

Chapter 13

INCOME INEQUALITY

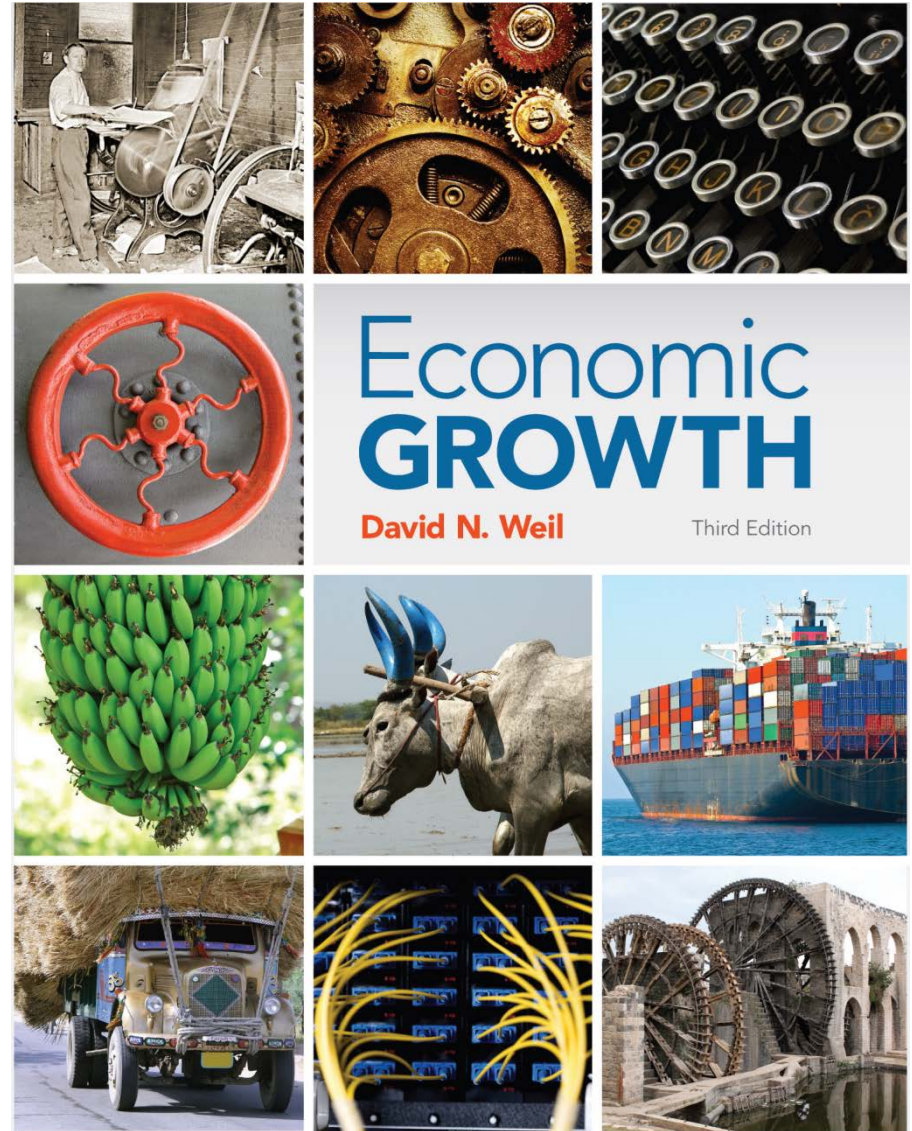
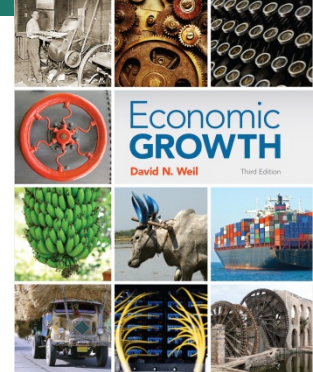


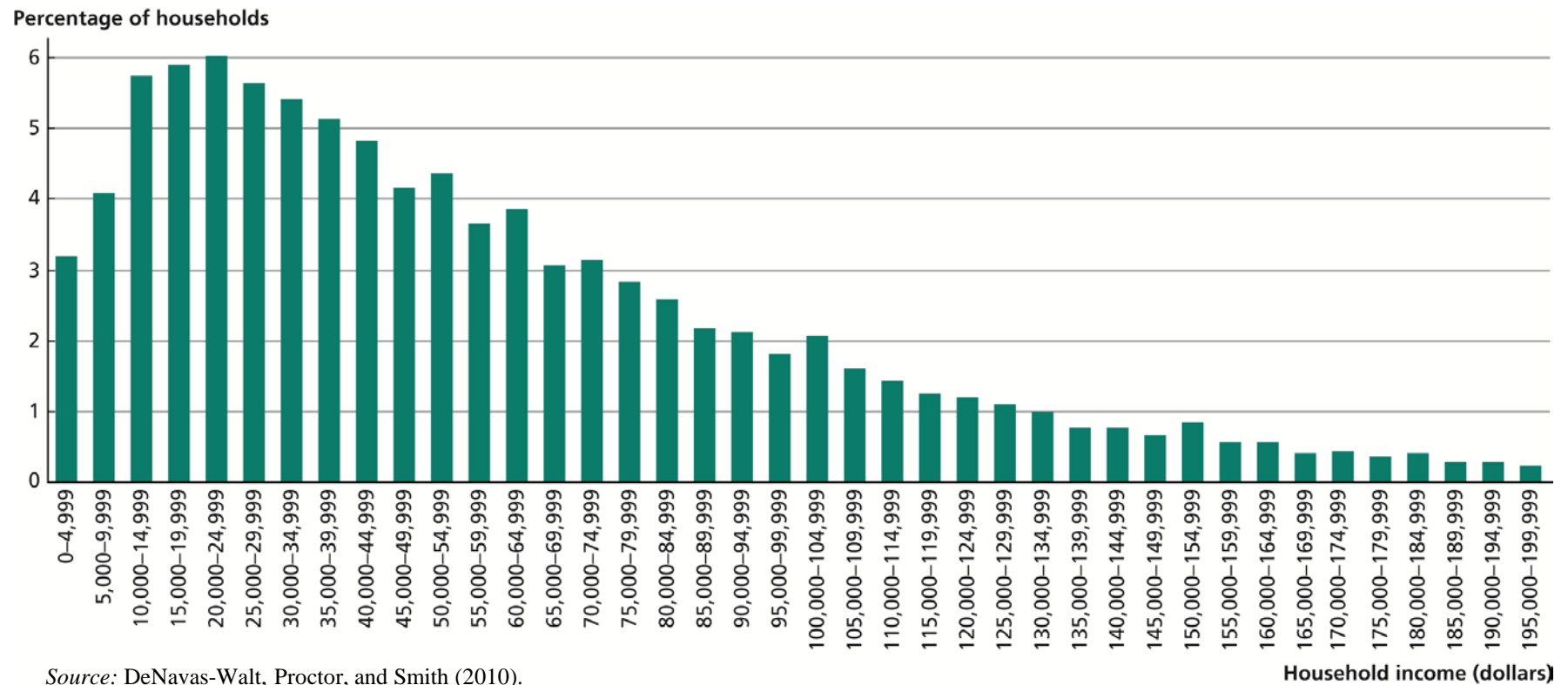
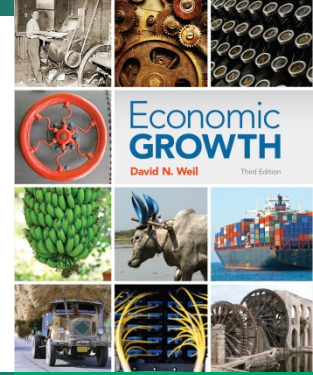
Table 13.1 Household Income in the United States by Quintiles, 2009



Quintile	Average Household Income	Share of Total Household Income (%)
1st (Lowest)	\$11,552	3.4
2nd	\$29,257	8.6
3rd	\$49,534	14.6
4th	\$78,694	23.2
5th (Highest)	\$170,844	50.3

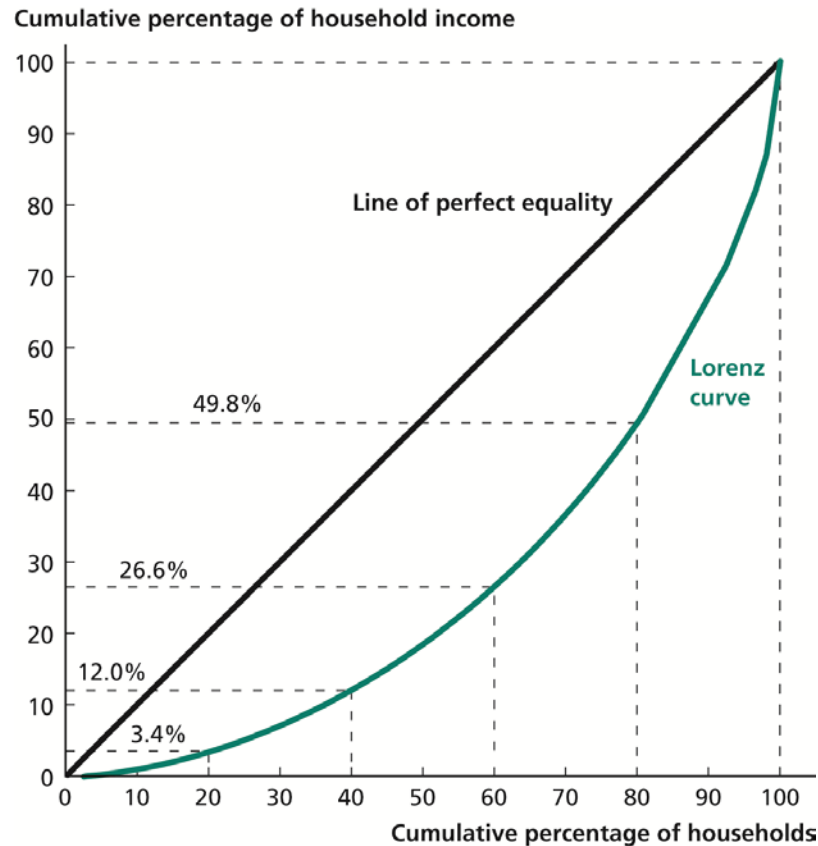
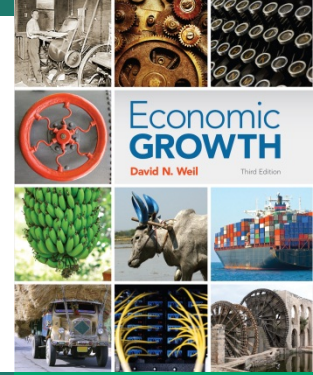
Source: DeNavas-Walt, Proctor, and Smith (2010).

Figure 13.1 Income Distribution in the United States, 2009

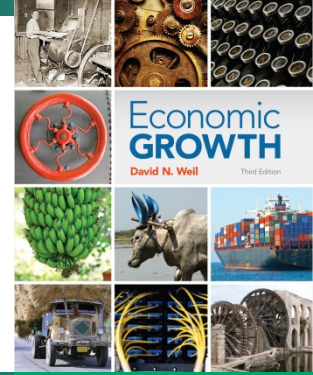


Source: DeNavas-Walt, Proctor, and Smith (2010).

Figure 13.2 The Lorenz Curve for the United States, 2009



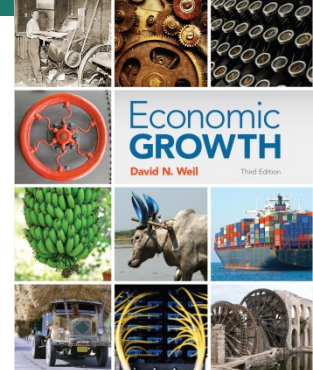
Source: De Navas-Walt, Proctor, and Smith (2010).



Gini/Lorenz

Examples [Nielsen](#)

[List of countries](#)



12 Inequality and the Industrial Revolution

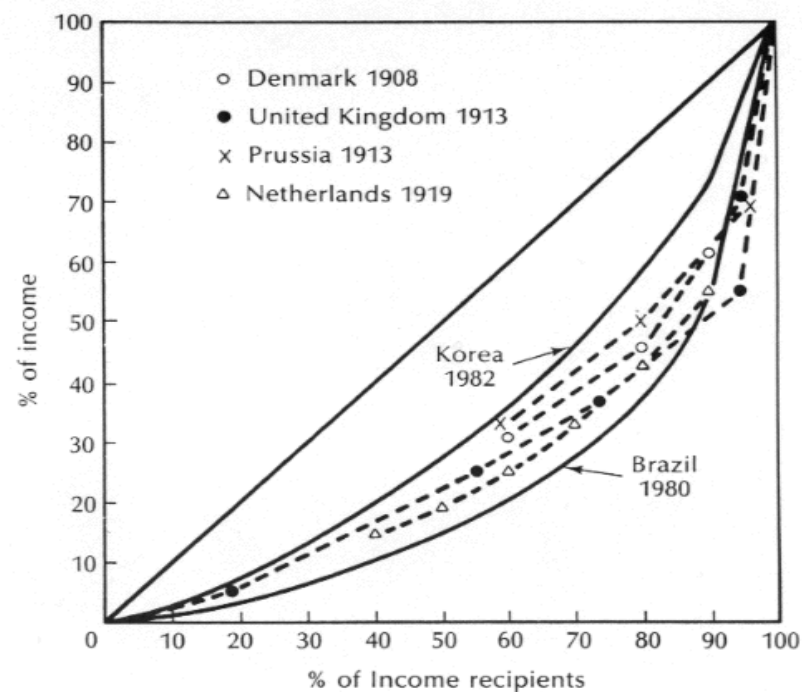


Figure 1.2 Income inequality among the NICs then and now: contemporary Korea and Brazil compared with four European nations around World War One.

Source: Polak and Williamson (1989, Figure 2)

Figure 13.3 The Kuznets Curve

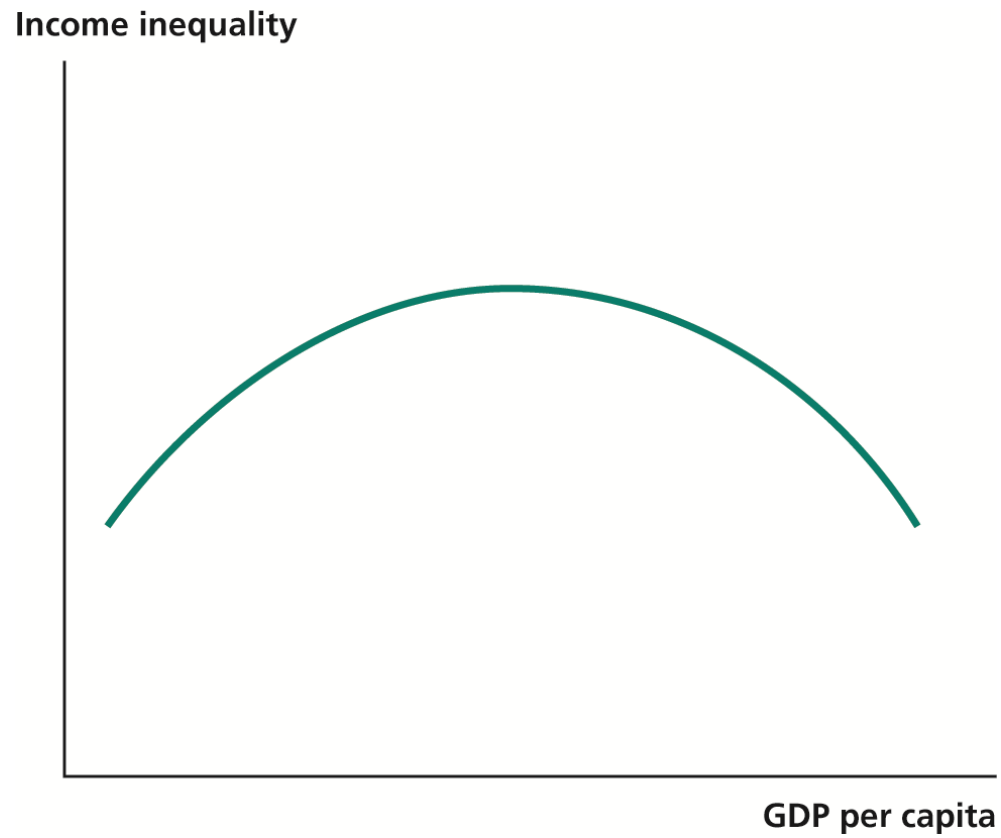
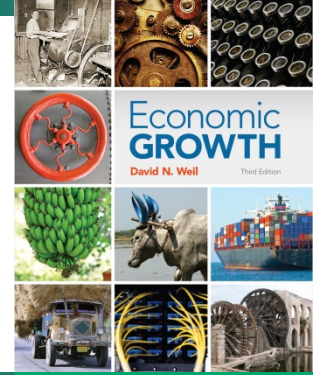
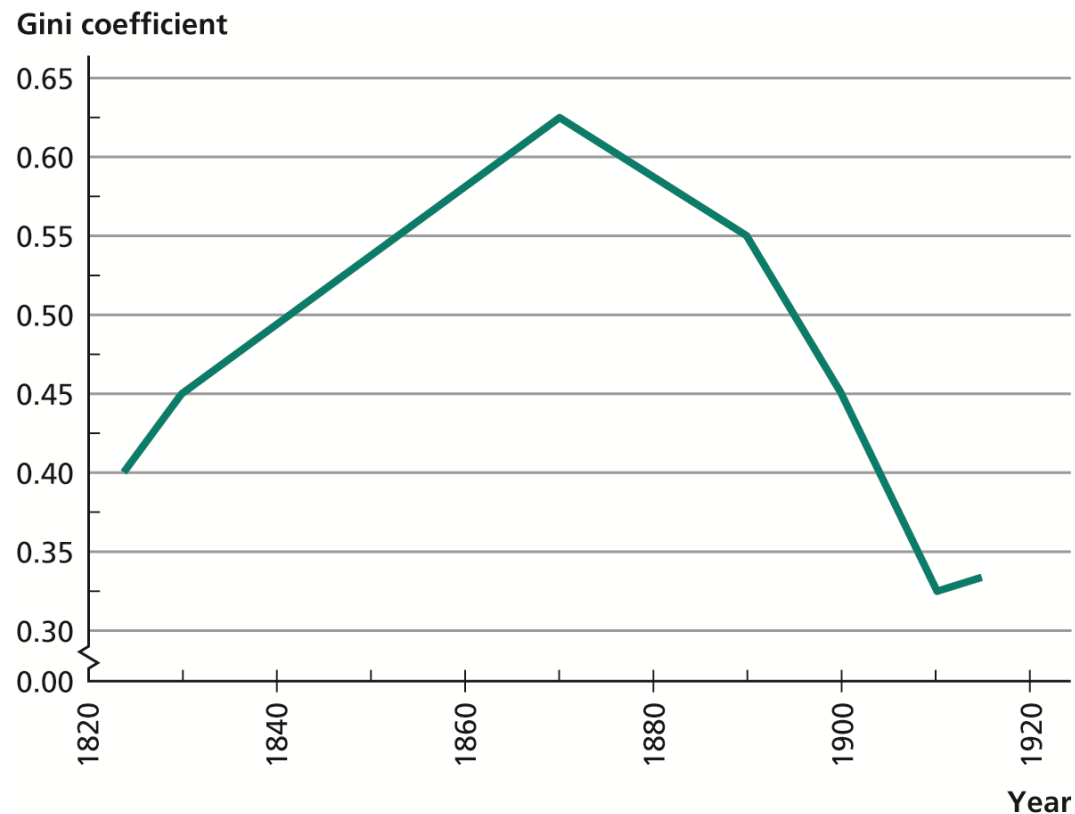
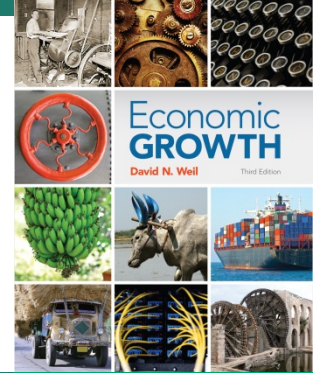
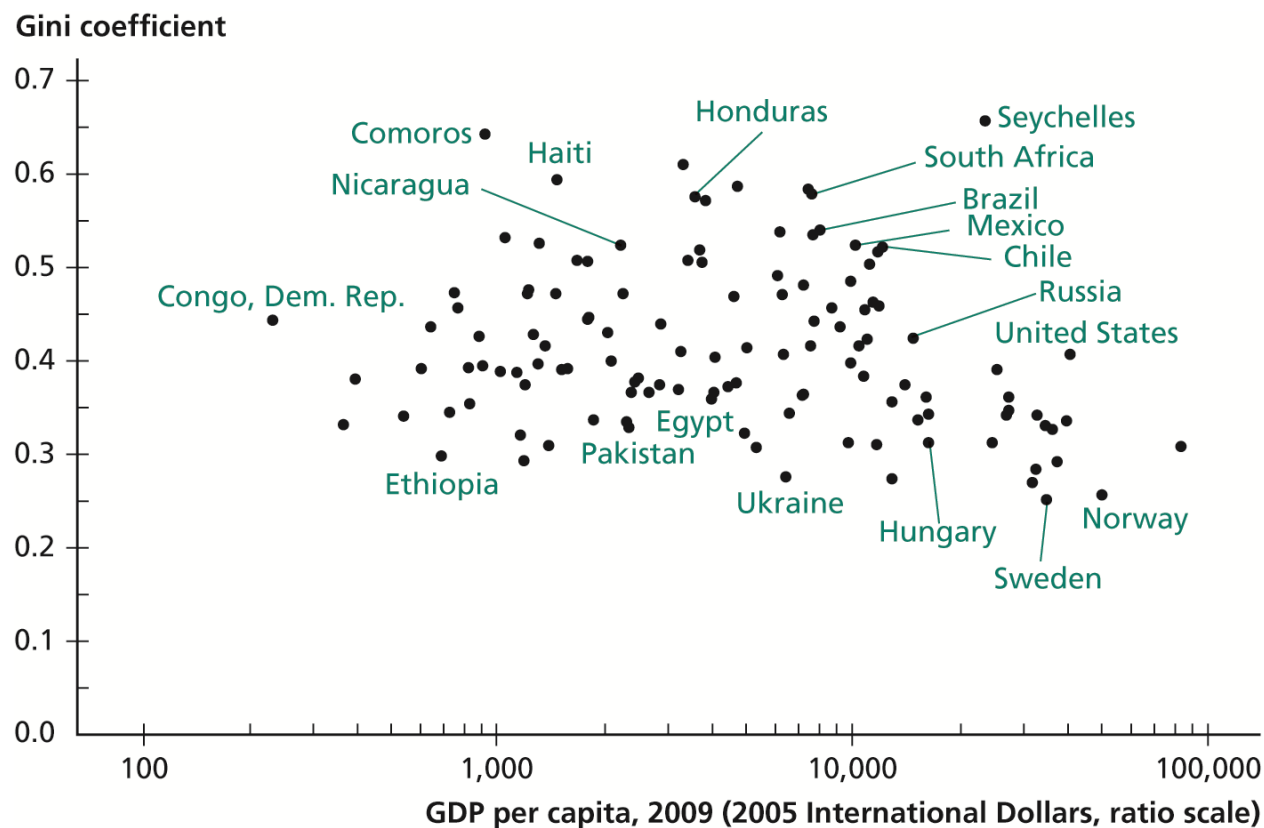
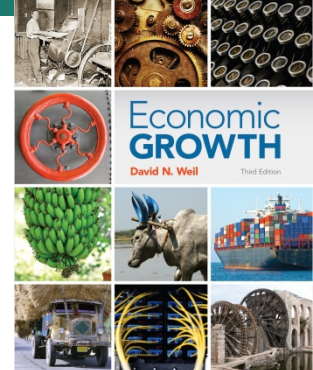


Figure 13.4 The Kuznets Curve in England and Wales, 1823–1915



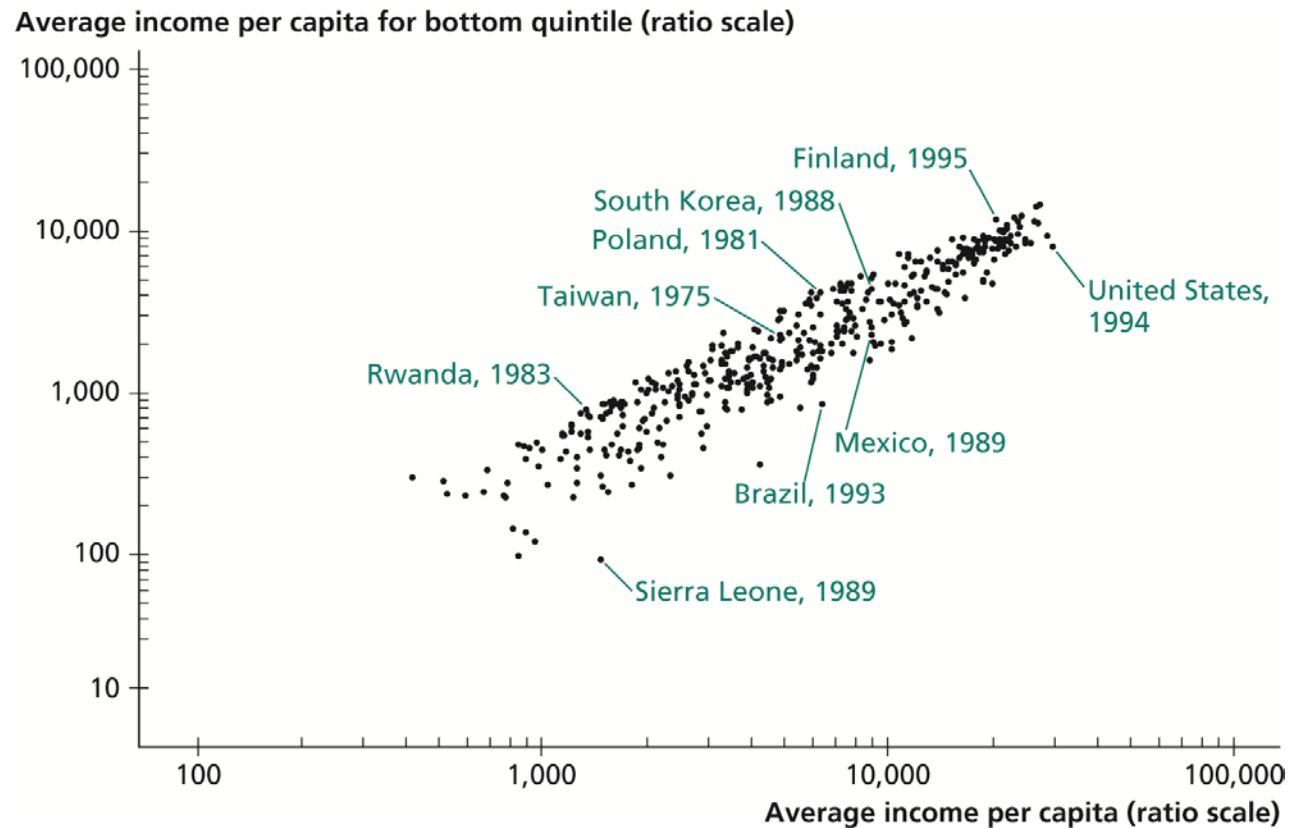
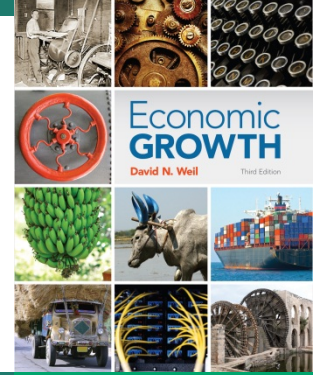
Source: Williamson (1985).

Figure 13.5 Income per Capita versus Inequality



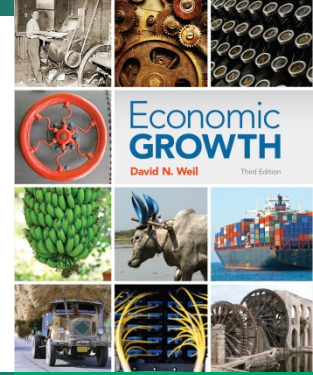
Source: World Development Indicators database, Heston et al. (2011).

Figure 13.6 Income per Capita versus Income of the Bottom Quintile

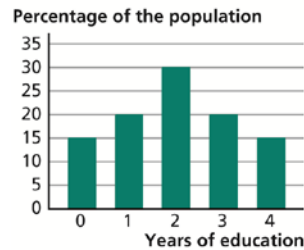


Source: Dollar and Kraay (2002).

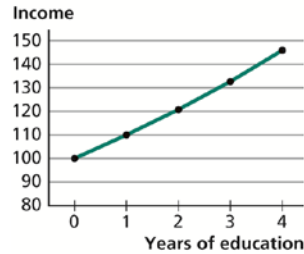
Figure 13.7 Determination of Income Inequality



(a) Distribution of Education



(b) Relationship between Education and Income



(c) Distribution of Income

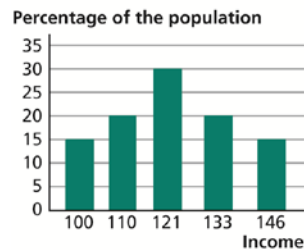


Figure 13.8 How the Return to Education Affects the Distribution of Income

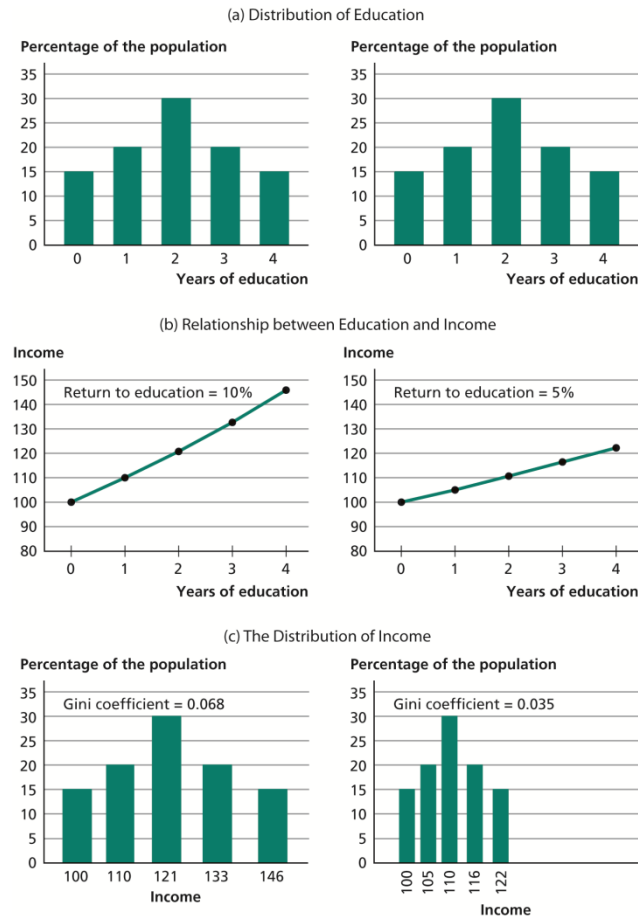
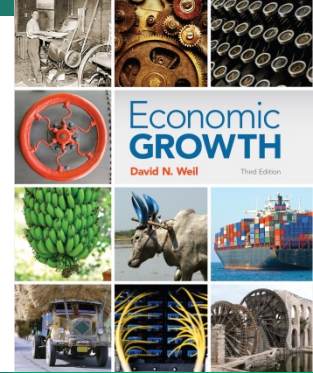


Figure 13.9 How the Distribution of Education Affects the Distribution of Income

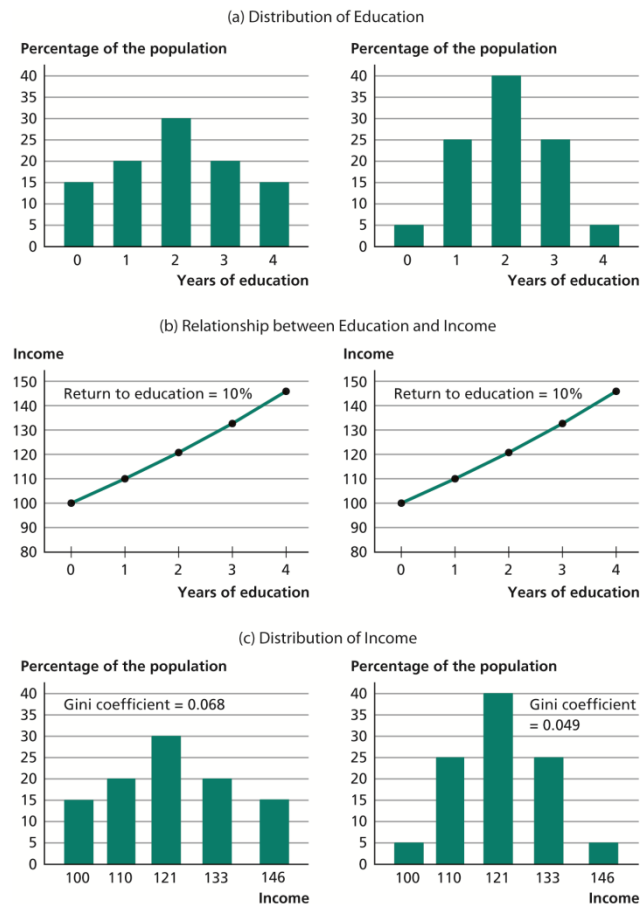
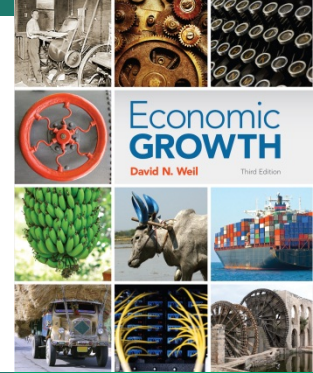
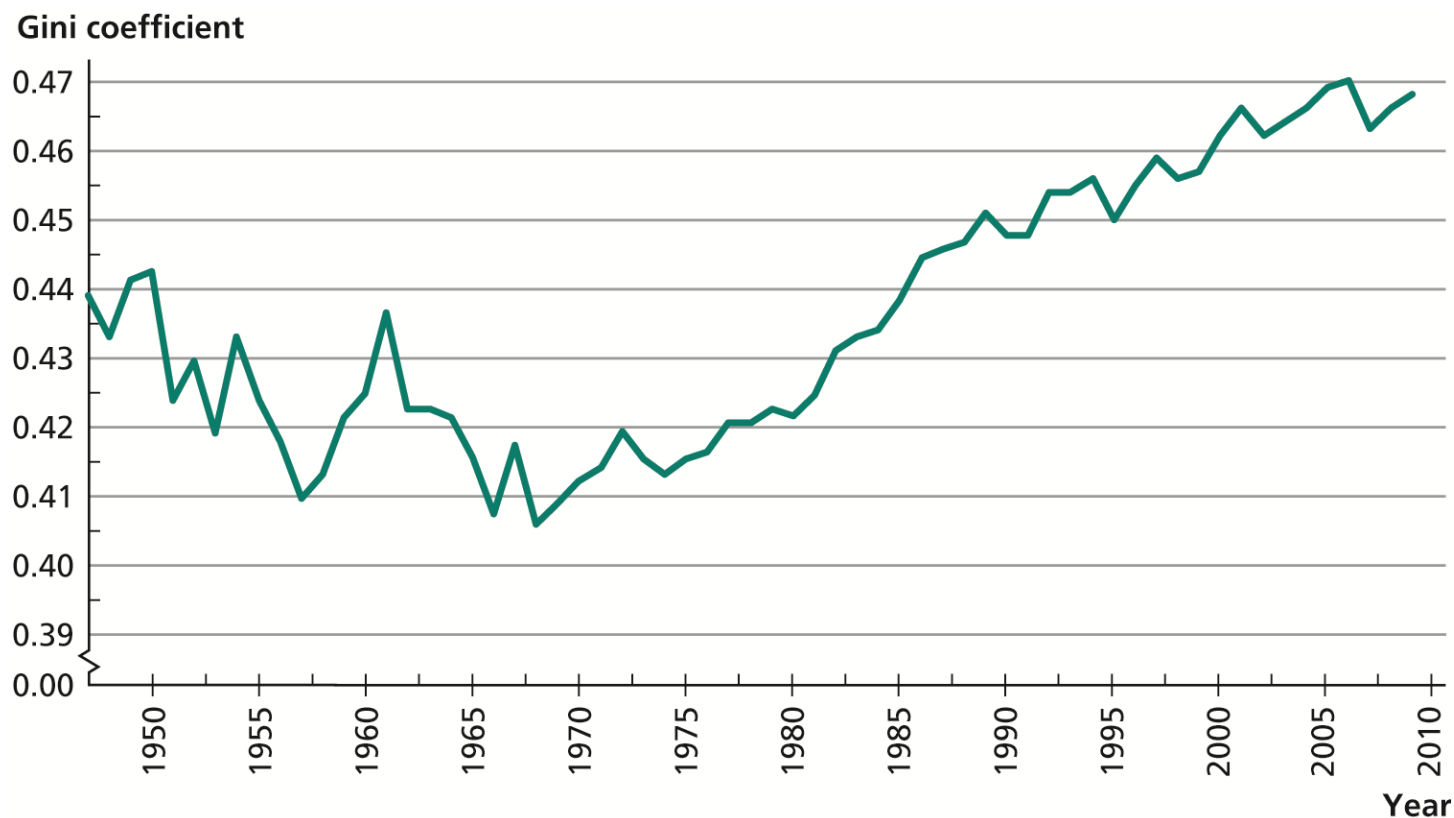
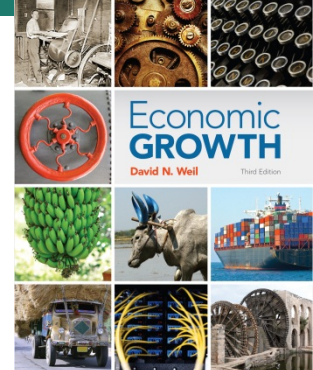
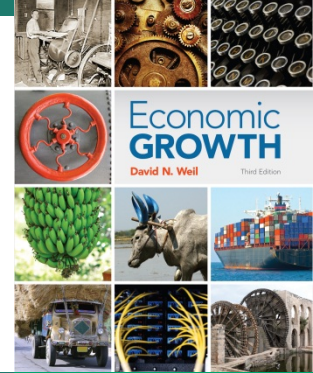


Figure 13.10 Income Inequality in the United States: 1947–2009



Sources: Weinberg (1996), Jones and Weinberg (2000), DeNavas-Walt, Proctor, and Smith (2010).

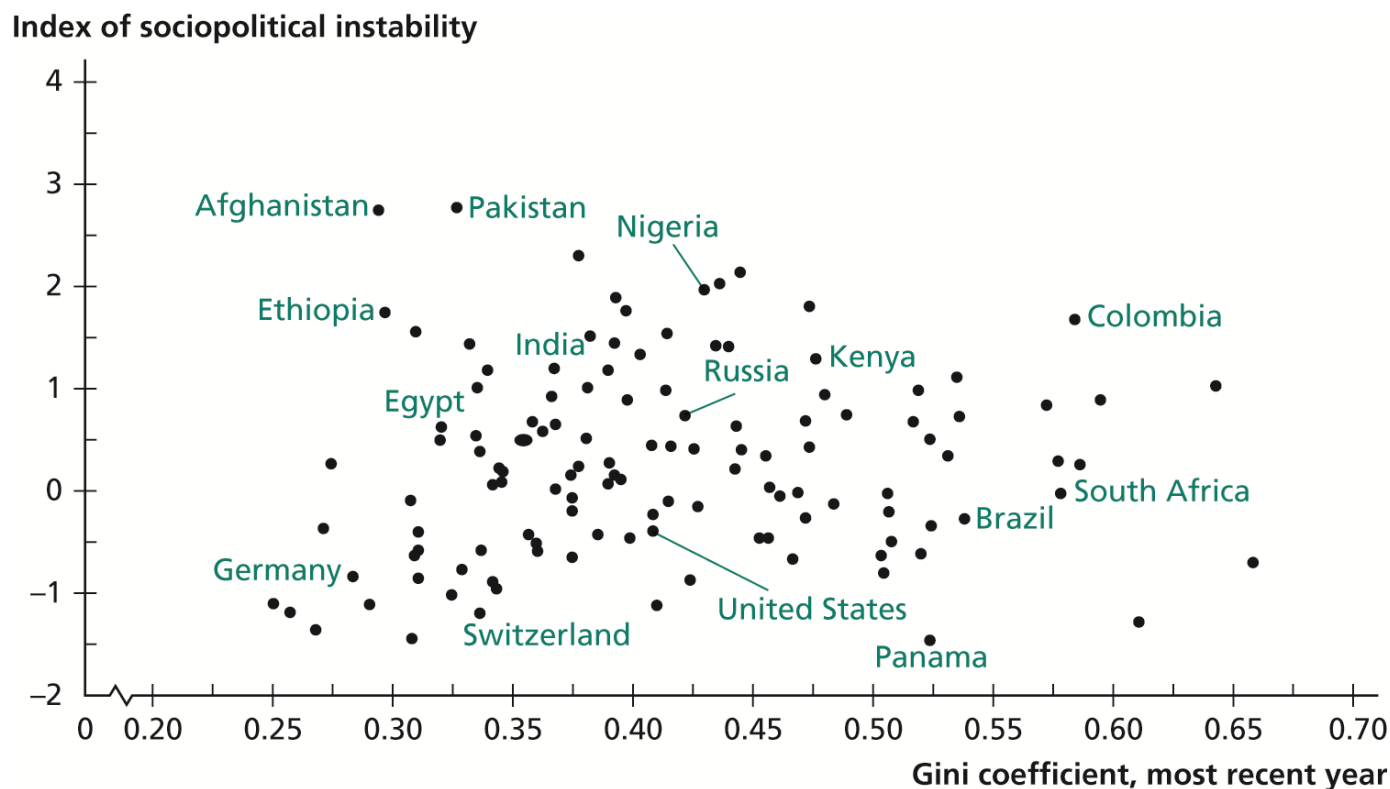
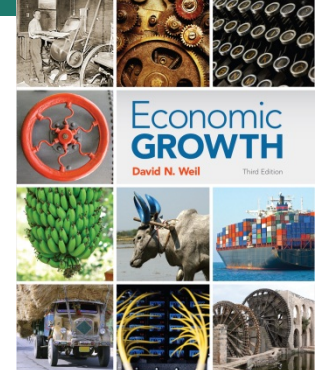
Table 13.2 Saving Rates by Income Quintile, 2003



Income Quintile	Median Saving Rate (%)
1 (Lowest)	9.0
2	13.5
3	17.2
4	19.2
5 (Highest)	24.4

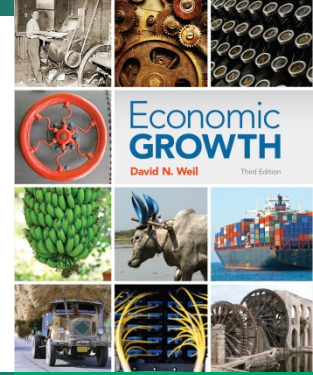
Source: Dynan, Skinner, and Zeldes (2004), Table 3. Data are for households with heads aged 30–59.

Figure 13.14 Relationship between Income Inequality and Sociopolitical Instability



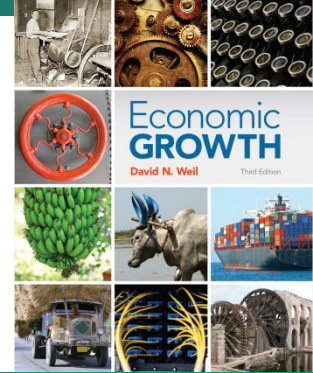
Sources: Kaufmann, Kraay, and Mastruzzi (2010), Heston et al. (2011).

Table 13.3 Intergenerational Income Mobility in the United States



Parents' Income Quintile	Children's Income Quintile				
	1st (bottom)	2nd	3rd	4th	5th (top)
1st (bottom)	0.42	0.23	0.19	0.11	0.06
2nd	0.25	0.23	0.24	0.18	0.10
3rd	0.17	0.24	0.23	0.17	0.19
4th	0.08	0.15	0.19	0.32	0.26
5th (top)	0.09	0.15	0.14	0.23	0.39

Source: Isaacs (2011a).



Income Inequality/ Mobility Links

Piketty : [Capital in the 21st Century](#)

[Lecture](#)

[CUNY Piketty discussion](#)

Vollrath: [Piketty and Growth Economics](#)

Solow: [Piketty's Capital in the 21st Century](#)

Understanding Inequality: [U of Chicago November 2015](#)

[Krusell on Picketty](#)

Krugman: [Why we are in a new gilded age](#)

Raj Chetty :

[“Childhood environment and gender gap”](#)

[Geographic Mobility](#)

[Executive Summaries](#)

Acemoglu [\(MIT Nov 2016\)](#)