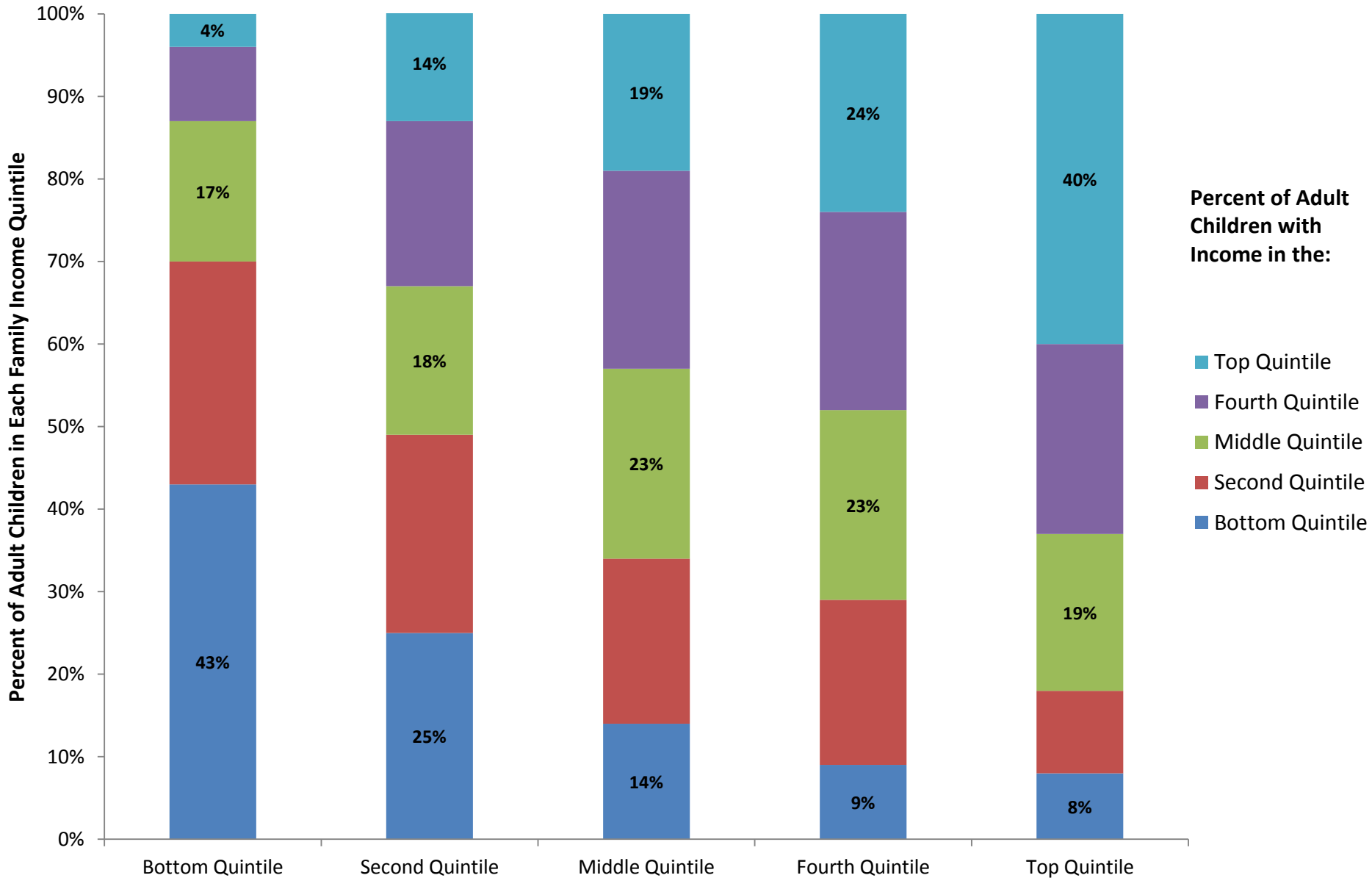


George Hearst



David Rockefeller Sr.

Economic Mobility Across Generations



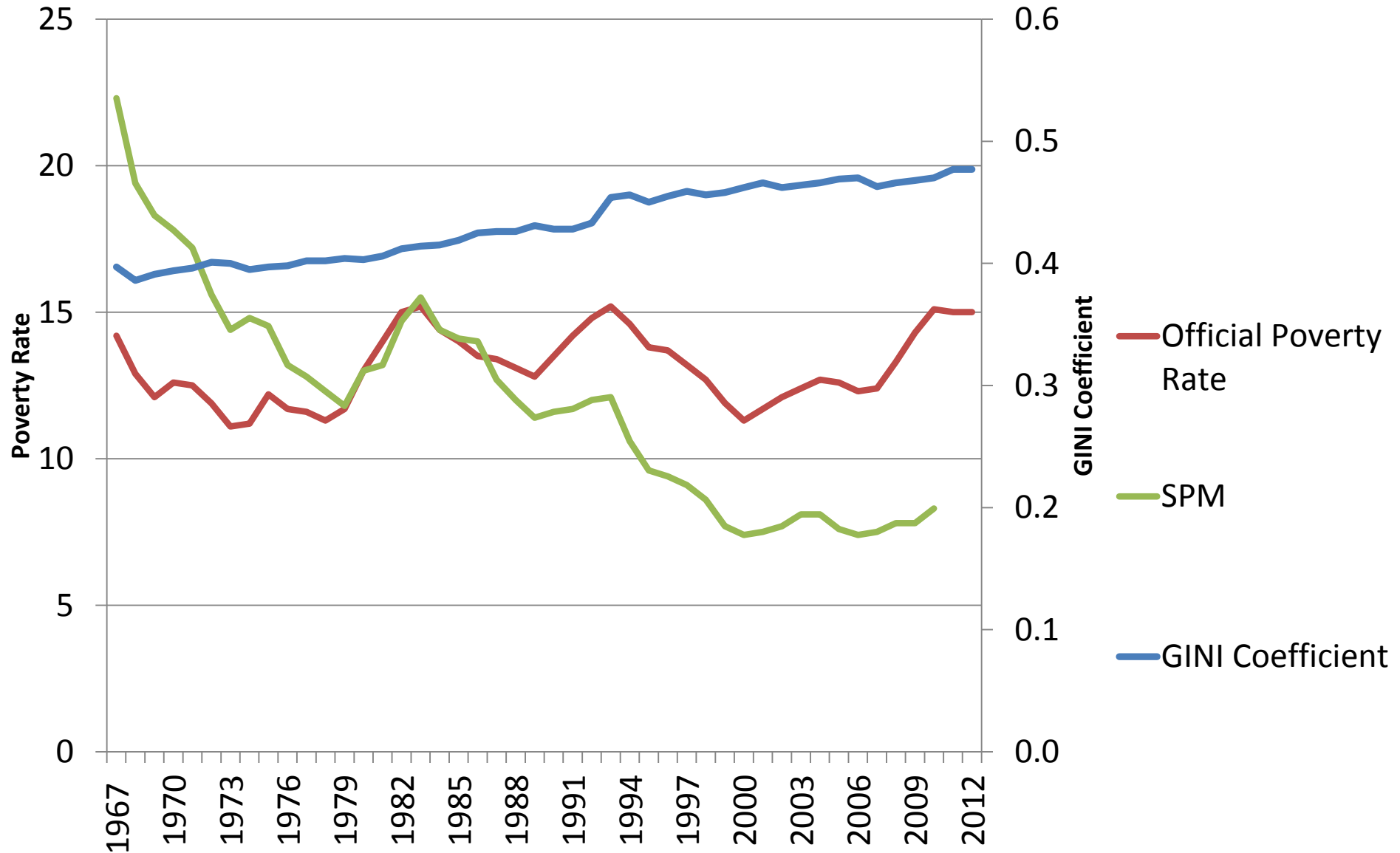
Percent of Adult Children with Income in the:

- Top Quintile
- Fourth Quintile
- Middle Quintile
- Second Quintile
- Bottom Quintile

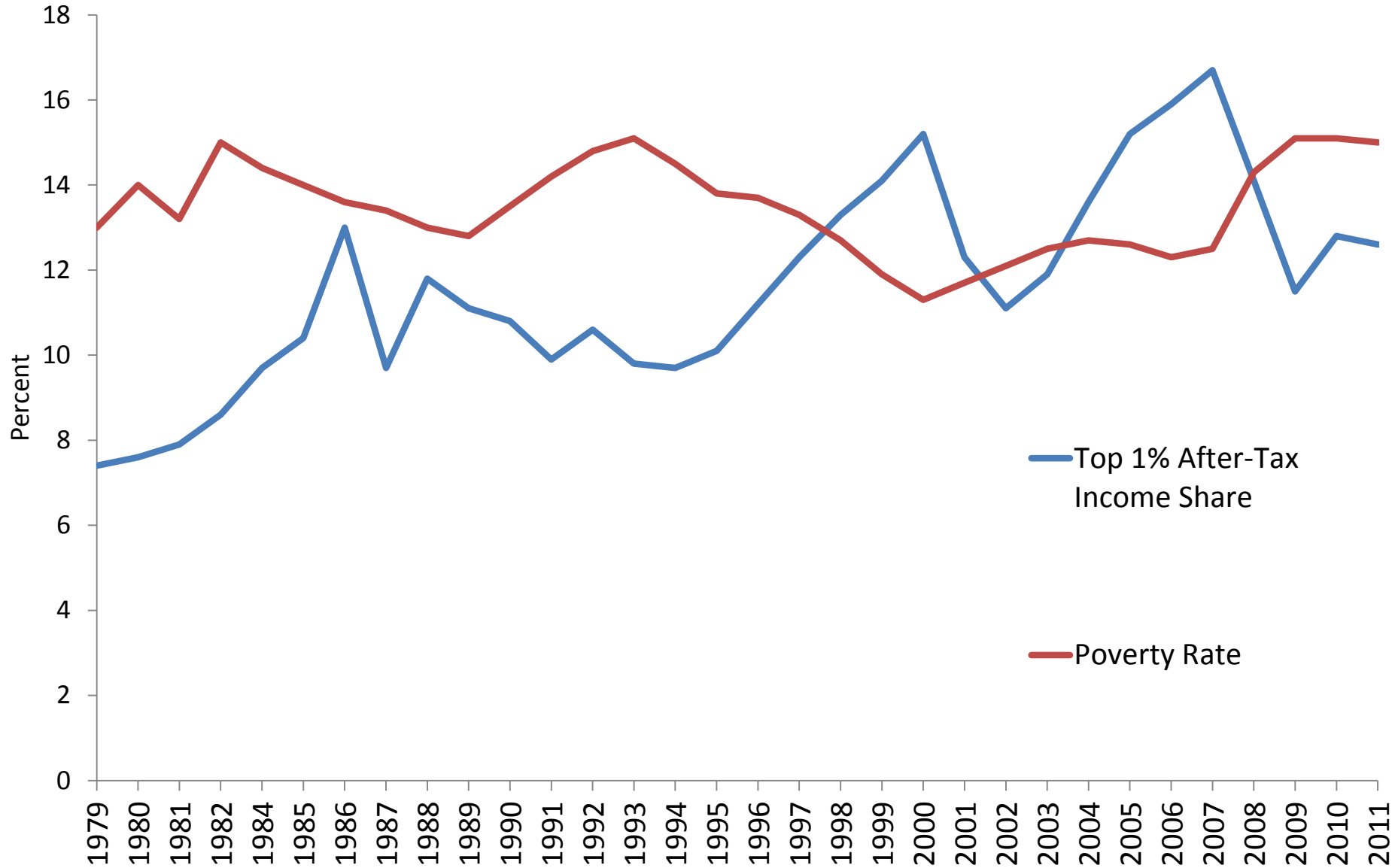
Myth 4

More Inequality
Means
More Poverty

Gini Coefficient vs. Poverty Rates, 1967-2011



Poverty and the 1 Percent

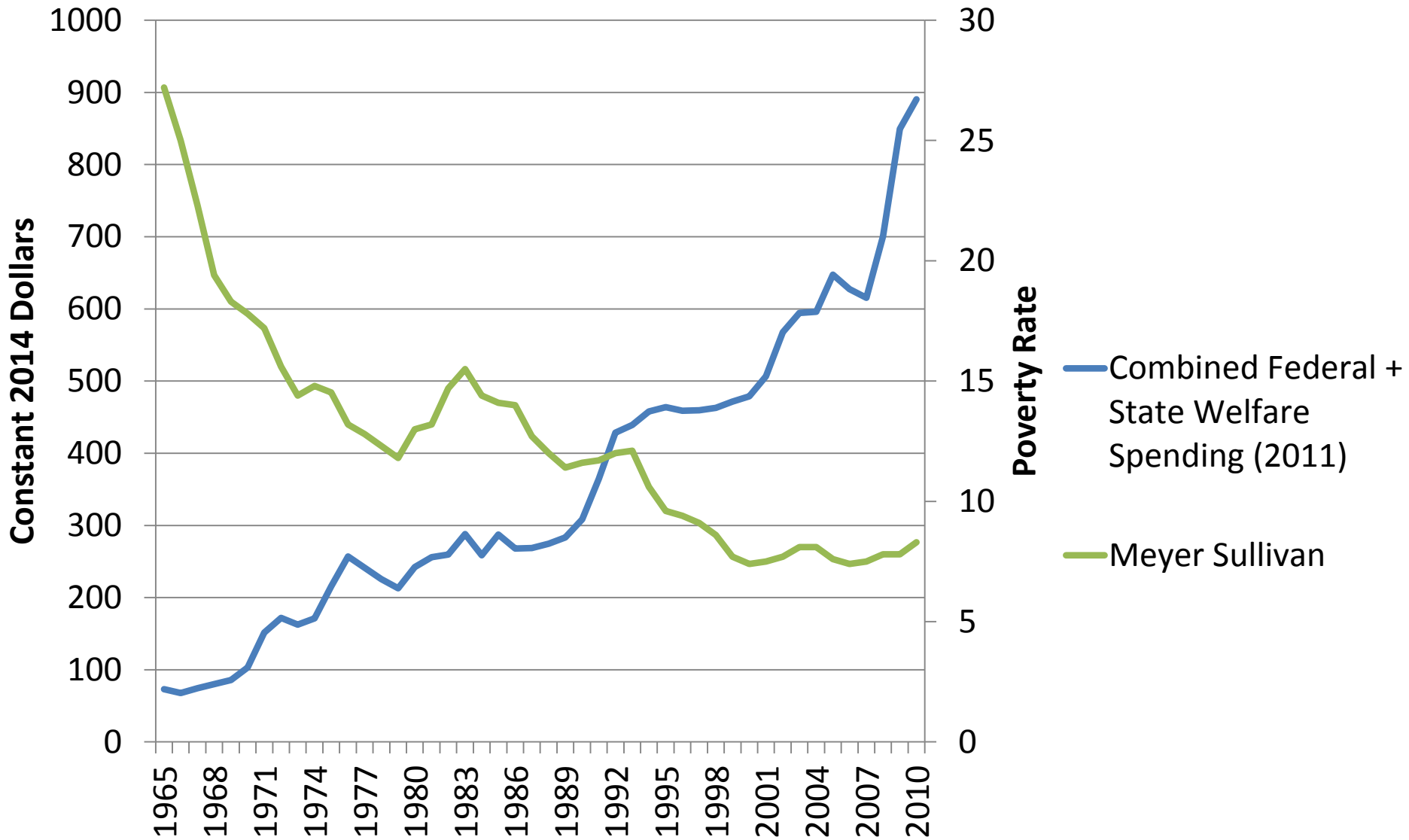


Growth in the Gilded Age, 1880 to 1890

	1880	1890	Increase
Number of Establishments Reporting	253,852	355,415	40%
Number of Employees	2,732,595	4,712,622	134%
Capital	2,790,372,606	6,525,156,486	72%
Total Wages	947,953,795	2,283,216,529	141%
Value of Products	5,369,579,191	9,372,437,283	75%
Average Wage per Worker	346.91	484.49	40%

Source: United States Census Bureau, "Census of Population and Housing," Volume 6: Report on Manufacturing Industries in the United States, Table 2: Comparative Summary, By Specified Industries: 1880 and 1890.

Meyer-Sullivan Poverty Rate vs. Combined Welfare Spending



Source: Meyer and Sullivan (2012).

Myth 5

You Can Punish the Rich
Without
Hurting the Poor



CATO
INSTITUTE