



The Scope and Depth of Inequality

UUCF '99ers' Group
November 23, 2011

ONCE AGAIN, NONE OF YOU RESPONDED TO MY EMAILS THIS PAST WEEK.

SO I PUT TOGETHER A PROJECT TIME LINE THAT REFLECTS NEITHER CONSENSUS NOR REALITY.

CAN I HAVE A COPY SO I CAN MOCK IT?

NO. I'M STILL ENJOYING THE ILLUSION OF PROGRESS.

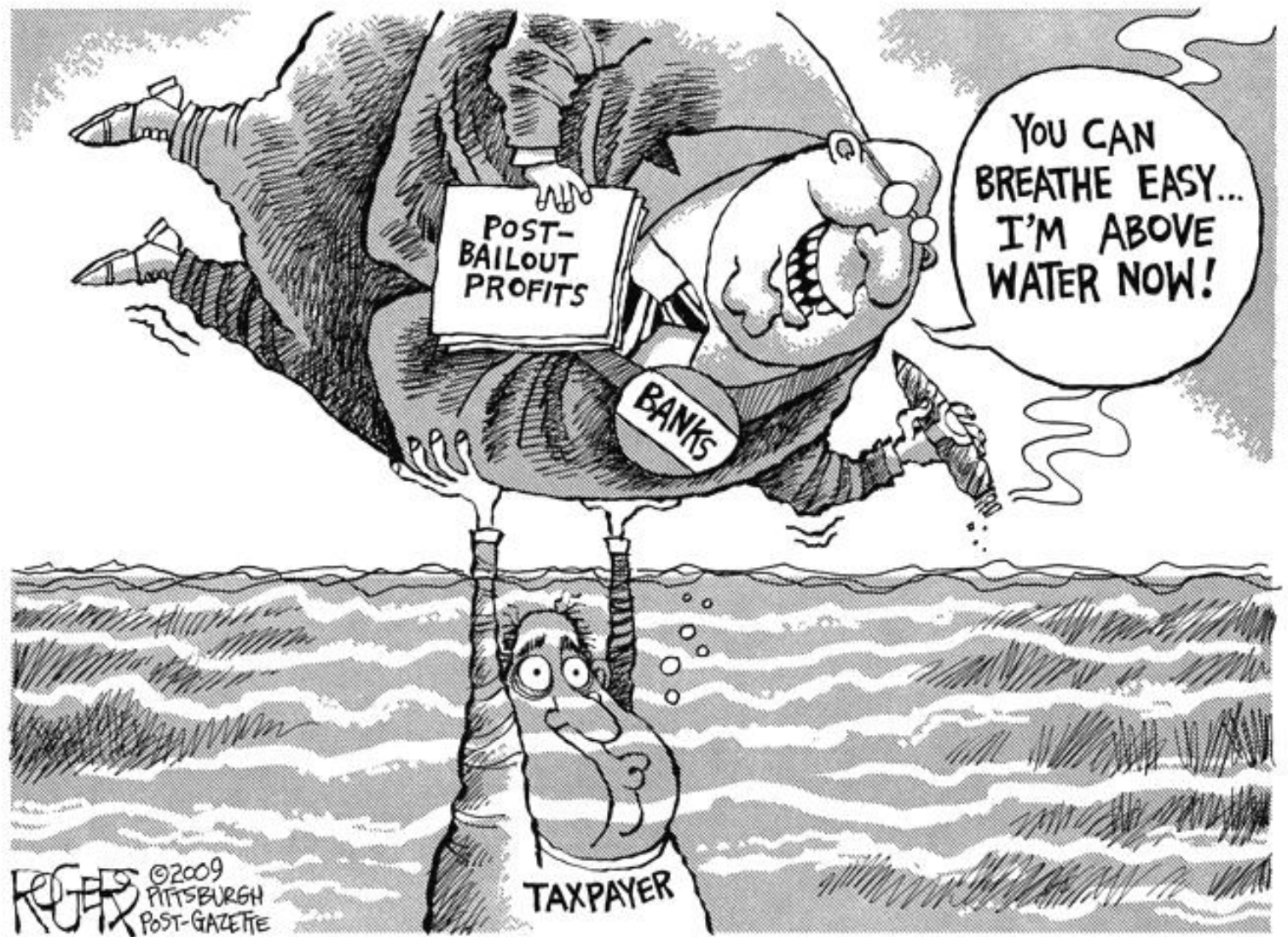
Dilbert.com DilbertCartoonist@gmail.com

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Basic Unfairness and Double Standards

TRES VITAVE TRES VITAVE
HOT





POST-BAILOUT PROFITS

BANKS

YOU CAN BREATHE EASY... I'M ABOVE WATER NOW!

TAXPAYER

ROGER ©2009 PITTSBURGH POST-GAZETTE

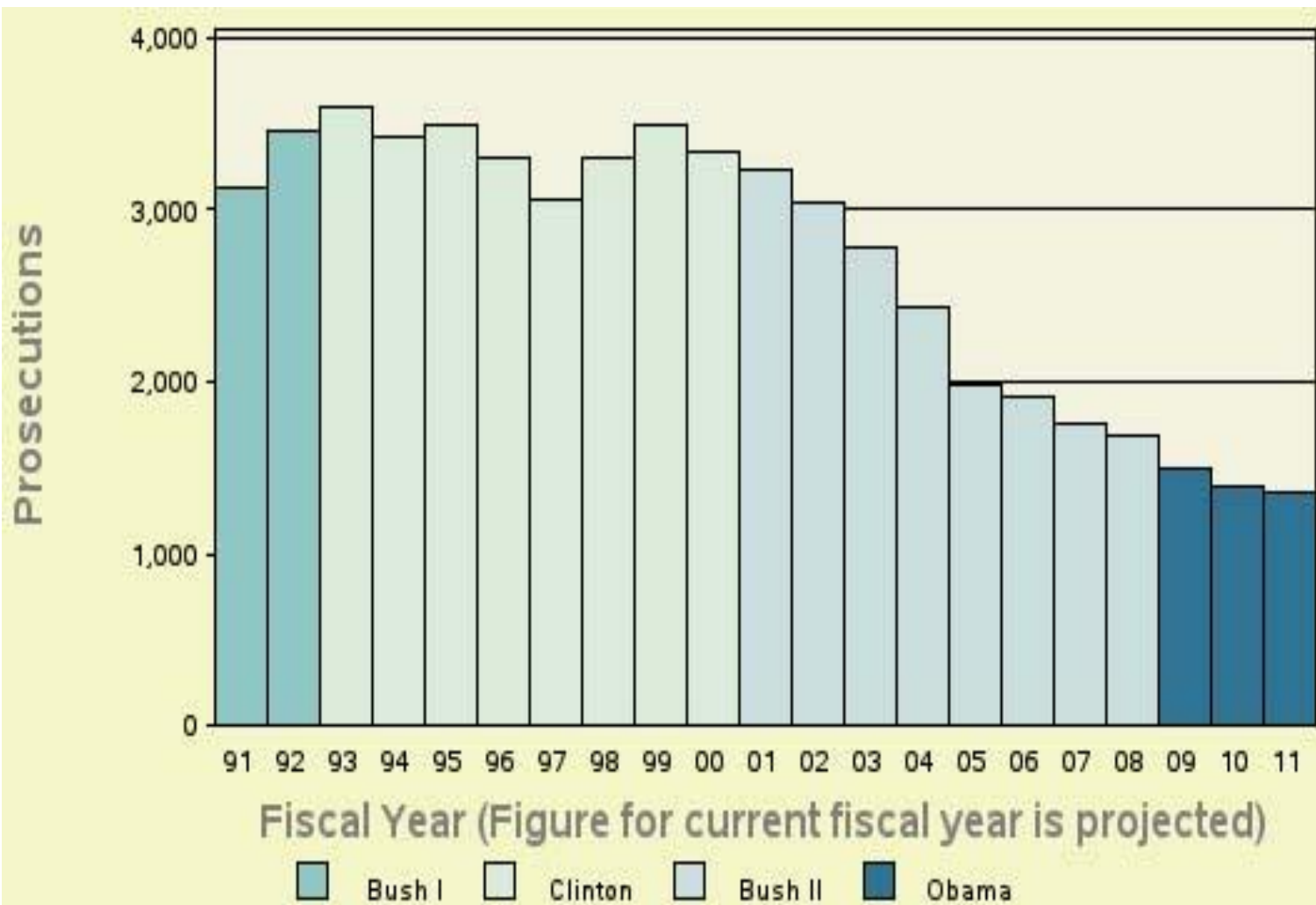
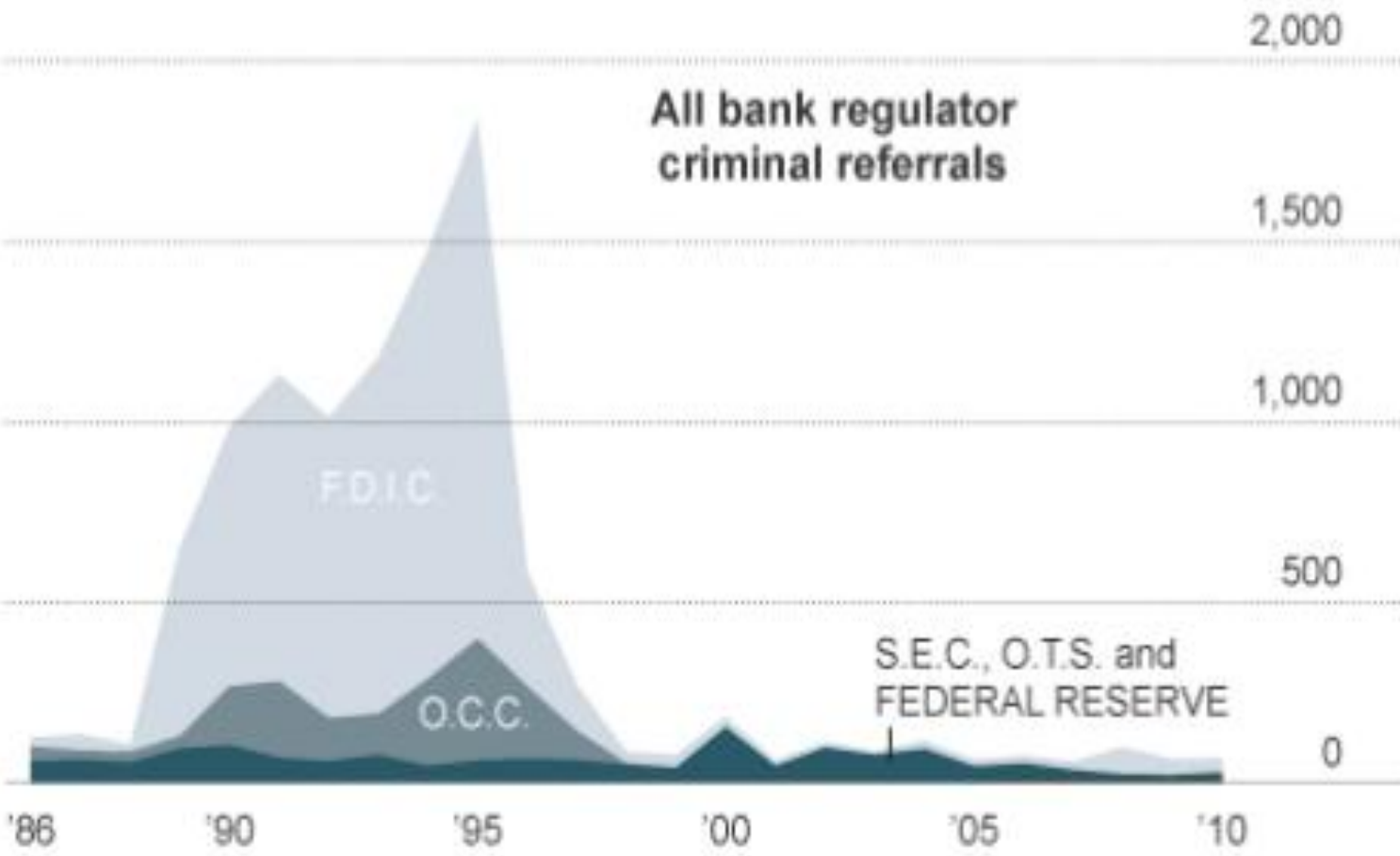


Figure 1: Criminal Financial Institution Fraud Prosecutions over the last 20 years

The surge in regulatory referrals from the S.&L. crisis has not been repeated in the latest financial crisis.



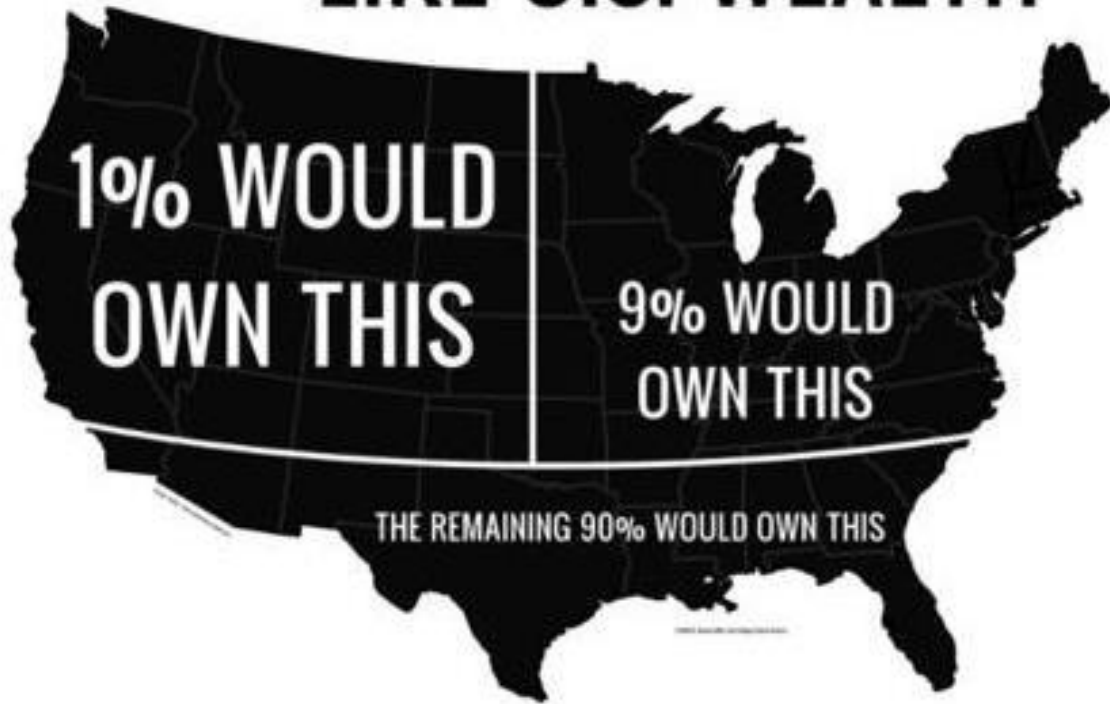
WALL STREET DEMONSTRATORS JAILED FOR PROTESTING :



WALL STREET BANKERS JAILED FOR DESTROYING THE WORLD ECONOMY :

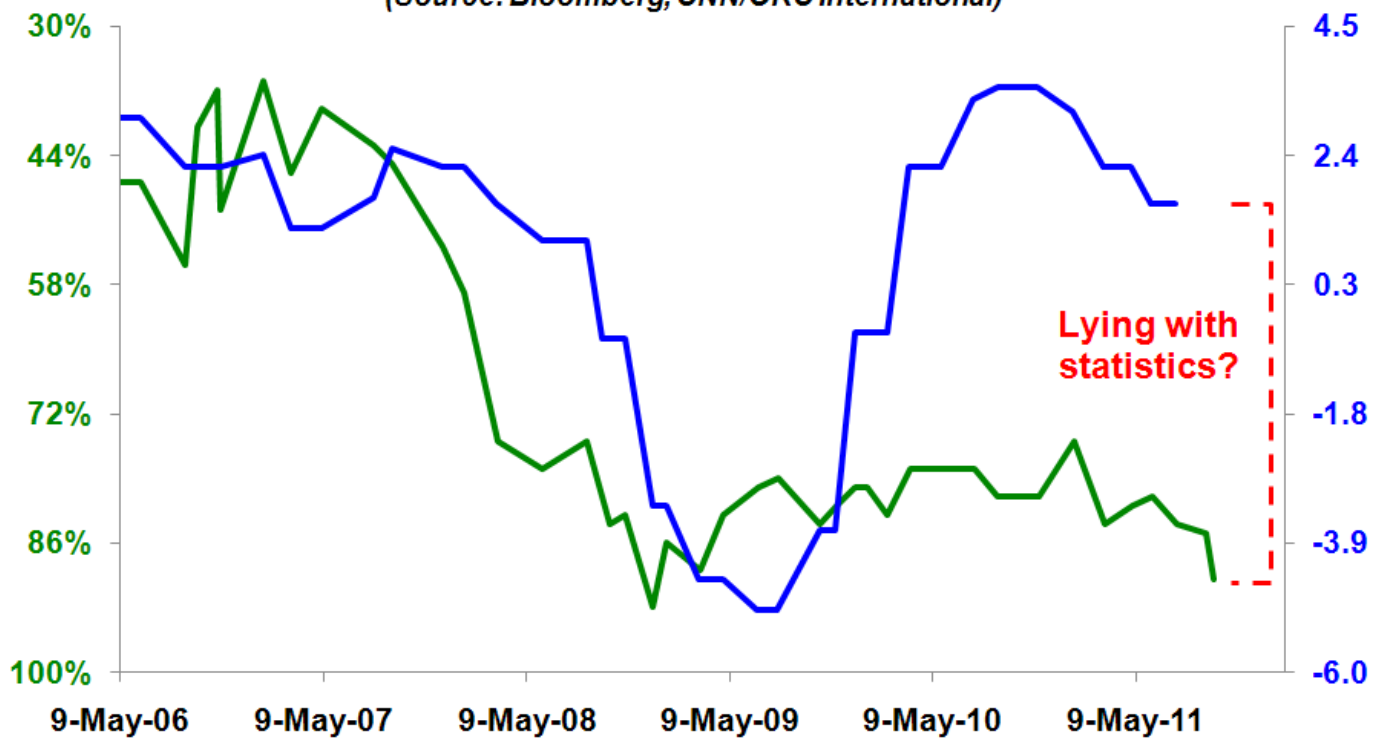


IF U.S. LAND WERE DIVIDED LIKE U.S. WEALTH



U.S. Gross Domestic Product vs. Percentage of Americans Who Rate Conditions as Poor

(Source: Bloomberg, CNN/ORC International)



- Percentage of Americans Who Rate Conditions as Somewhat Poor or Very Poor in CNN/ORC Poll (Reverse scale)
- U.S. Real Gross Domestic Product (Year-on-Year, in Percent)

Jobs, Unemployment, Food stamps



CRUMBLING
AMERICAN
DREAM

OUR CORPORATE
OVERLORDS

MIDDLE
CLASS

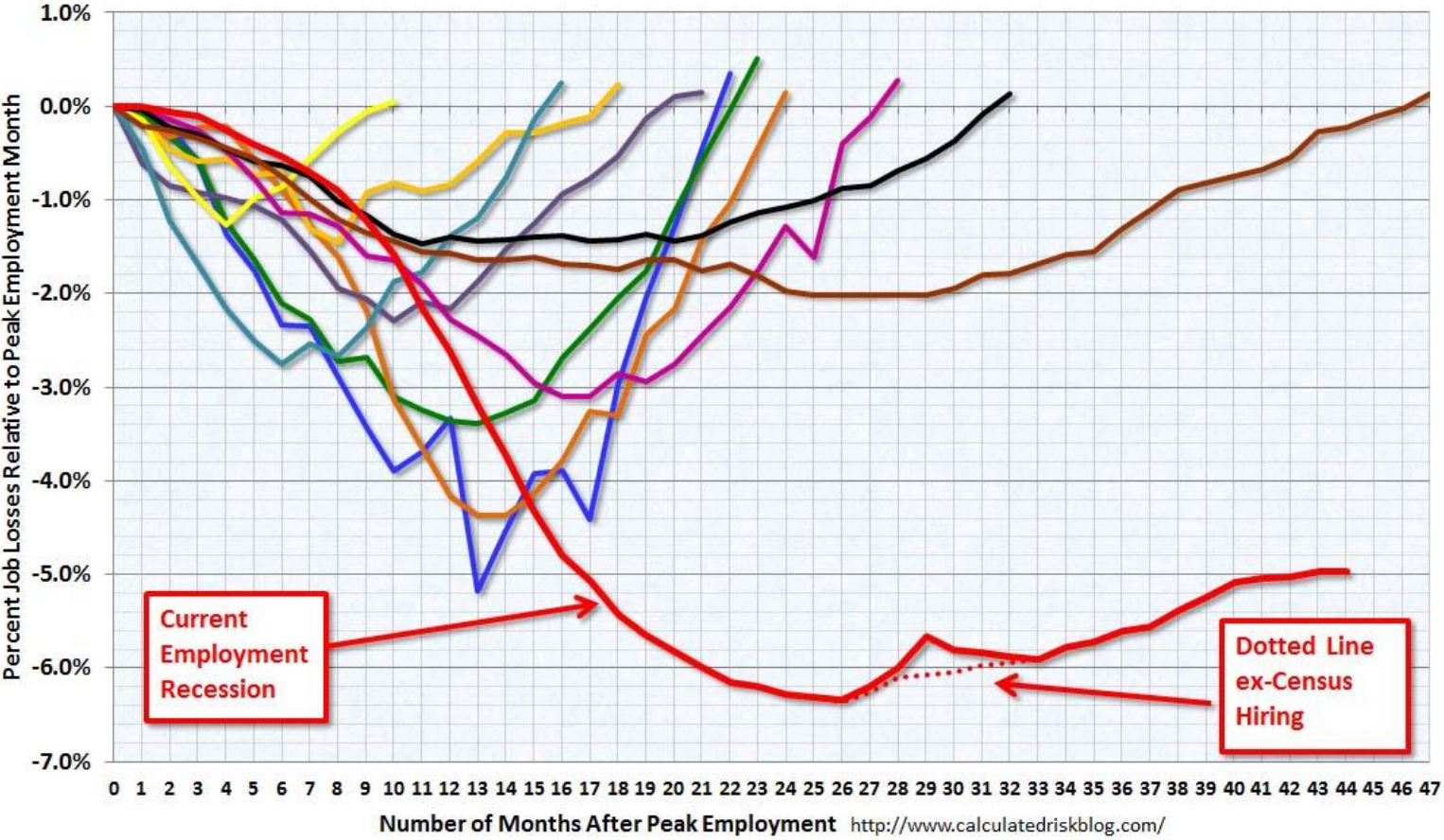
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caglecartoons.com

THANK TO RANDY CAJE

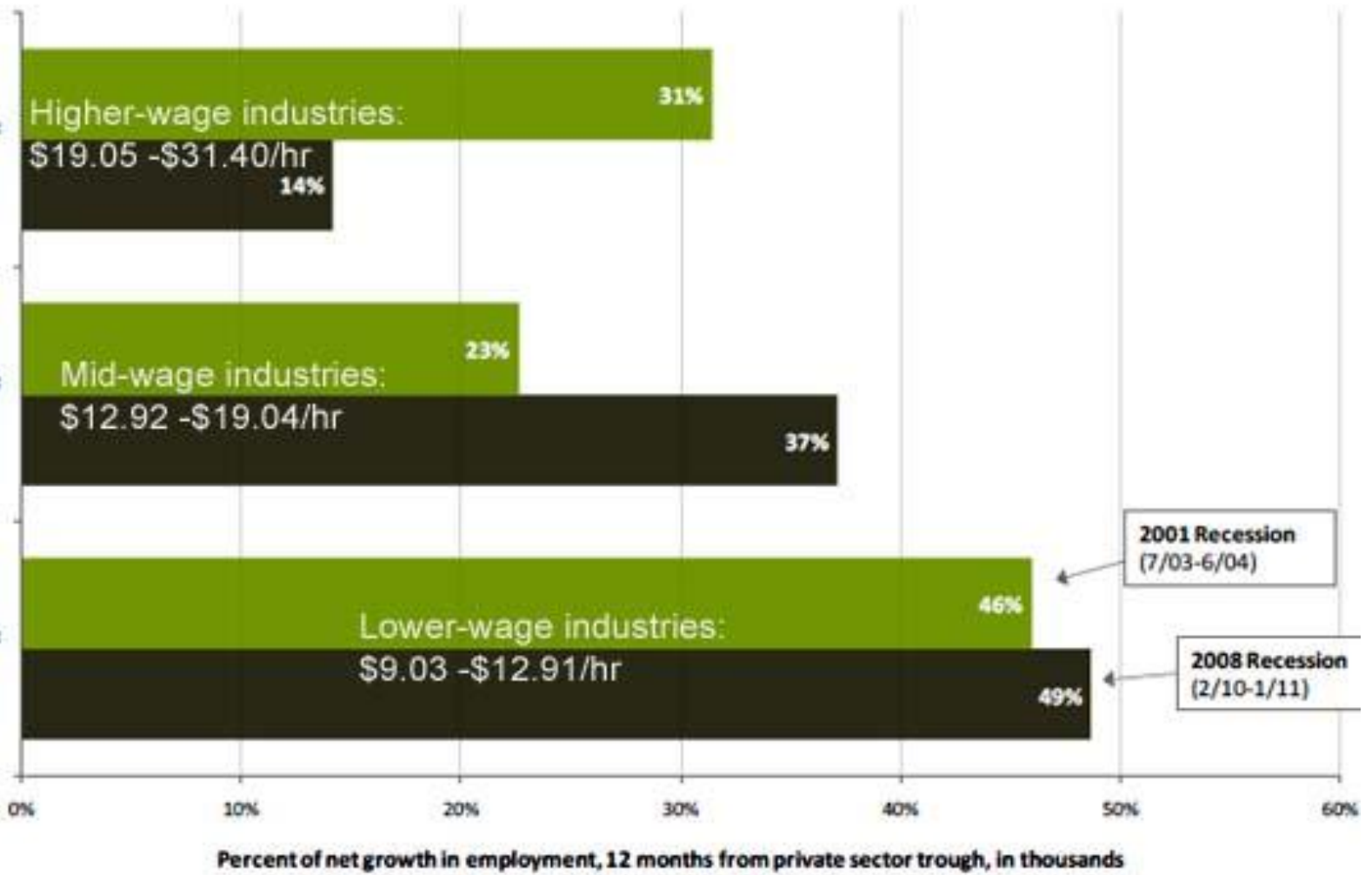
Percent Job Losses in Post WWII Recessions

1948 1953 1957 1960 1969 1974 1980 1981 1990 2001 2007

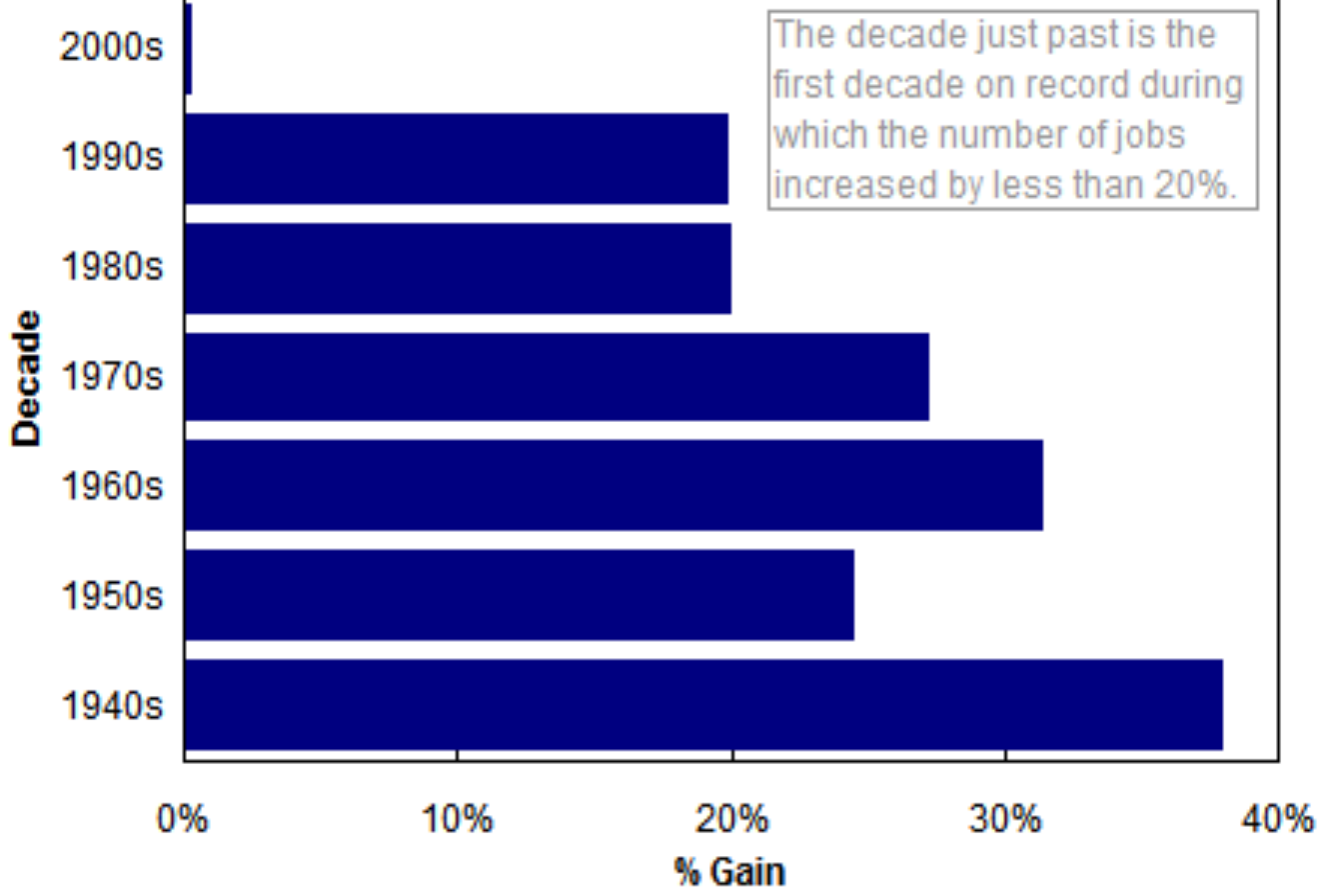


Number of Months After Peak Employment <http://www.calculatedriskblog.com/>

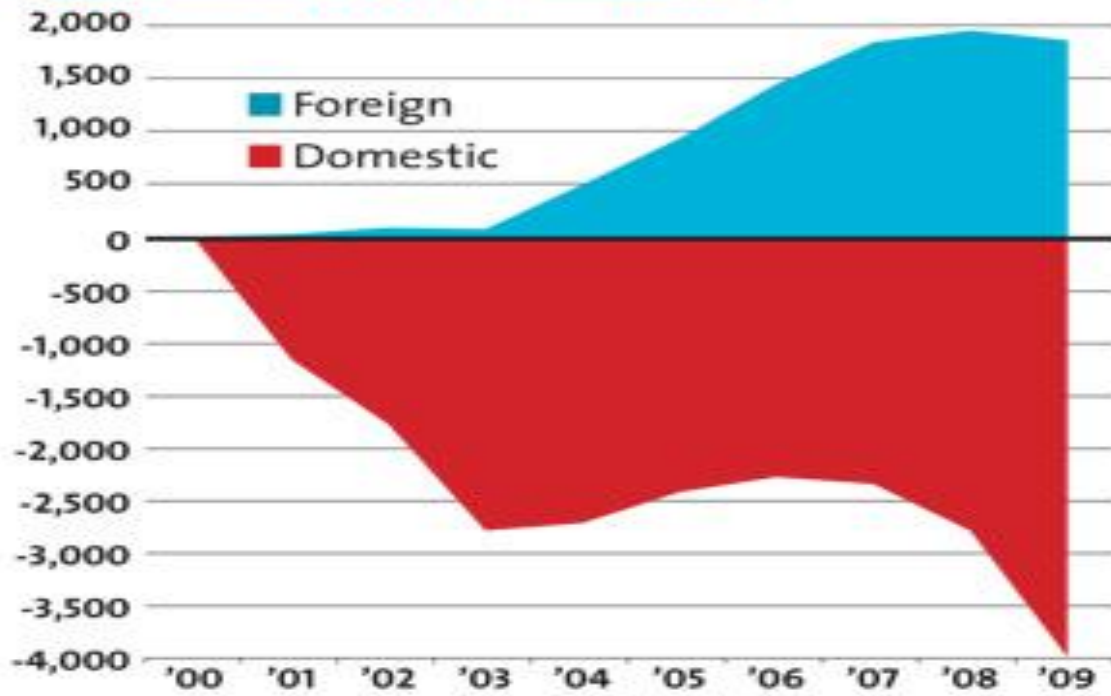
Figure 3. First 12 Months of Private Sector Job Growth, 2001 and 2008 Recessions



Nonfarm Payrolls (Jobs) Decade Gains (1940-2009)



Jobs added/lost (in thousands)

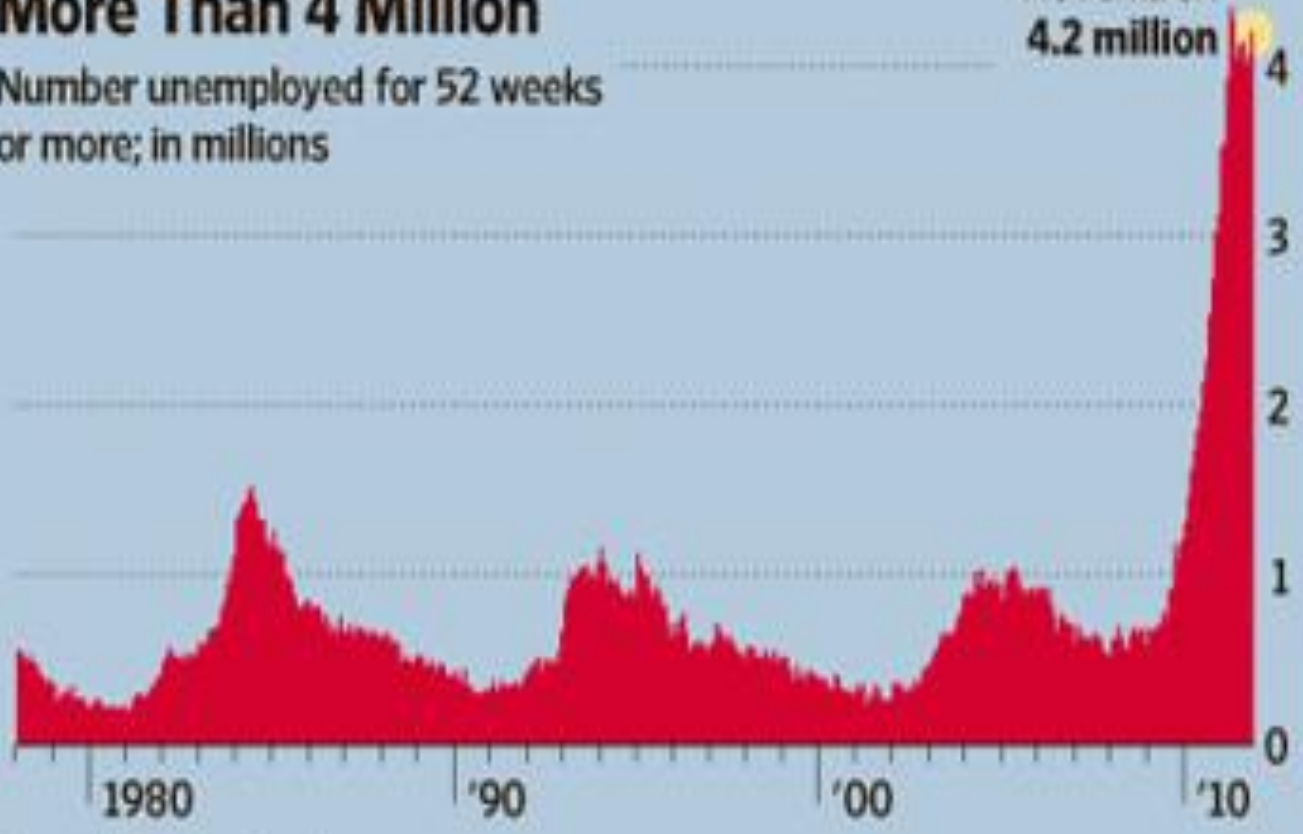


Sources: Commerce Department, *Wall Street Journal*; figures are cumulative since 2000; banks excluded

More Than 4 Million

Number unemployed for 52 weeks or more; in millions

November:
4.2 million



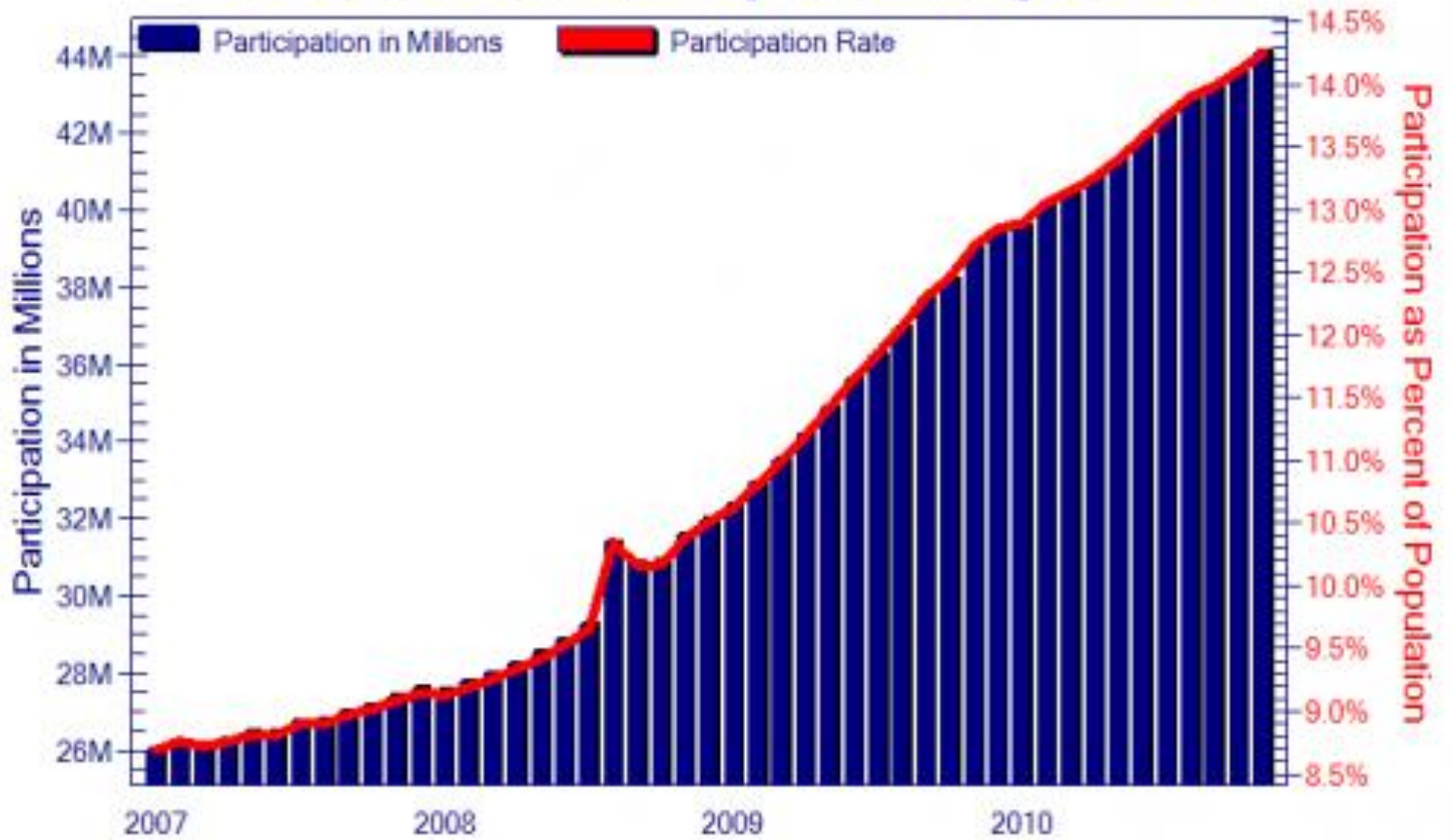
Source: Labor Department

Average (Mean) Duration of Unemployment (UEMPMEAN)
Source: U.S. Department of Labor: Bureau of Labor Statistics



Shaded areas indicate US recessions.
2011 research.stlouisfed.org

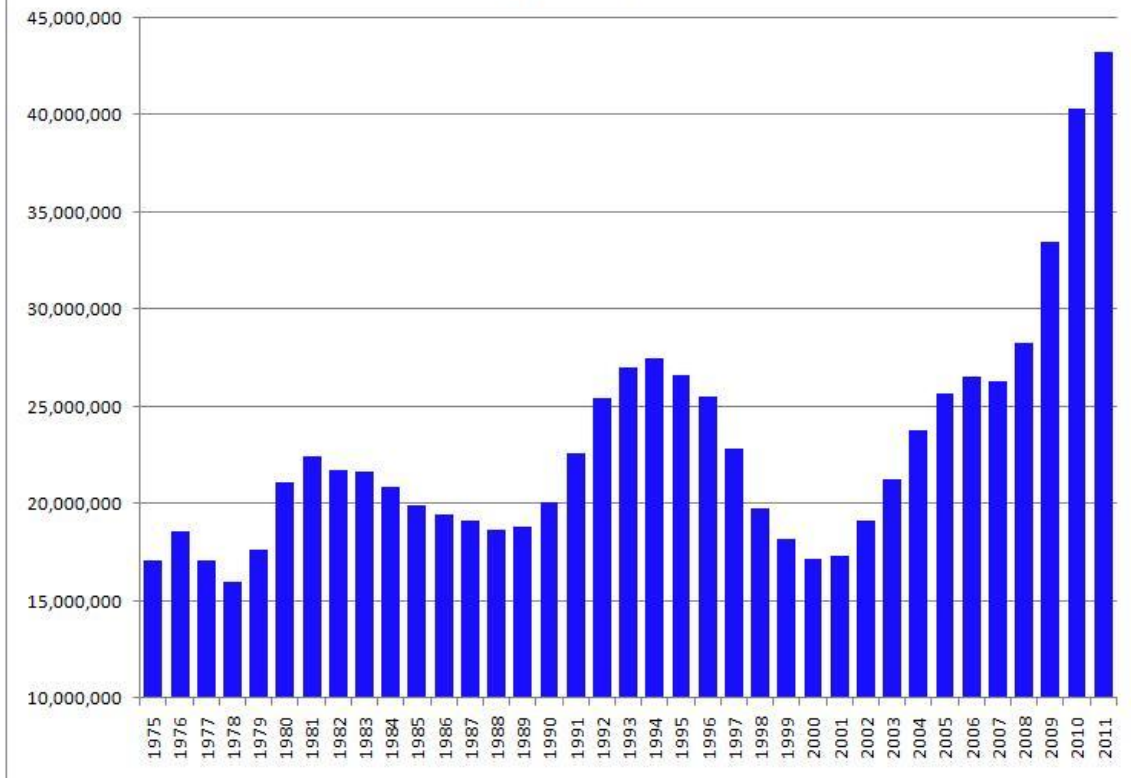
U.S. Food Stamp Participation



Source: SNAP

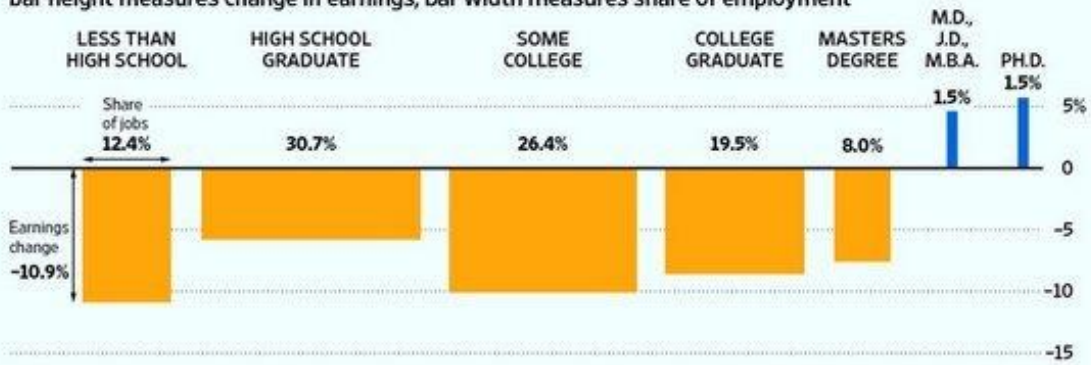
Individuals Receiving Food Stamps (Annual)

www.DailyJobsUpdate.com



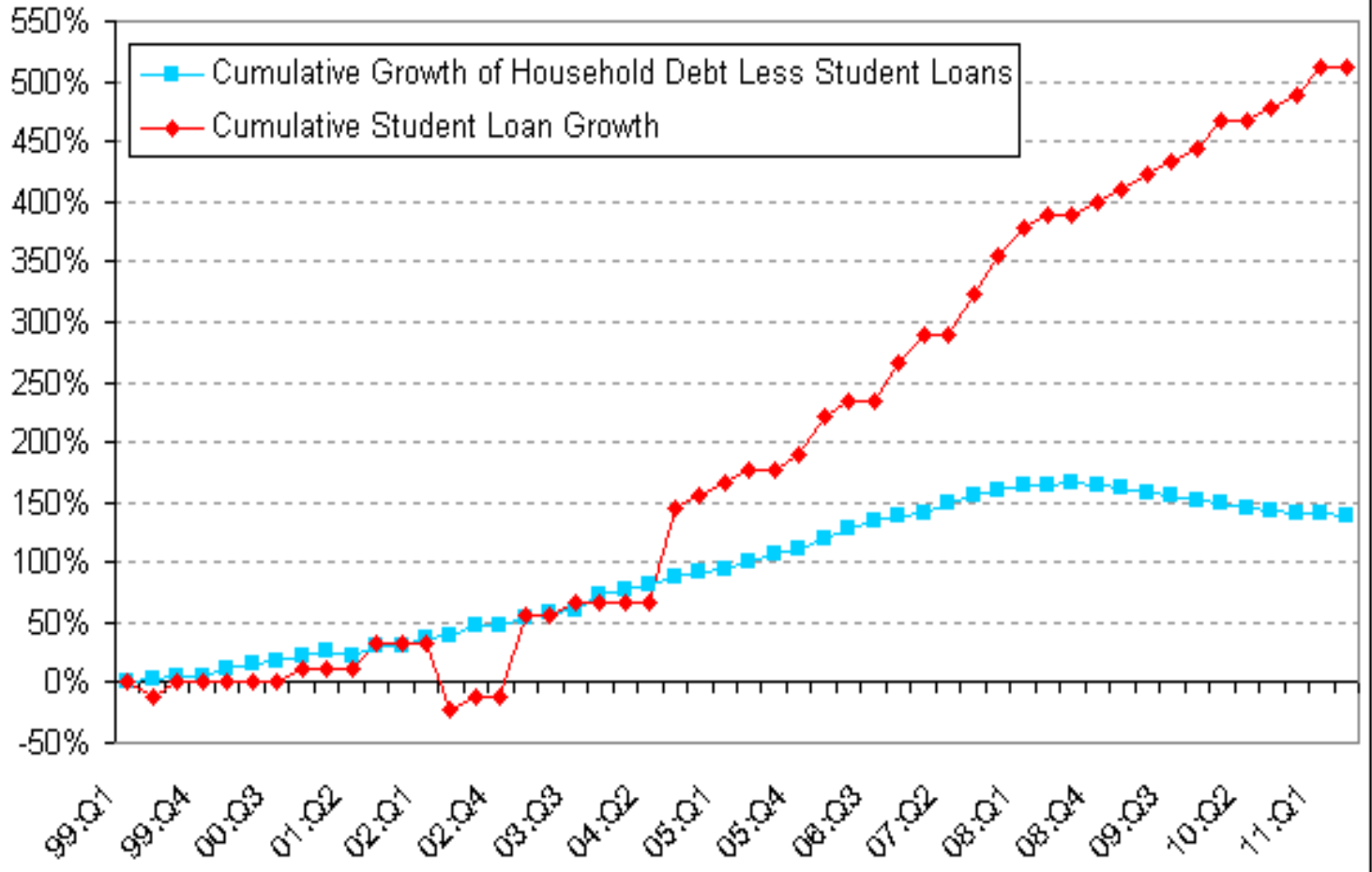
A Matter of Degrees

Change between 2000 and 2010 in inflation-adjusted average earnings by educational attainment; bar height measures change in earnings, bar width measures share of employment



Source: Census Bureau via Matthew Slaughter

The Crazy Growth of Student Loans



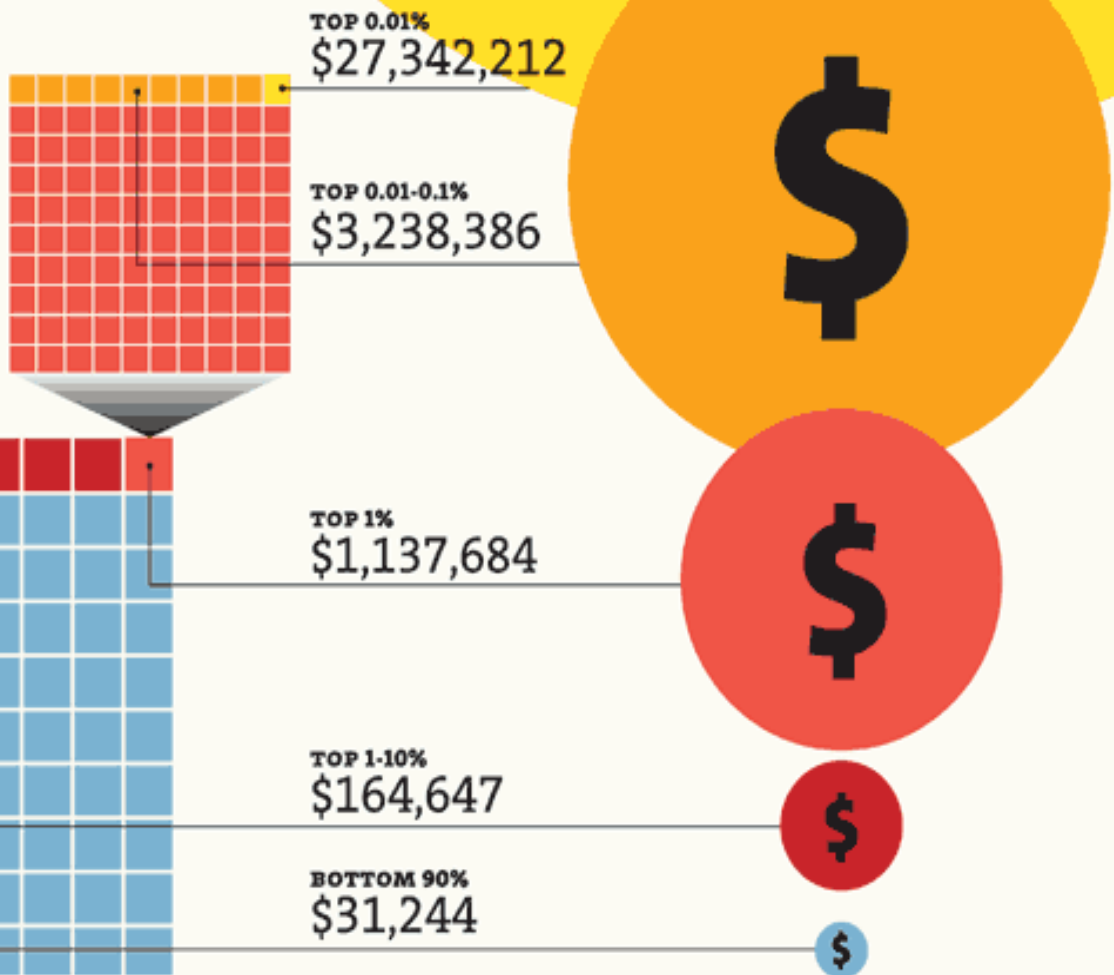
Sources: New York Fed, Bureau of Economic Analysis

Income and Wealth Disparity

AVERAGE INCOME PER FAMILY

Distributed by income group

- Top 0.01% ■
- Top 0.01-0.1% ■
- Top 1% ■
- Top 1-10% ■
- Bottom 90% ■



2008 data. Includes capital gains. Source: Emmanuel Saez, University of California-Berkeley

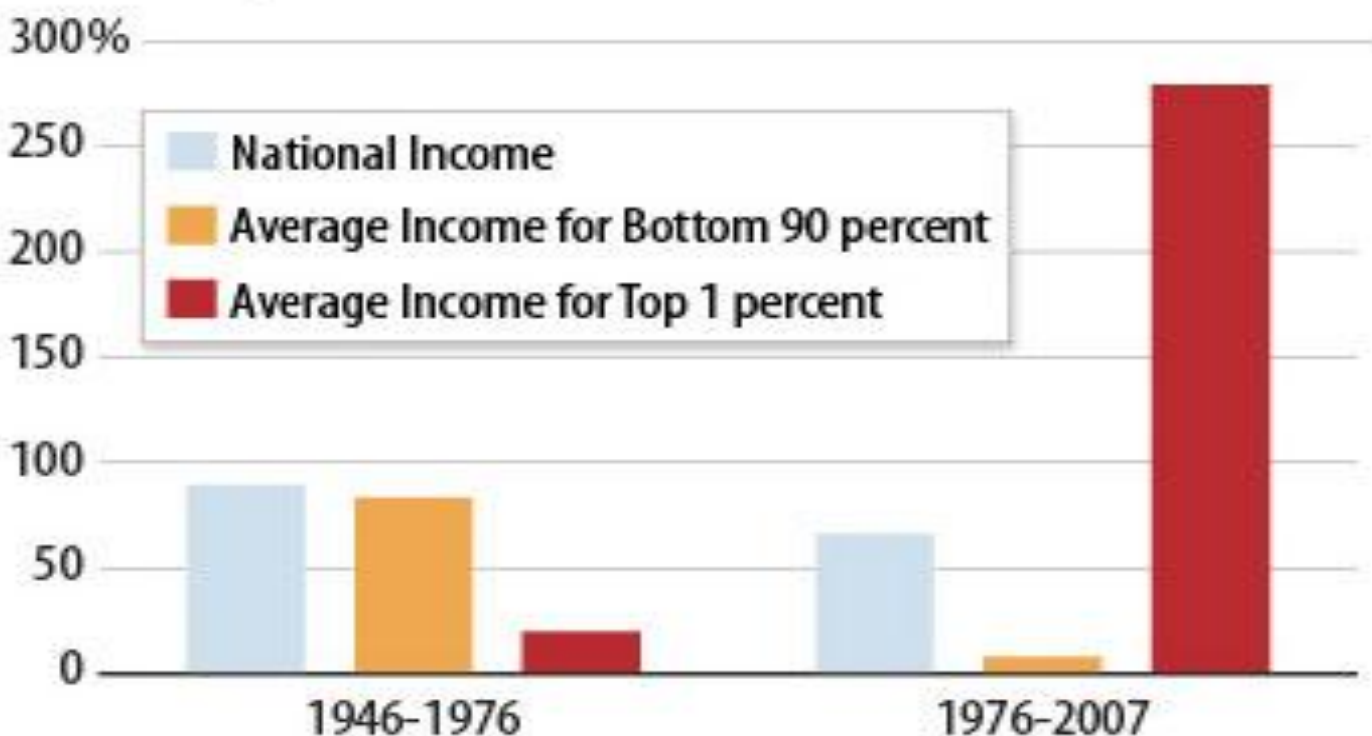
THE JANITOR AND THE MILLIONAIRE

	New York City janitor	Average tax filer in Helmsley building
Adjusted gross income	\$33,080	\$1,167,708
Income tax	\$3,168	\$159,515
Payroll taxes	\$5,062	\$11,836
Effective tax rate	24.9%	14.7%

Source: Martin A. Sullivan, Tax.com

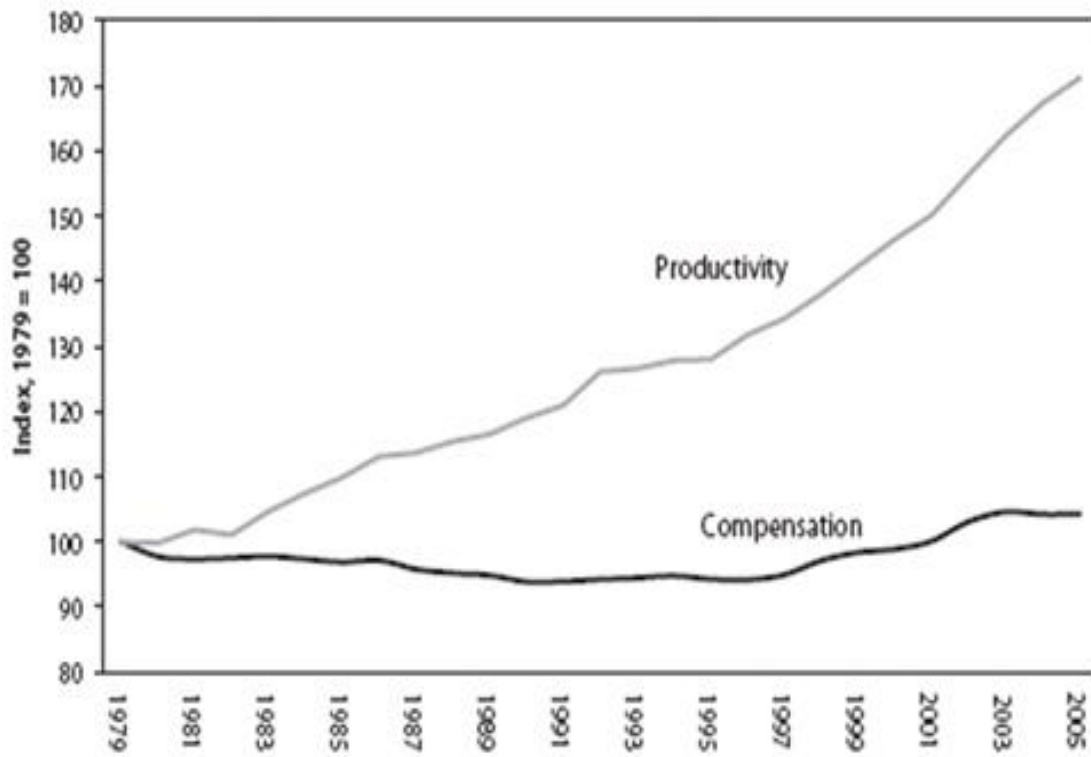
Rising Inequality Since 1970s a Sharp Break From Shared Prosperity of Earlier Era

Cumulative growth



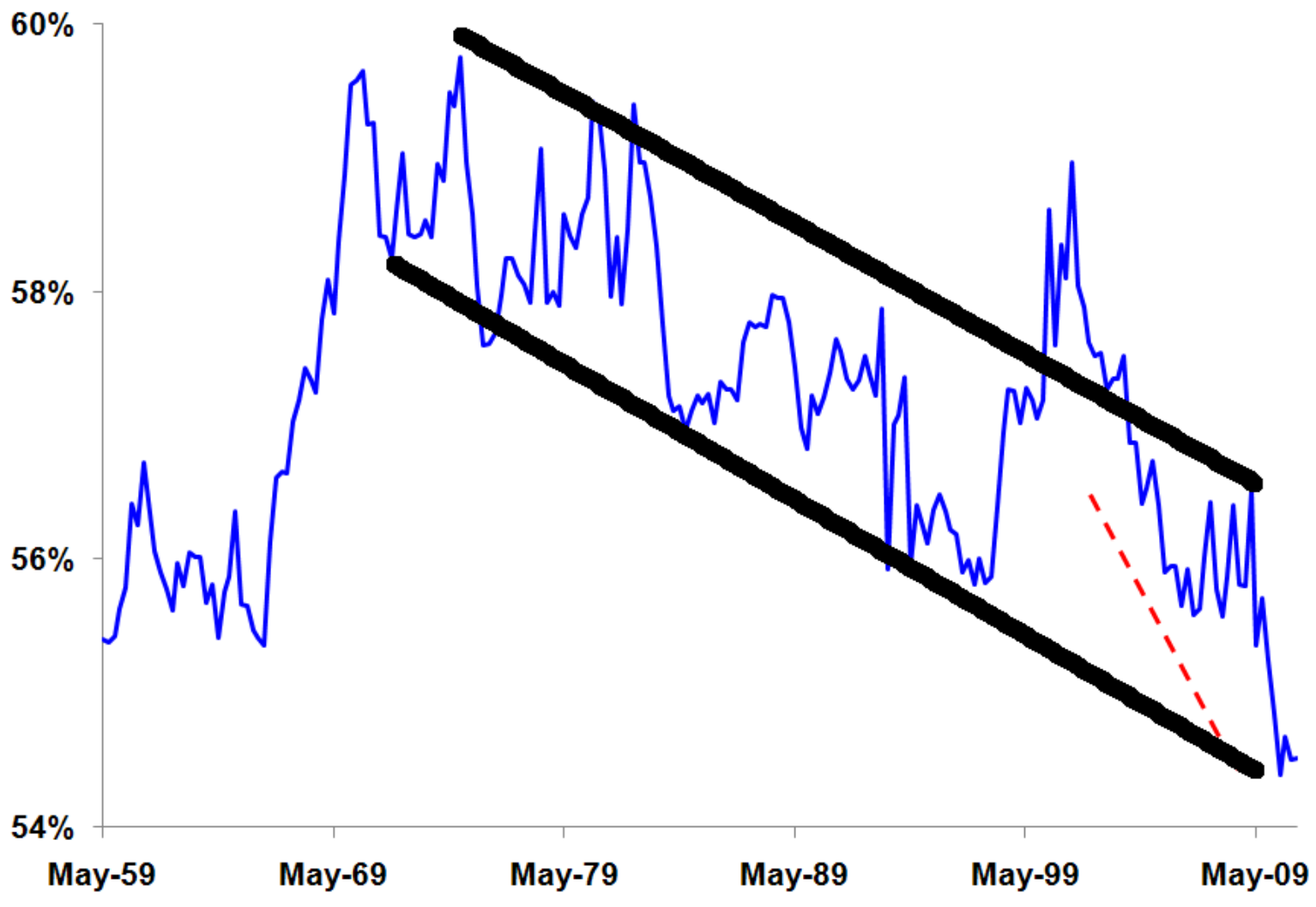
Source: CBPP calculations based on data from Piketty & Saez, BEA, and the Census Bureau.

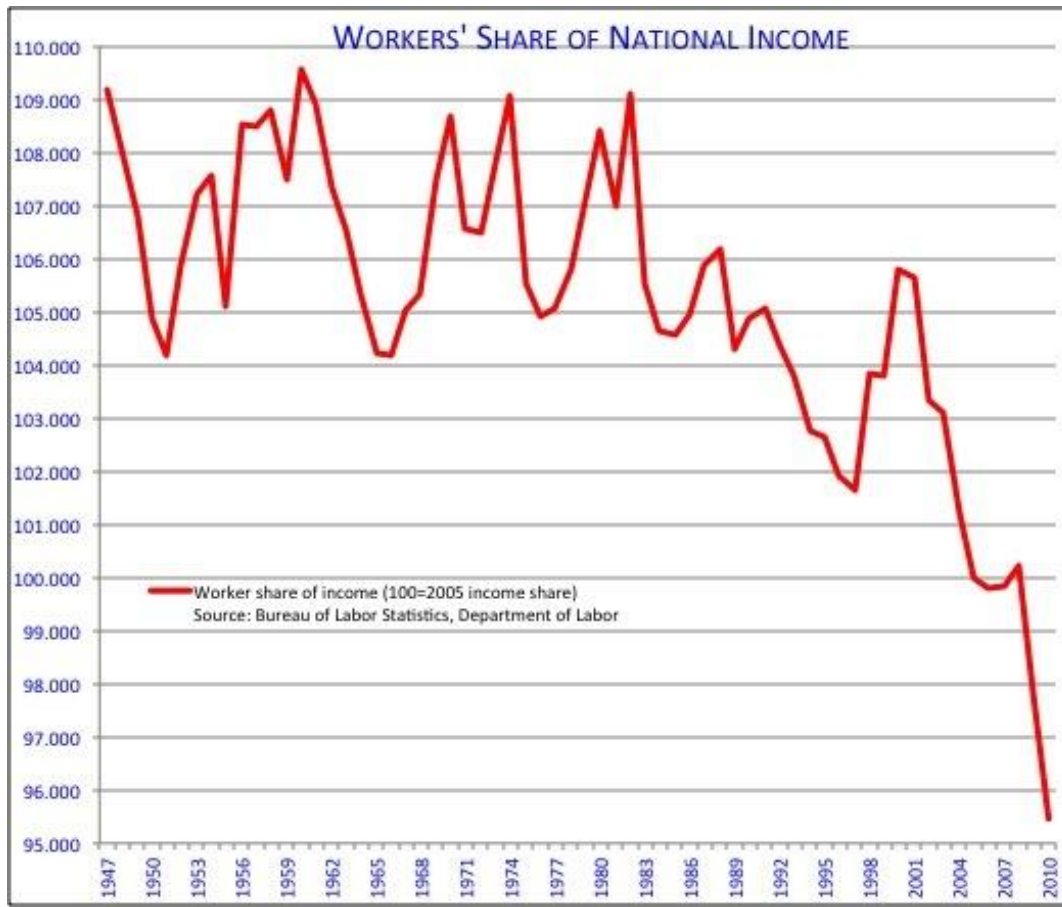
Productivity growth and the compensation of production workers, 1979-2005



SOURCE: BLS.

U.S. Employee Compensation Relative to Gross Domestic Product
(Nominal Dollars, SAAR; Data: Bureau of Economic Analysis)





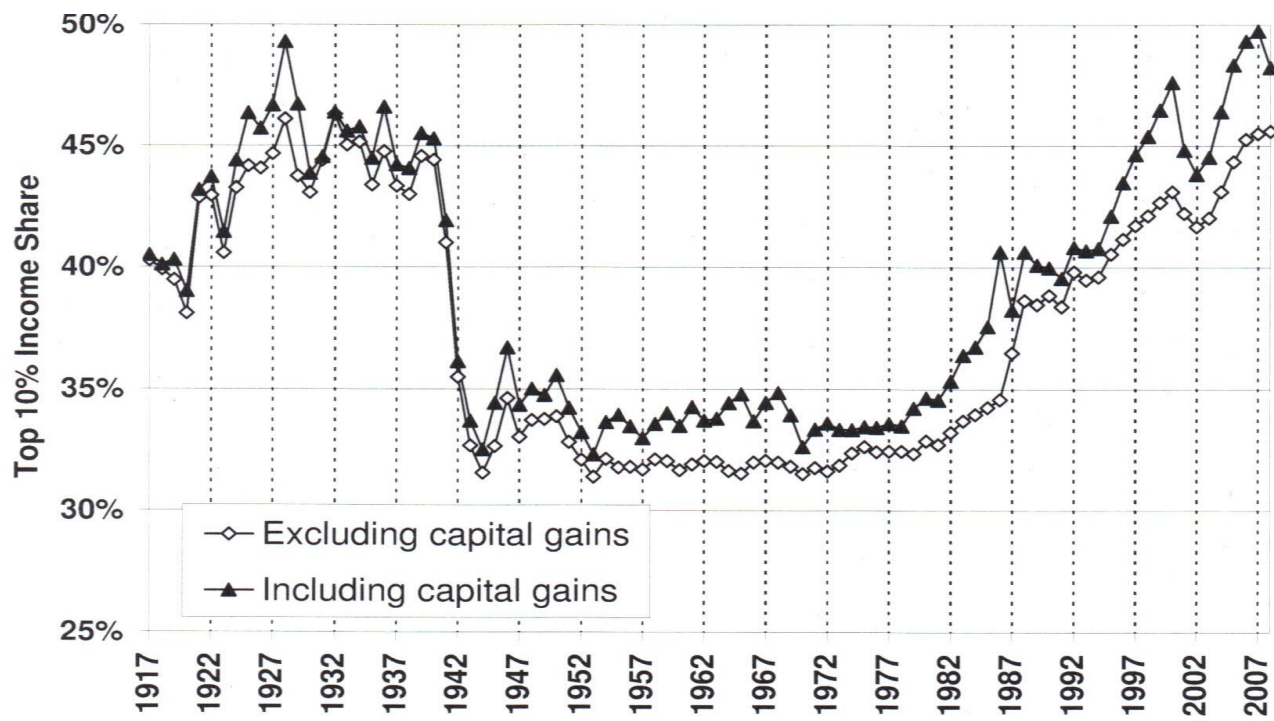


FIGURE 1
The Top Decile Income Share, 1917-2008

Source: Table A1 and Table A3, col. P90-100.
Income is defined as market income (and excludes government transfers).
In 2008, top decile includes all families with annual income above \$109,000.

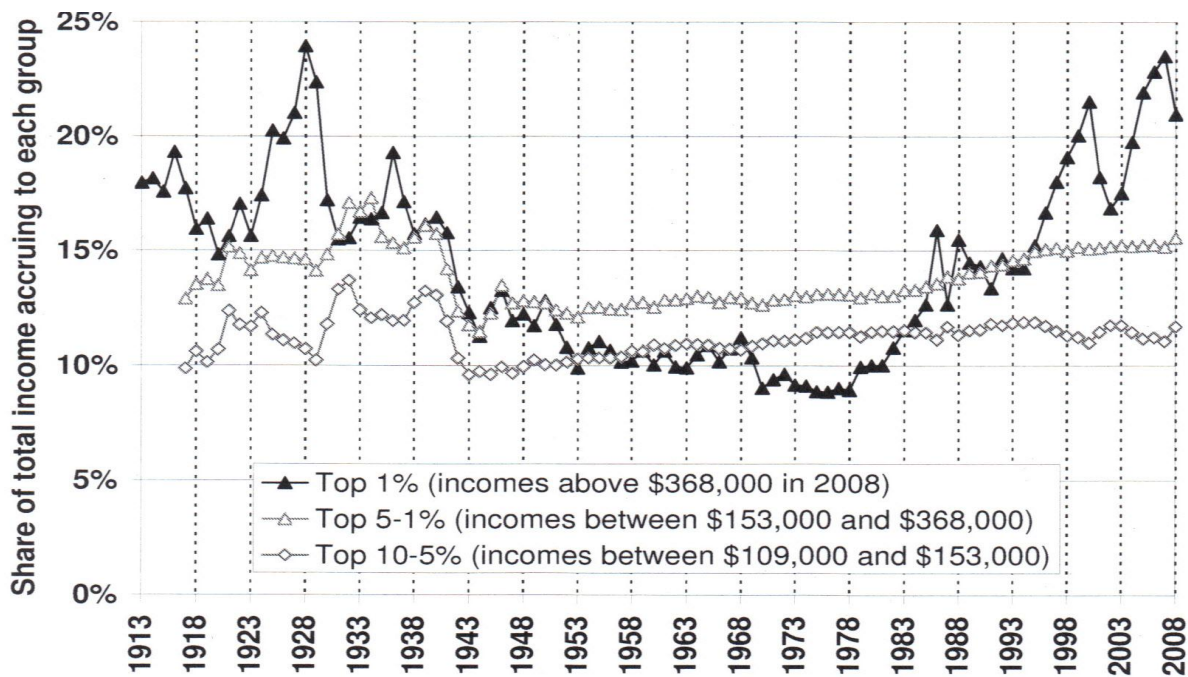


FIGURE 2

Decomposing the Top Decile US Income Share into 3 Groups, 1913-2008

Source: Piketty and Saez (2003), series updated to 2008.

Income is defined as market income including capital gains.

Top 1% denotes the top percentile (families with annual income above \$368,000 in 2008)

Top 5-1% denotes the next 4% (families with annual income between \$153,000 and \$368,000 in 2008)

Top 10-5% denotes the next 5% (bottom half of the top decile, families with annual income between \$109,000 and \$153,000 in 2008).

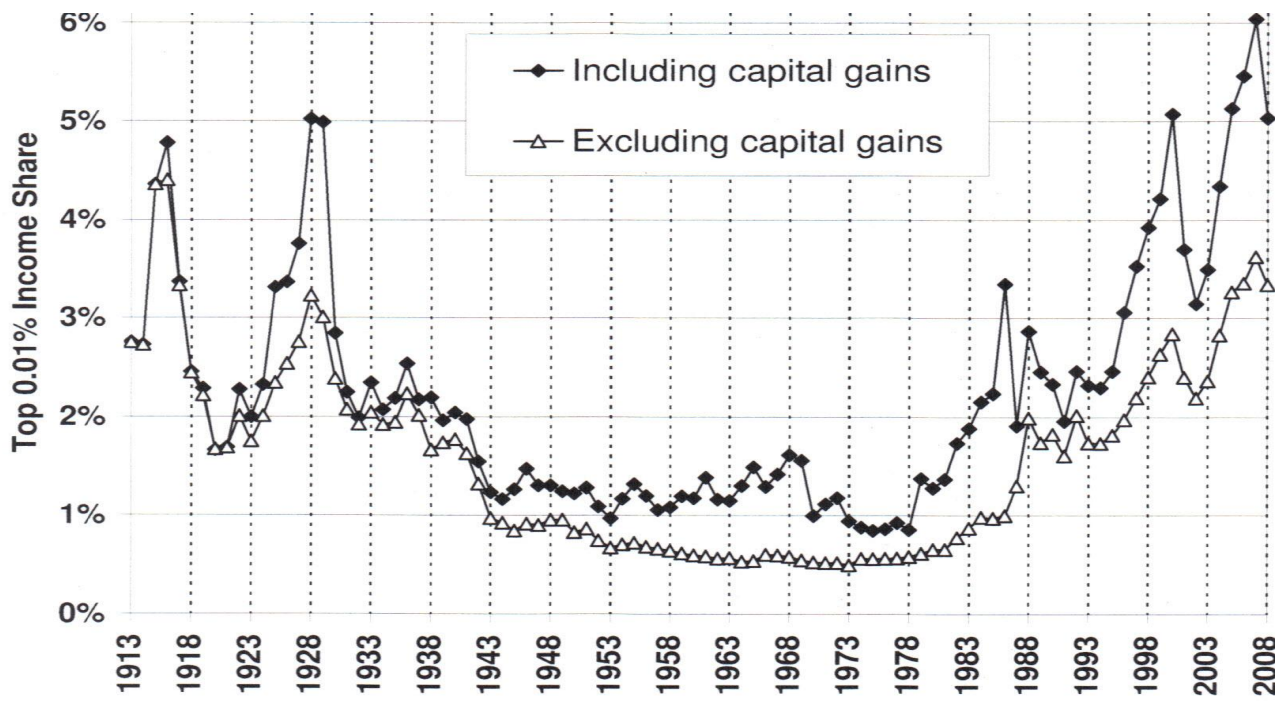
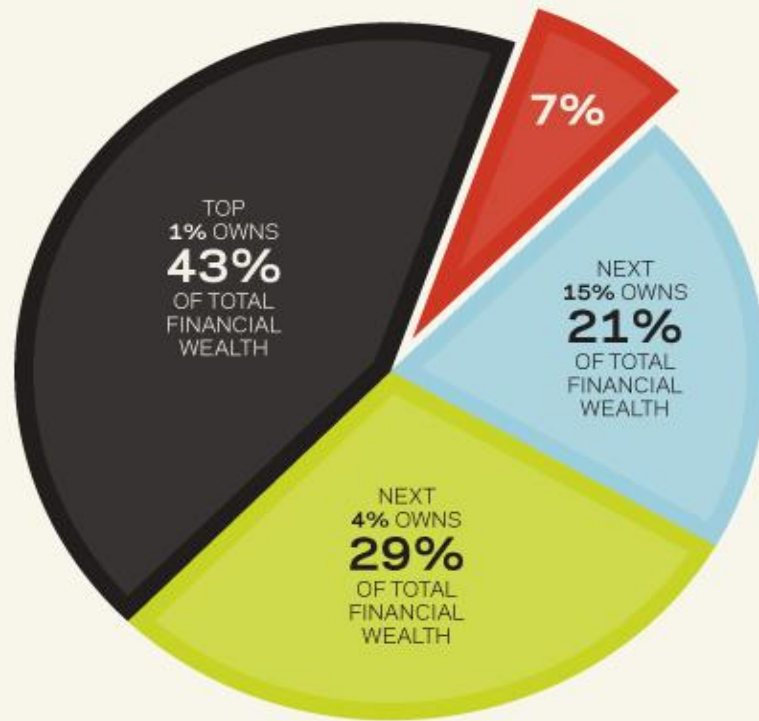


FIGURE 3
The Top 0.01% Income Share, 1913-2008

Source: Piketty and Saez (2003), series updated to 2008.
 Income is defined as market income including (or excluding) capital gains.
 In 2008, top .01% includes the 15.246 top families with annual income above \$9.141.000.

80% OF AMERICANS SHARE ONLY 7% OF ALL THE MONEY IN AMERICA



THIS IS **NOT** WHAT DEMOCRACY LOOKS LIKE
DISTRIBUTION OF FINANCIAL WEALTH IN THE UNITED STATES

<http://sociology.ucsc.edu/whorulesamerica/power/wealth.html>

THE DISTRIBUTION OF WEALTH IN THE UNITED STATES

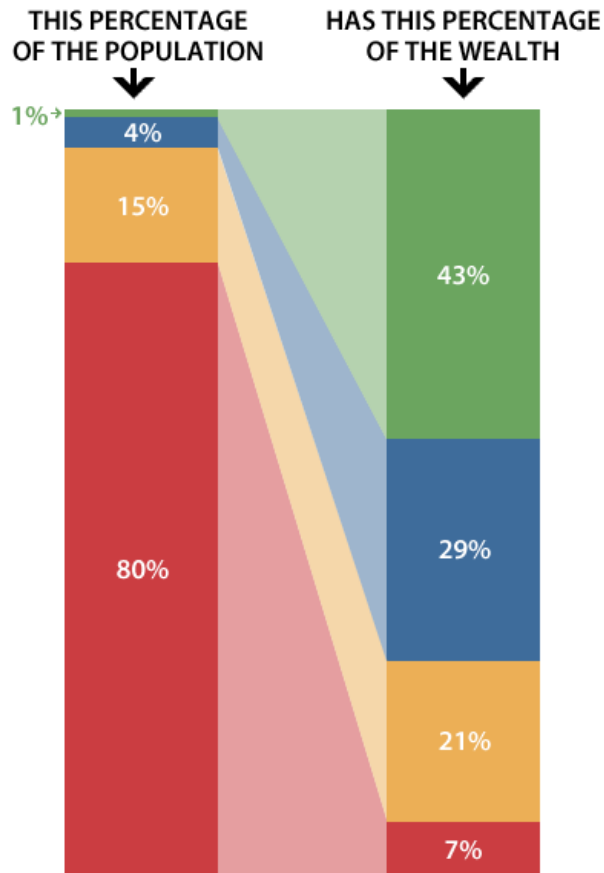


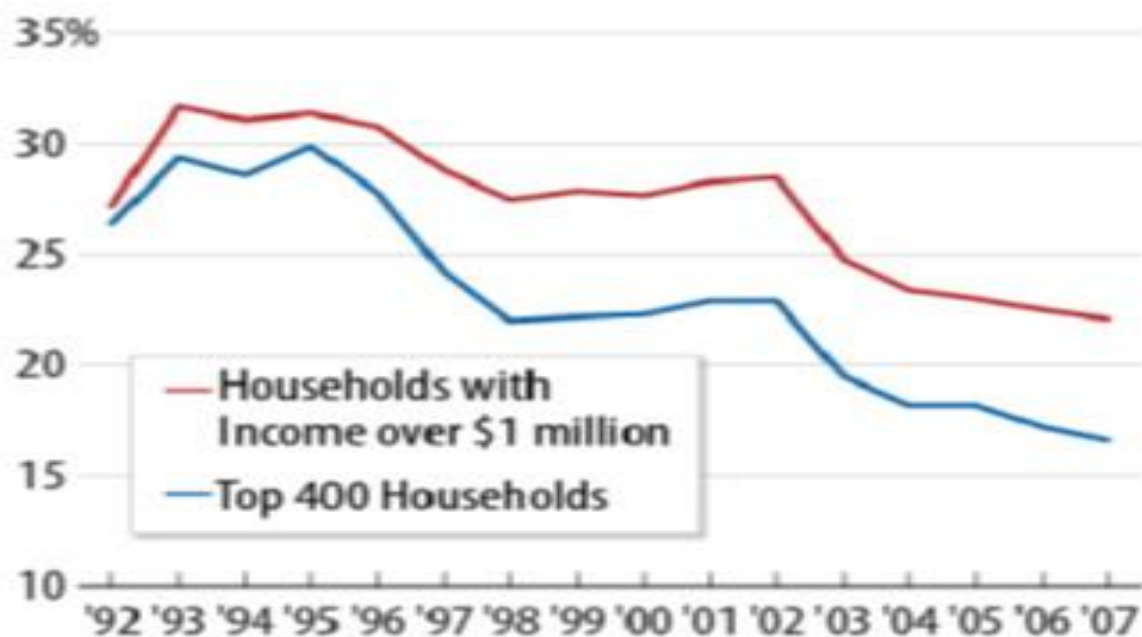
Chart: Michael DeGusta, TheUnderstatement.com - March 2011

Data: From 2007, as per <http://sociology.ucsc.edu/whorulesamerica/power/wealth.html>
via <http://front.moveon.org/what-happened-to-good-ol-american-pie-chart/>

Tax “Burdens” - Wealthy

Effective Tax Rates on Wealthiest People Have Fallen Dramatically

Effective Federal Income Tax Rate

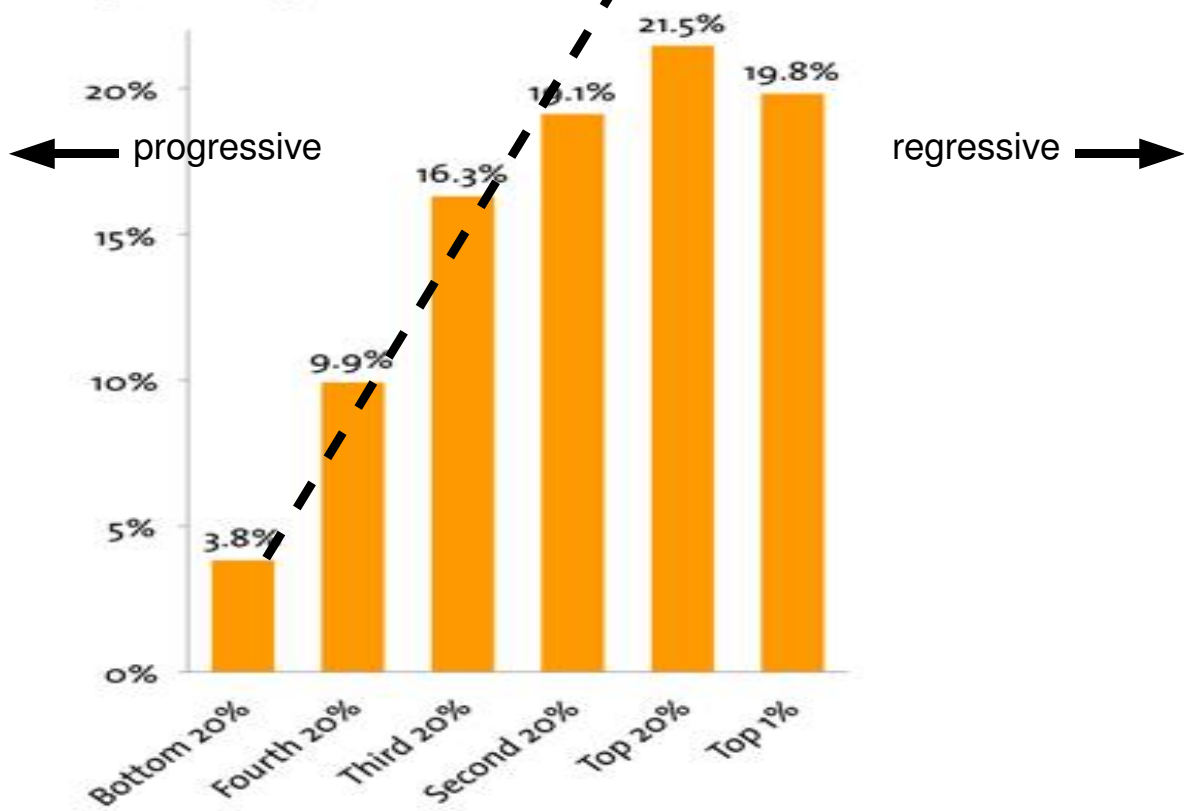


Source: IRS Statistics of Income

Center on Budget and Policy Priorities | cbpp.org

AVERAGE EFFECTIVE INCOME TAX RATES

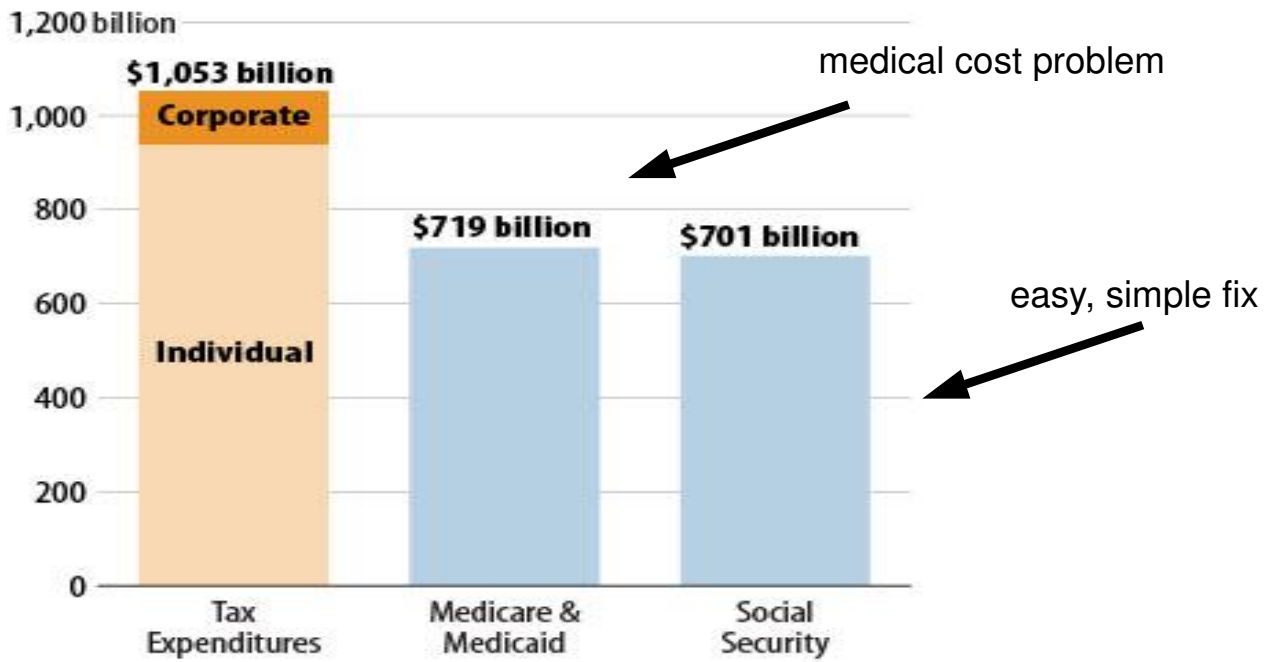
By income percentile



Combined income and payroll tax rates, 2010 (expected)
Source: Tax Policy Center

Tax Expenditures Are Substantial

Tax Expenditures and Major Mandatory Programs in 2010



Note: Tax expenditure figures exclude Recovery Act provisions that were allowed to expire, but include those that have been extended

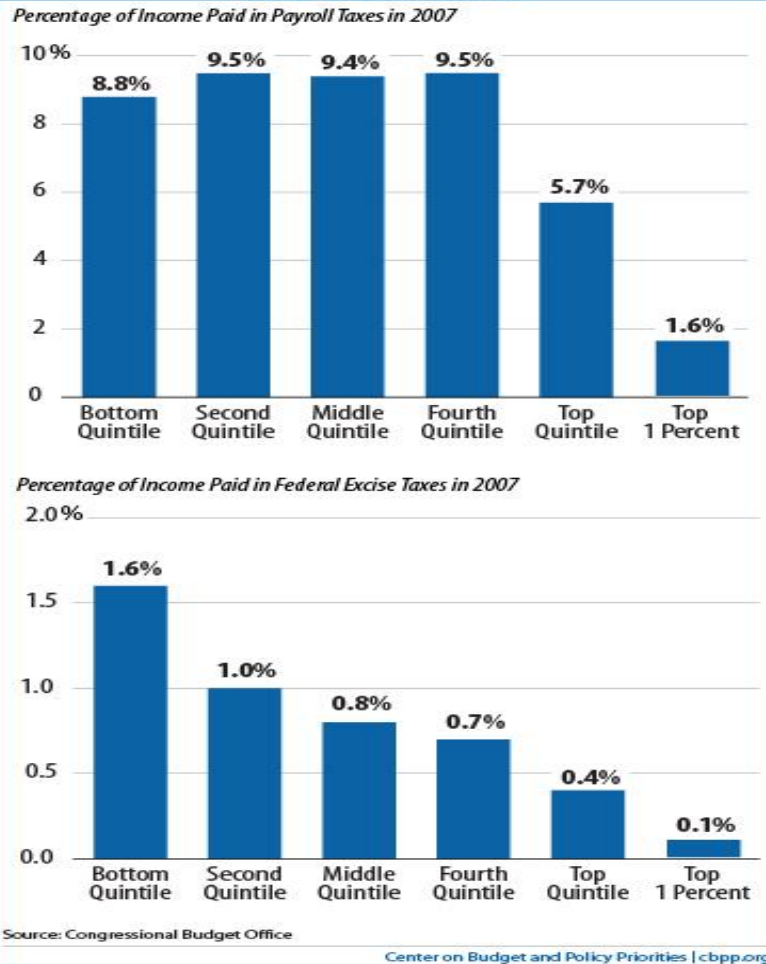
Sources: Office of Management and Budget, Congressional Budget Office

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Tax Burdens - Non-Wealthy

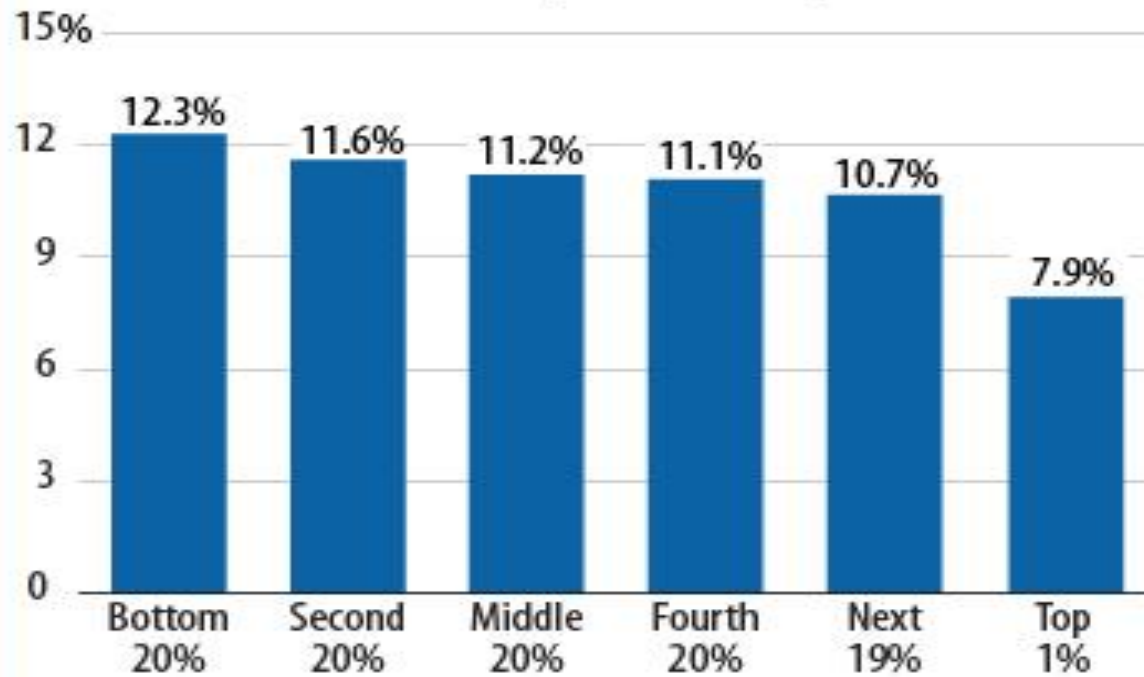


Figure 2:
**Low-Income Households Pay Substantial Federal Taxes
Other Than Income Tax**



**Figure 3:
State and Local Taxes Are Regressive**

Taxes as a share of income in 2010, 50-state average



Source: Institute on Taxation & Economic Policy

Center on Budget and Policy Priorities | cbpp.org

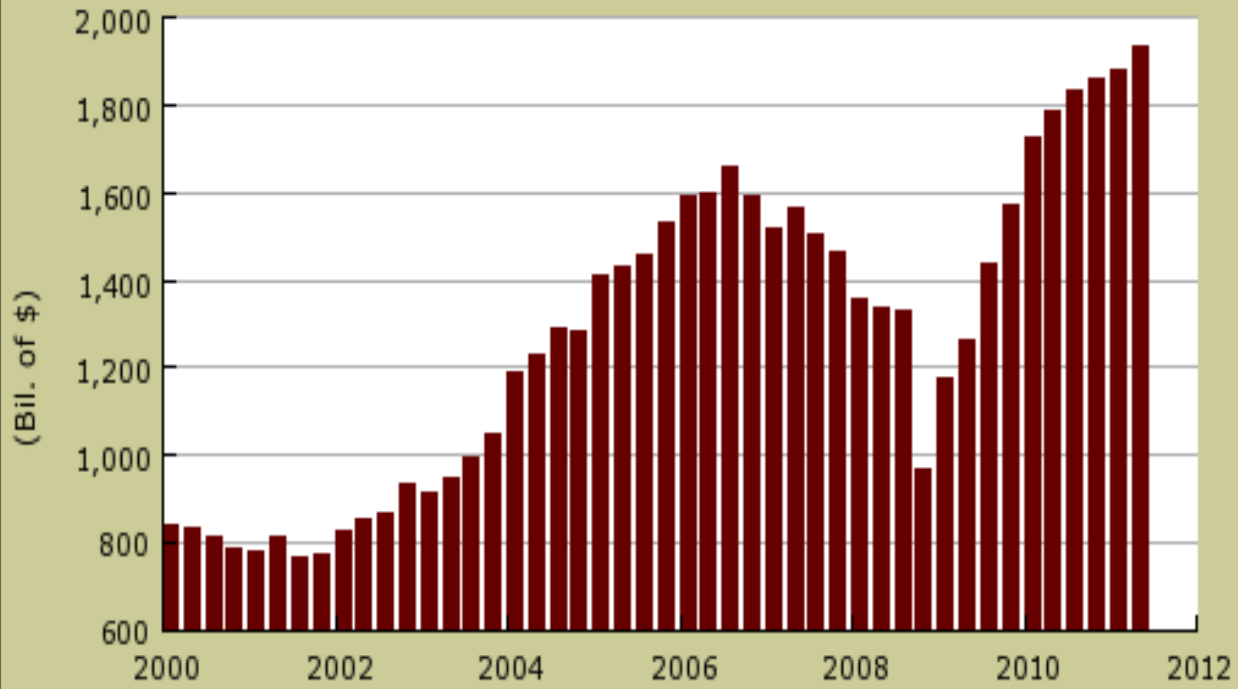
Tax Burdens - Corporate

TOO PIG TO FAIL !!!



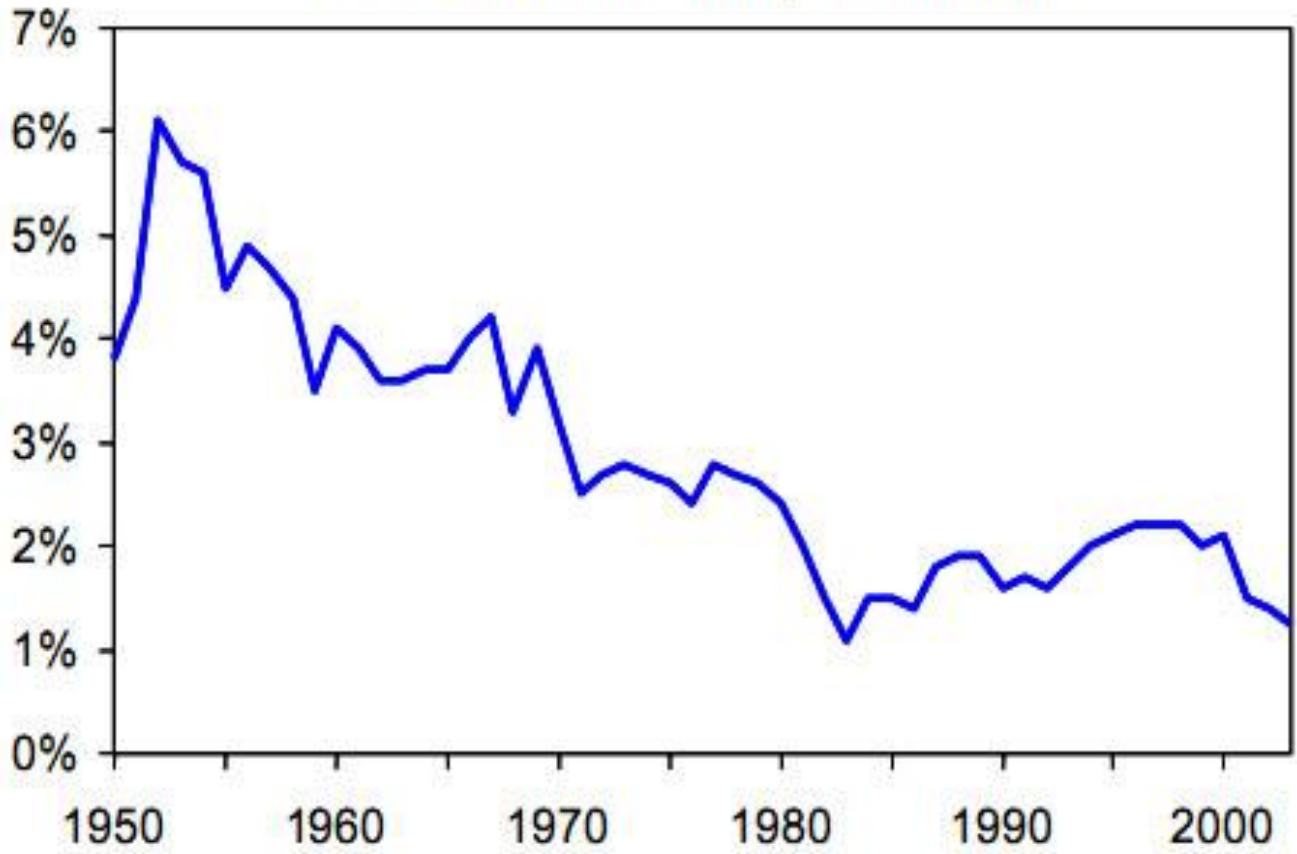
8/26/10
MORIM
The Miami Herald

Corporate Profits with Inventory Valuation Adjustment (IVA) and Capital Consumption Adjustment (CCAdj) (CPROFIT)



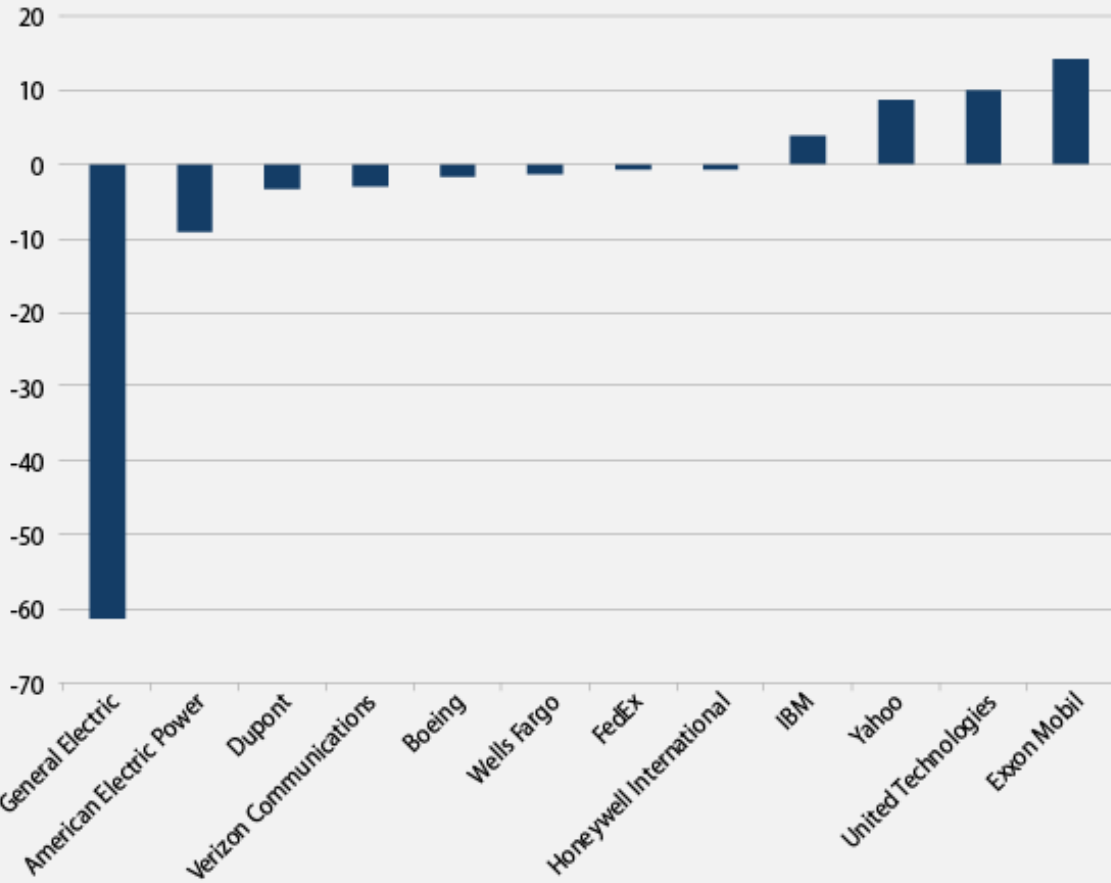
2011 research.stlouisfed.org

Corporate Income Tax Receipts as a Share of GDP, 1950-2003



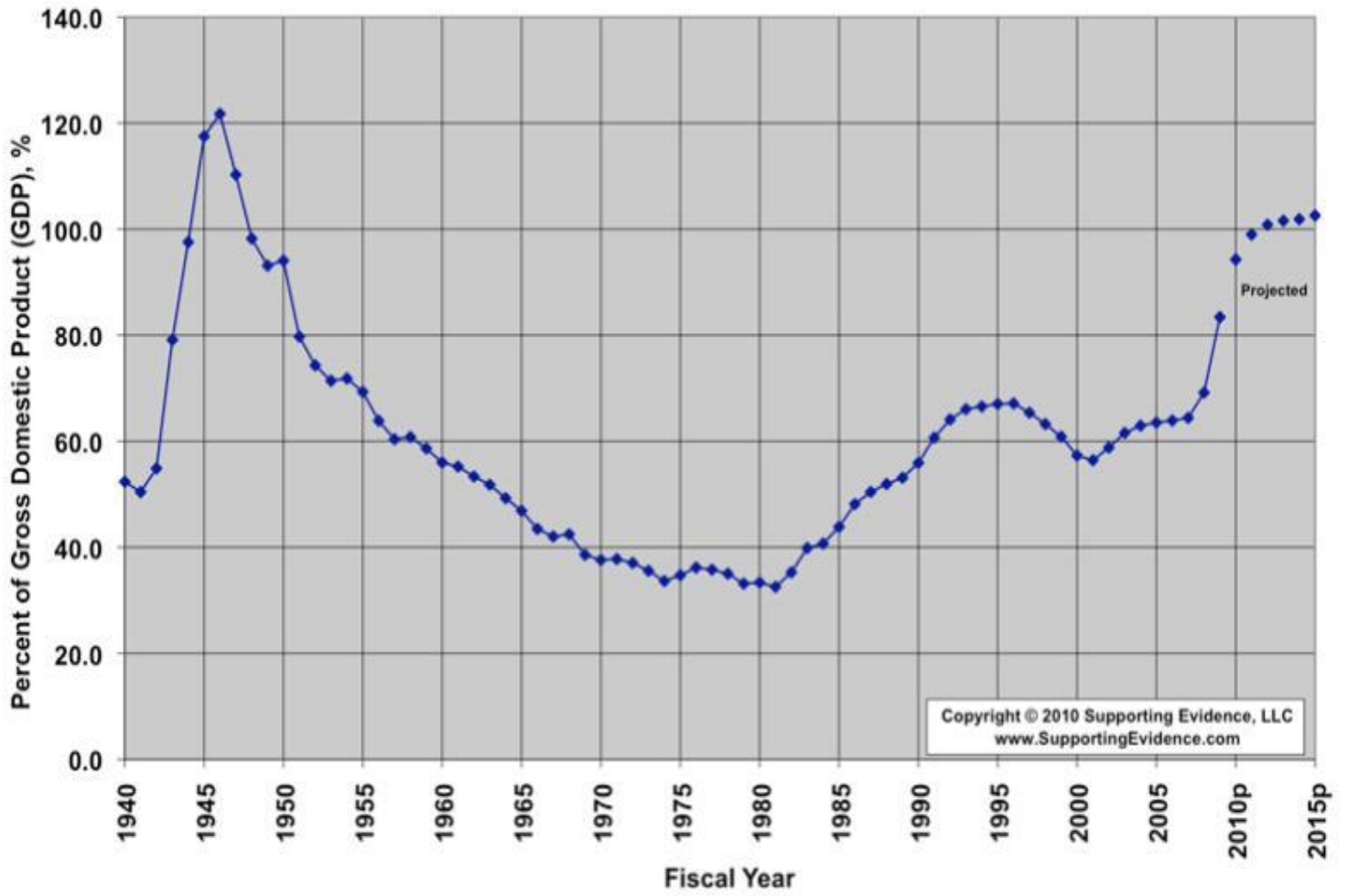
Average Income Tax Rate Between 2008-2010

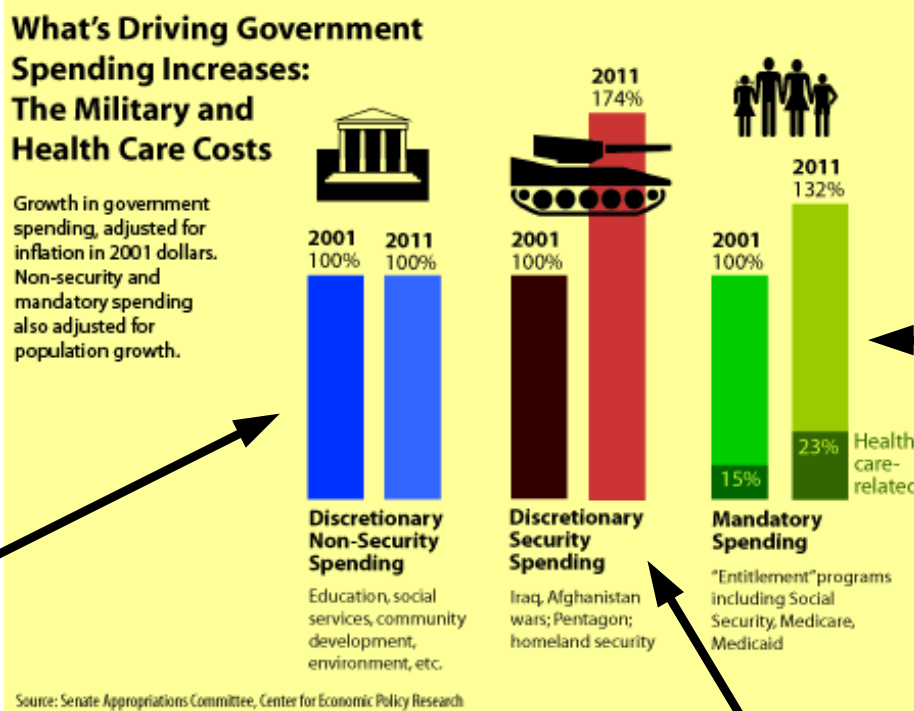
THINKPROGRESS



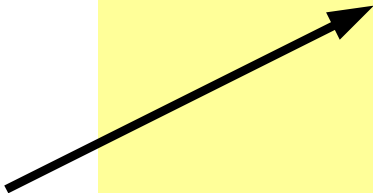
Debt Levels and Causes

U.S. Federal Government Debt as a Percent of Gross Domestic Product (GDP), %





flat



stupidity



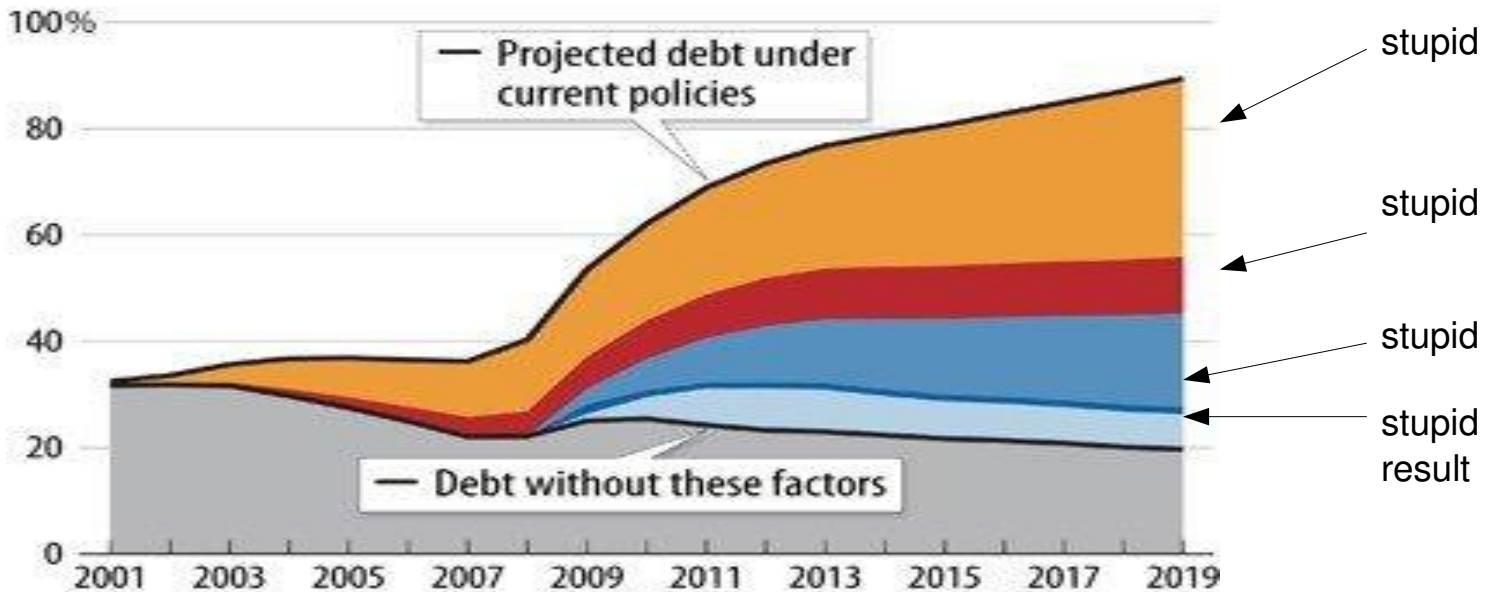
aging + medical



Tax Cuts, Wars Account For Nearly Half Of Public Debt By 2019

Debt held by the public as a share of GDP

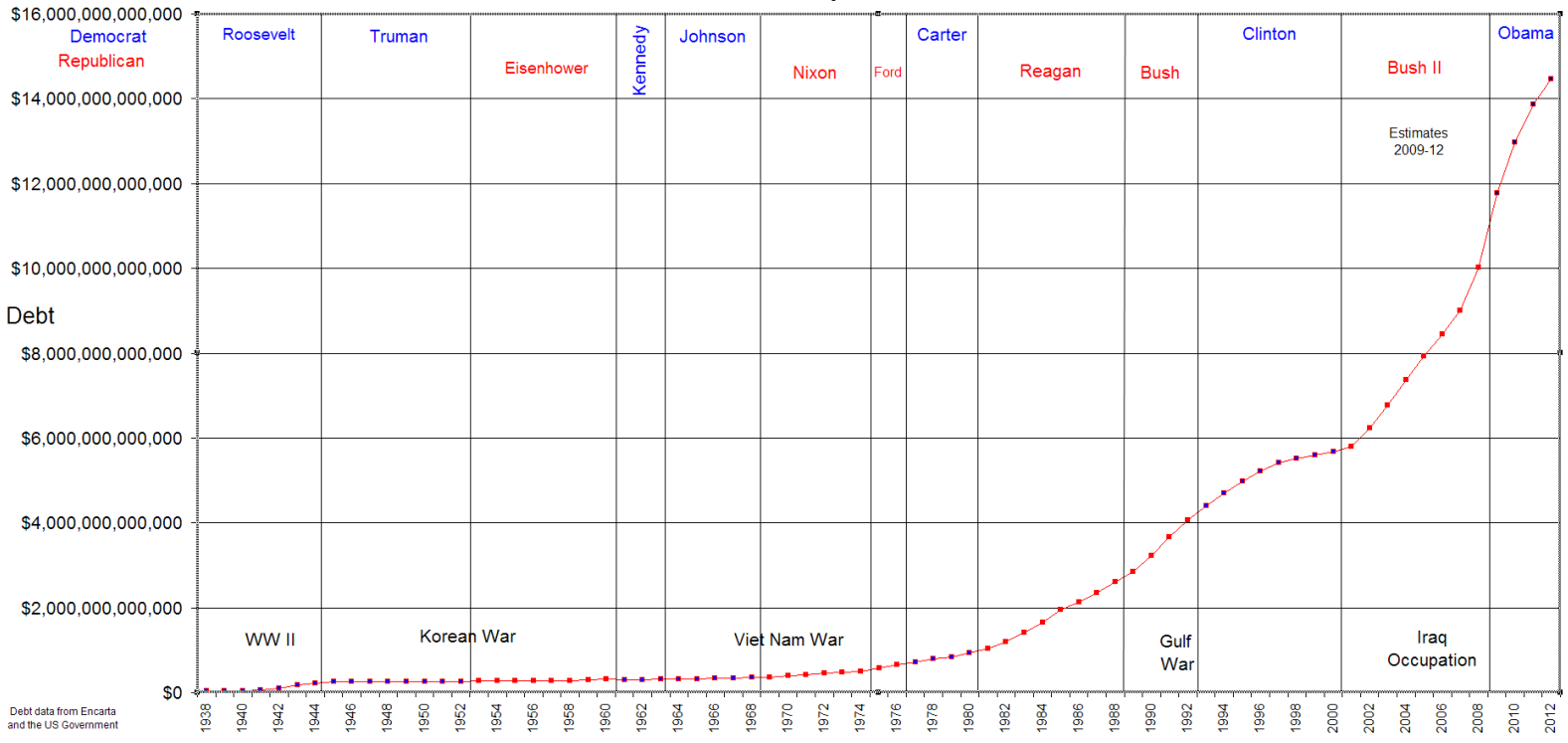
- Bush-Era Tax Cuts
- Wars in Iraq and Afghanistan
- Economic Downturn
- TARP, Fannie, and Freddie
- Recovery Measures
- Other Debt



Source: CBPP analysis based on Congressional Budget Office estimates.

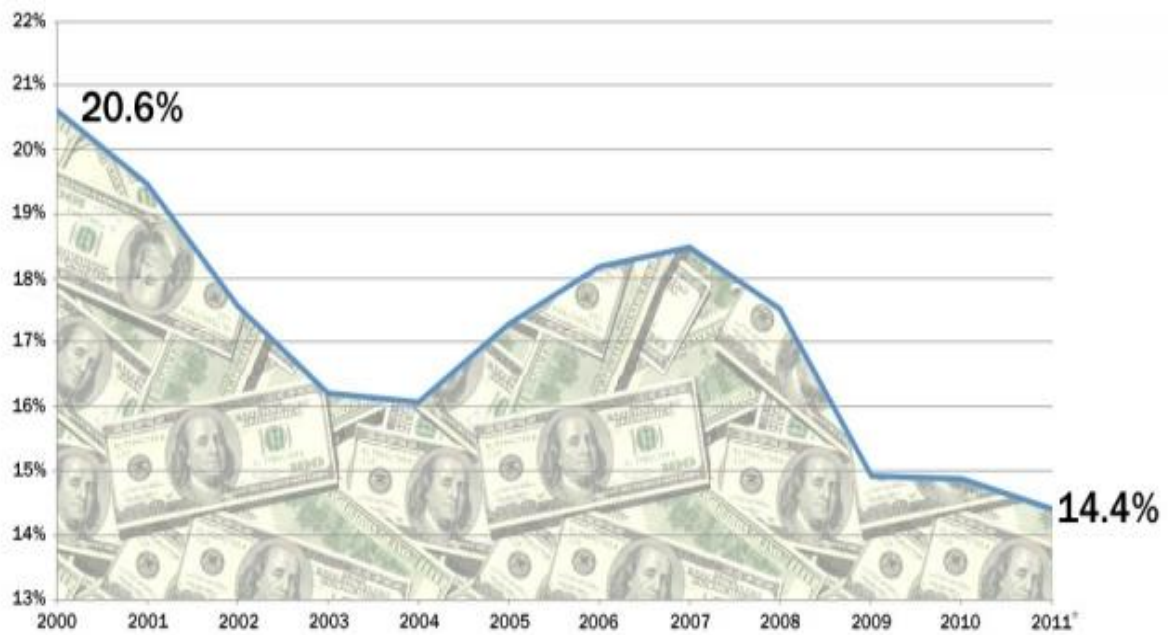
Center on Budget and Policy Priorities | cbpp.org

United States National Debt And the Presidents Responsible for It



Debt data from Encarta and the US Government

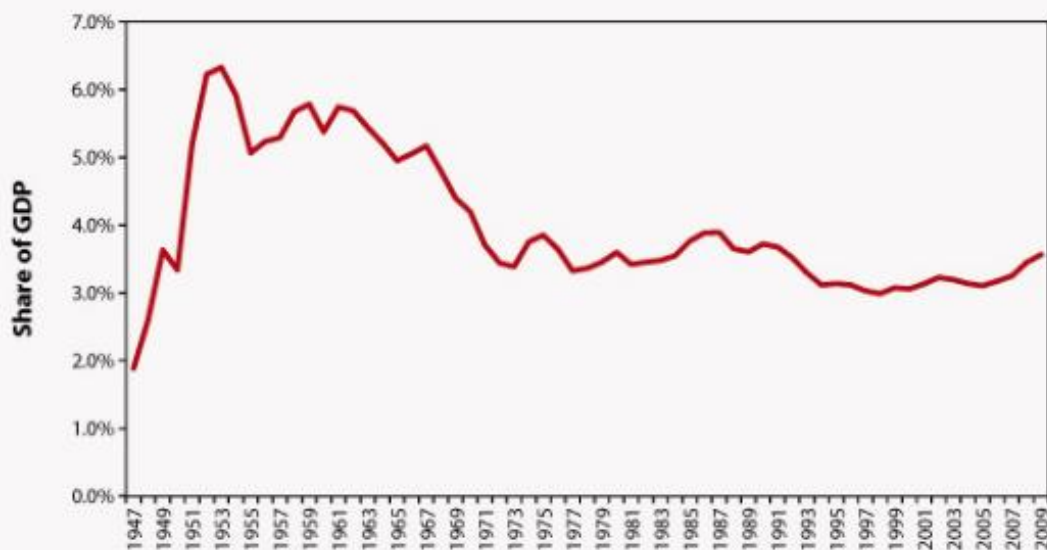
Federal Revenue as % of GDP



Source: Office of Management and Budget

*projected

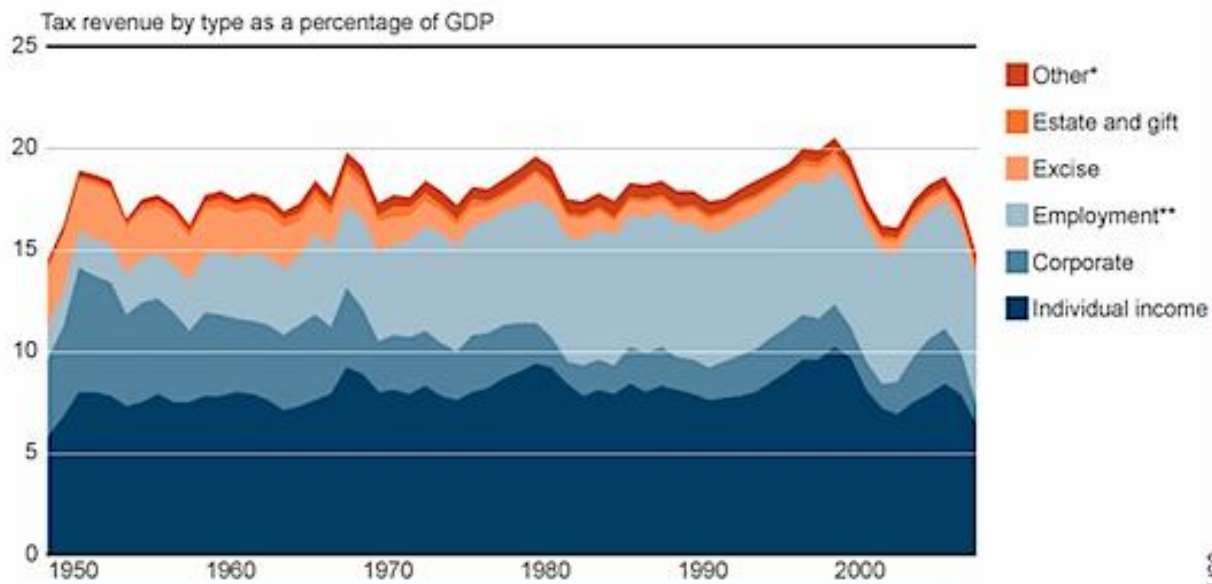
Public investment as a share of GDP, 1947-2009



Source: EPI analysis of Bureau of Economic Analysis data.



Federal taxes as a percentage of GDP



* Primarily composed of customs/duties fees and deposits of earnings by the Federal Reserve system.

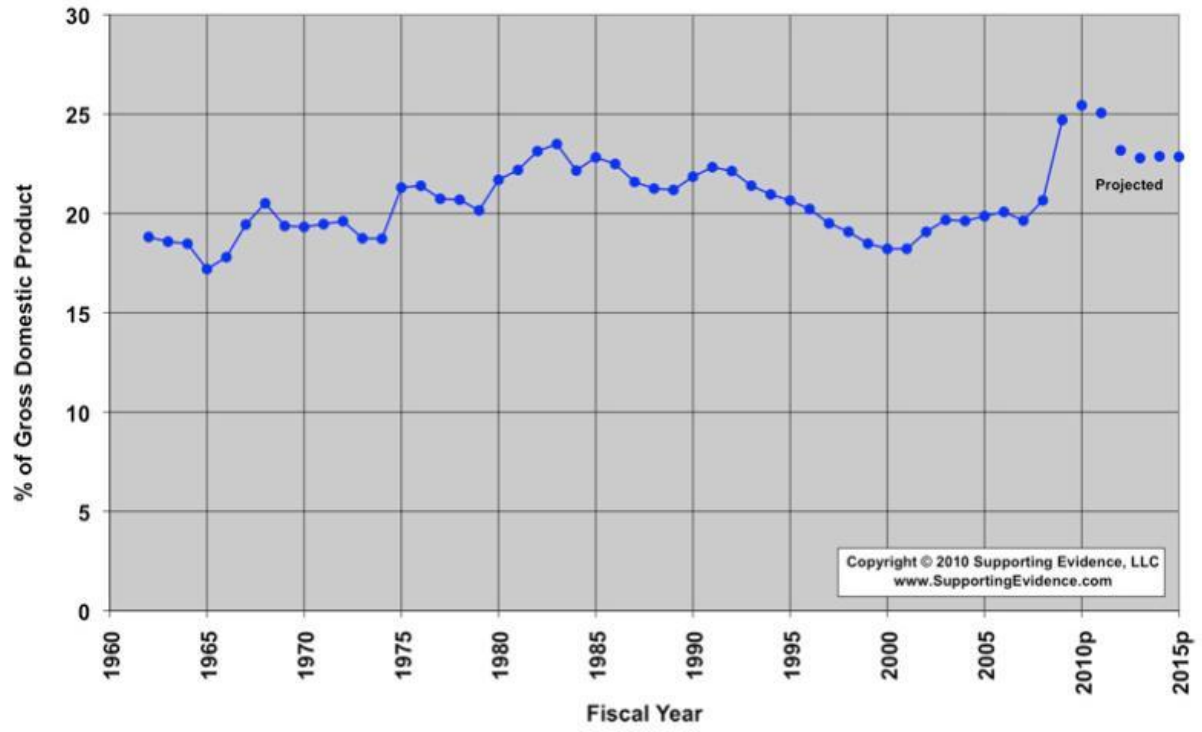
** Employment taxes comprise old-age and survivors insurance, disability insurance, hospital insurance, railroad retirement, railroad Social Security equivalent account, employment insurance, employee share of Federal employees retirement, and certain non-Federal employees retirement.

Source: U.S. Senate Joint Committee on Taxation

06/12/10



Annual U.S. Federal Government Budget as a Percent of Gross Domestic Product

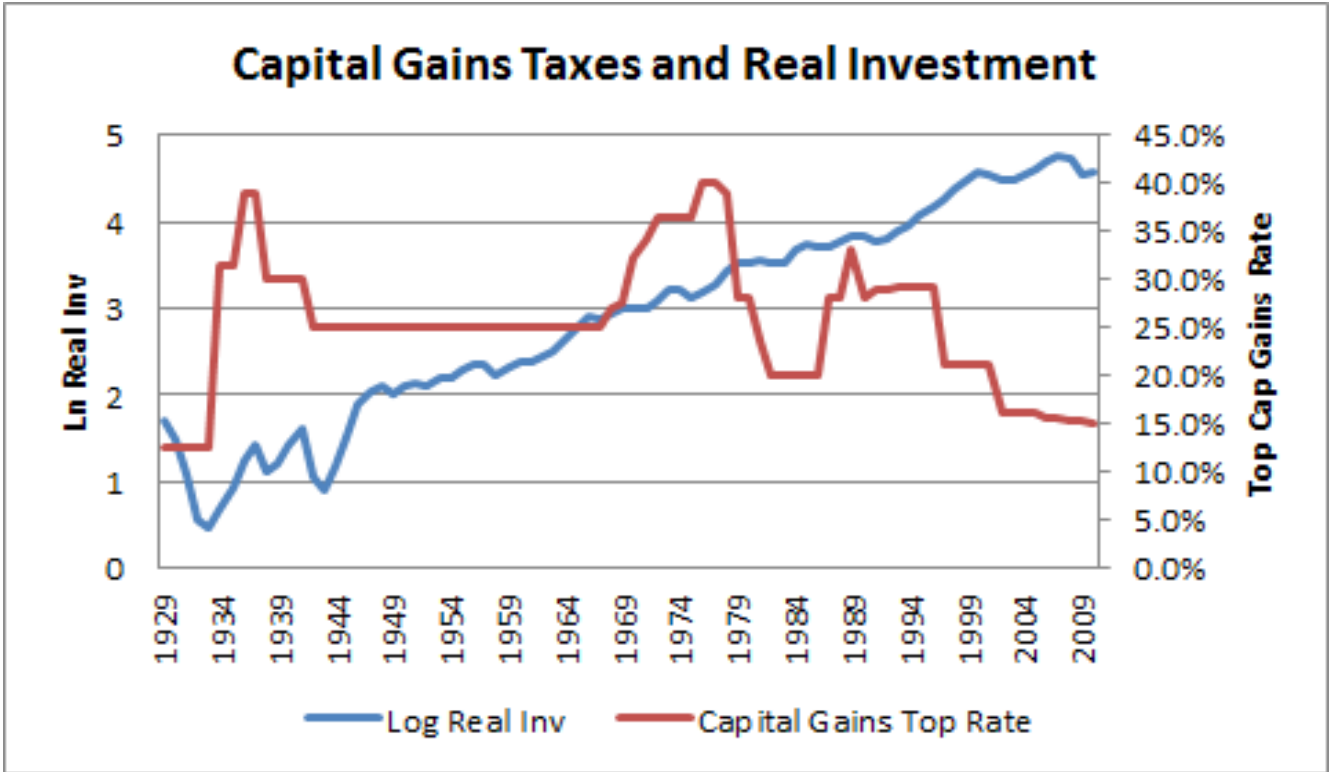


Inequality Excuses

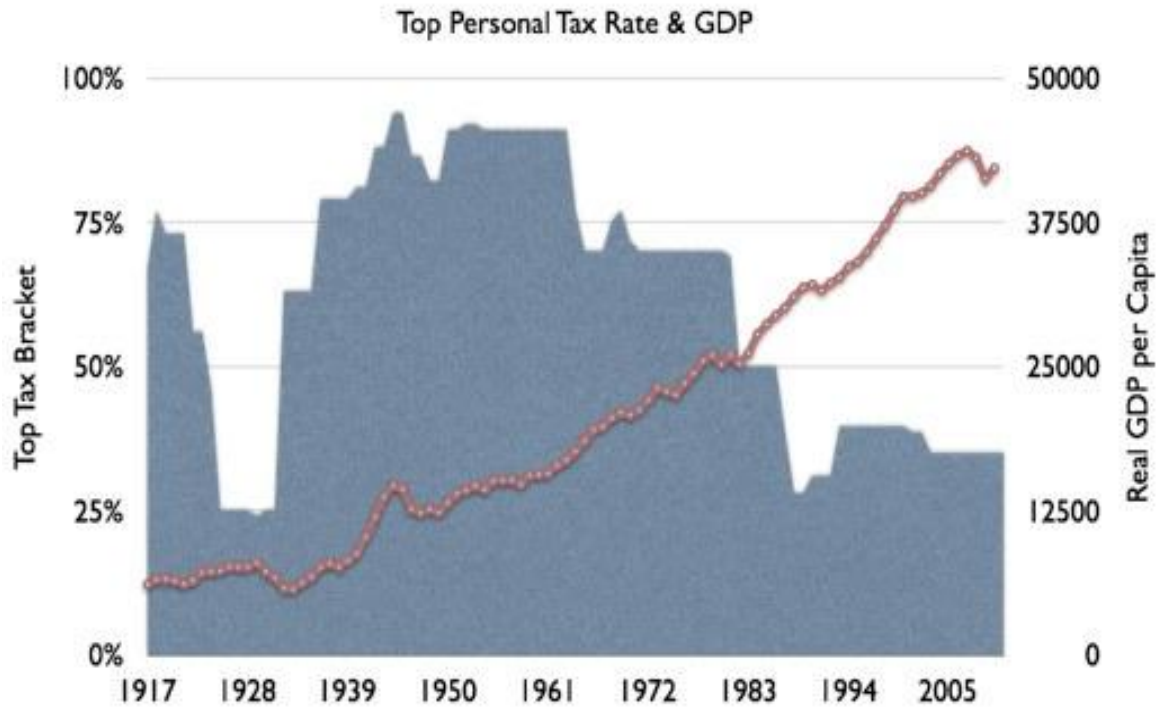
Conventional (BS) Rationale for Inequality

- (1) unique American skills drive us to greater economic heights
but, GDP/capita growth of U.S. and EU same over last 30 years
- (2) globalization
but, EU also in global economy
- (3) education/training/skills/smarts
but, EU has same basic training and education
- (4) technology revolution
but, EU exposed to same technology

Plus – none of these make sense differentiating between those in the 99% to 99.5% and those in the 99.9%



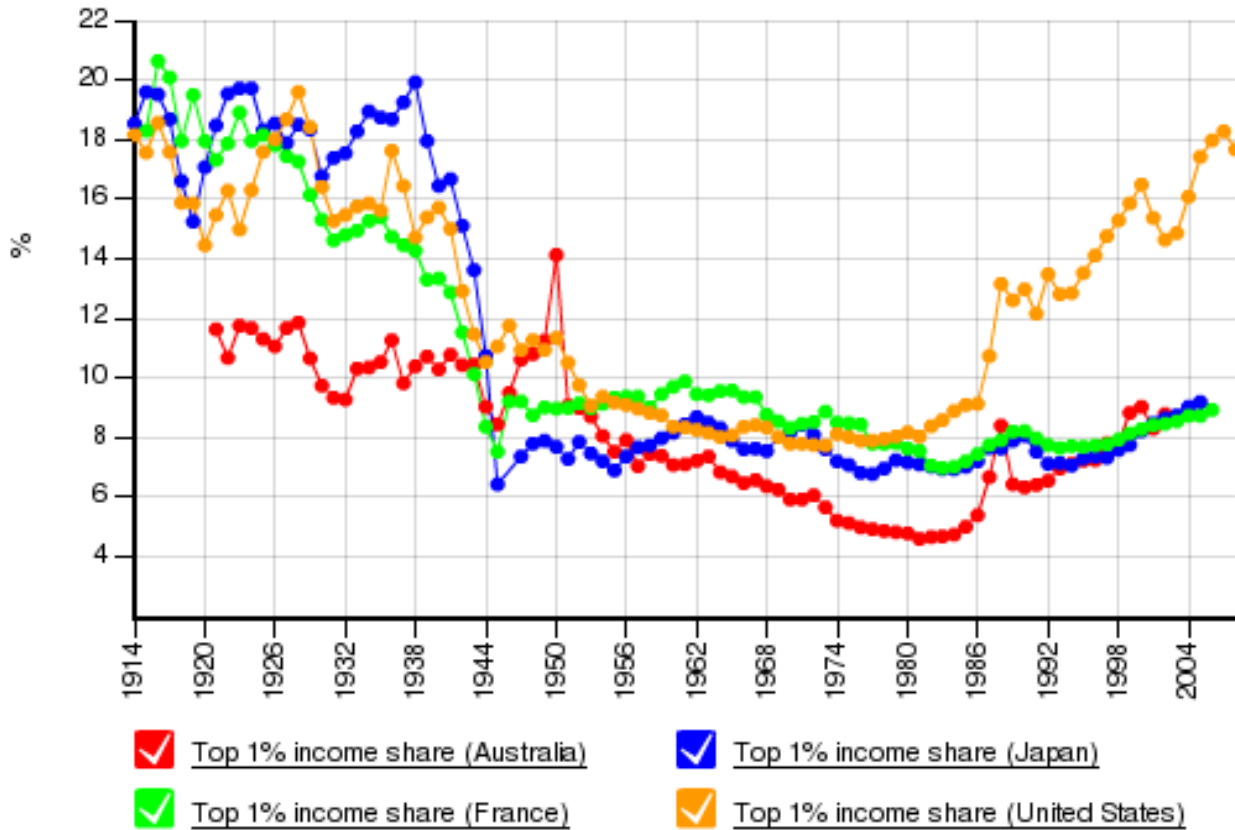
No reduction in investment for higher capital gains rates



No reduction in investment for higher individual tax rates

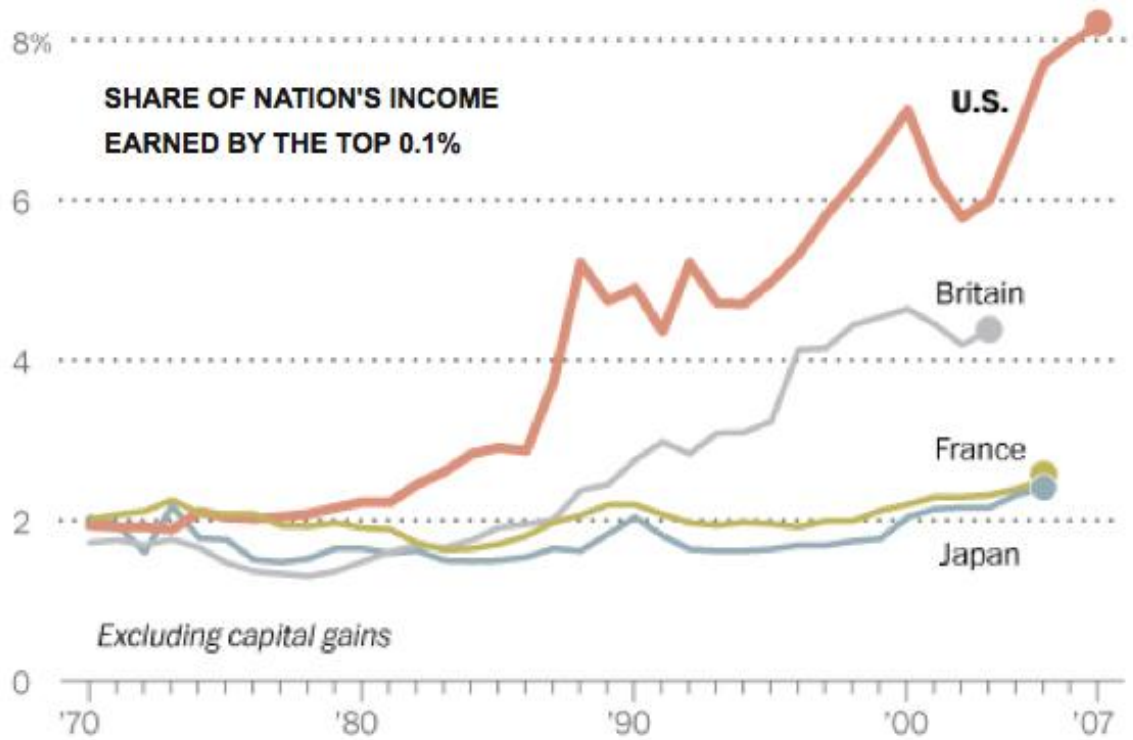
Top income shares. 1914-2008

Source: The World Top Incomes Database. <http://g-mond.parisschoolofeconomics.eu/topincomes>



Compared with other countries

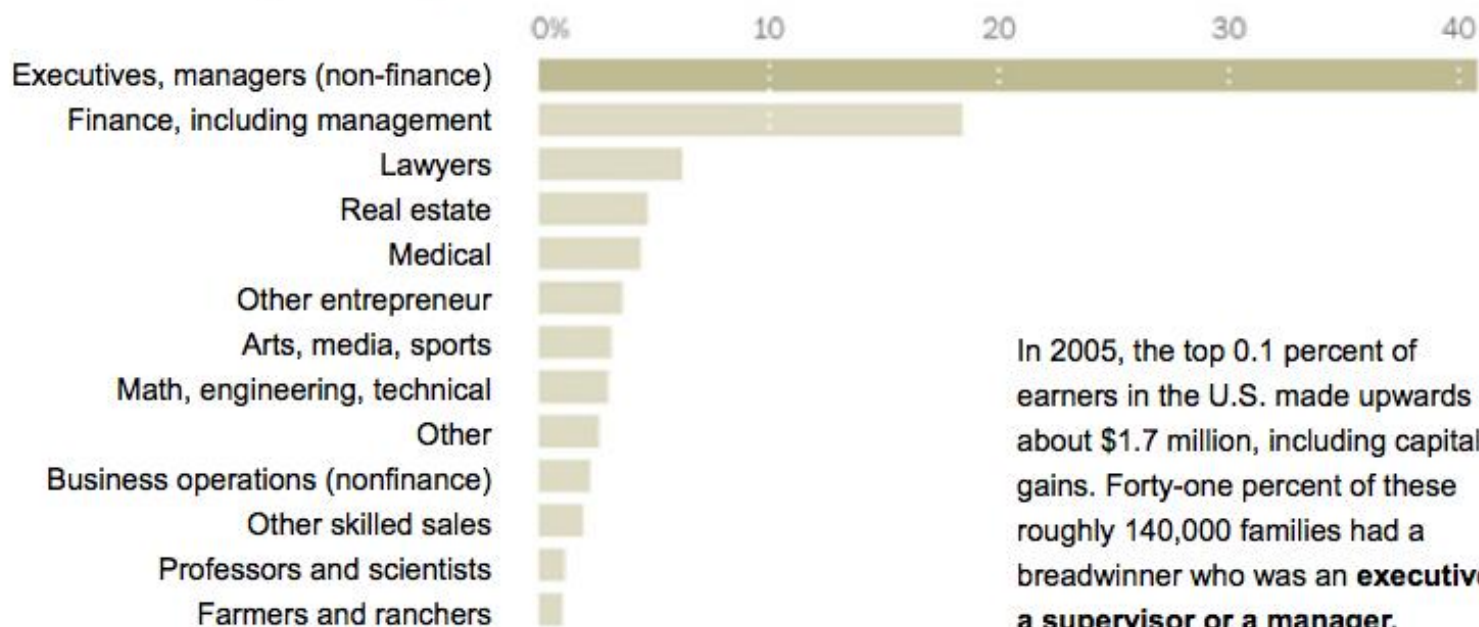
Although the gap between the top earners and everyone else has risen in several other nations, the growth has been more pronounced in the United States.



*Based on the salary, bonuses and stock options of the three highest-paid officers in the largest 50 firms. ** Calculated from Bureau of Economic Analysis data. NOTE: All figures have been adjusted for inflation.

SOURCES: The World Top Incomes Database and reports by Jon Bakija, Williams College; Adam Cole, U.S. Department of Treasury; Bradley T. Heim, Indiana University; Carola Frydman, MIT Sloan School of Management and NBER; Raven E. Molloy, Federal Reserve Board of Governors; Thomas Piketty, Ehes, Paris; Emmanuel Saez, UC Berkeley and NBER. GRAPHIC: Alicia Parlapiano - The Washington Post. Published June 18, 2011.

Who makes up the top 0.1%?



In 2005, the top 0.1 percent of earners in the U.S. made upwards of about \$1.7 million, including capital gains. Forty-one percent of these roughly 140,000 families had a breadwinner who was an **executive, a supervisor or a manager.**

*Based on the salary, bonuses and stock options of the three highest-paid officers in the largest 50 firms. ** Calculated from Bureau of Economic Analysis data. NOTE: All figures have been adjusted for inflation.

SOURCES: The World Top Incomes Database and reports by Jon Bakija, Williams College; Adam Cole, U.S. Department of Treasury; Bradley T. Heim, Indiana University; Carola Frydman, MIT Sloan School of Management and NBER; Raven E. Molloy, Federal Reserve Board of Governors; Thomas Piketty, EHEC, Paris; Emmanuel Saez, UC Berkeley and NBER.
 GRAPHIC: Alicia Parlapiano - The Washington Post. Published June 18, 2011.

We're ALL Paying for the Benefits Enjoyed by the Wealthy

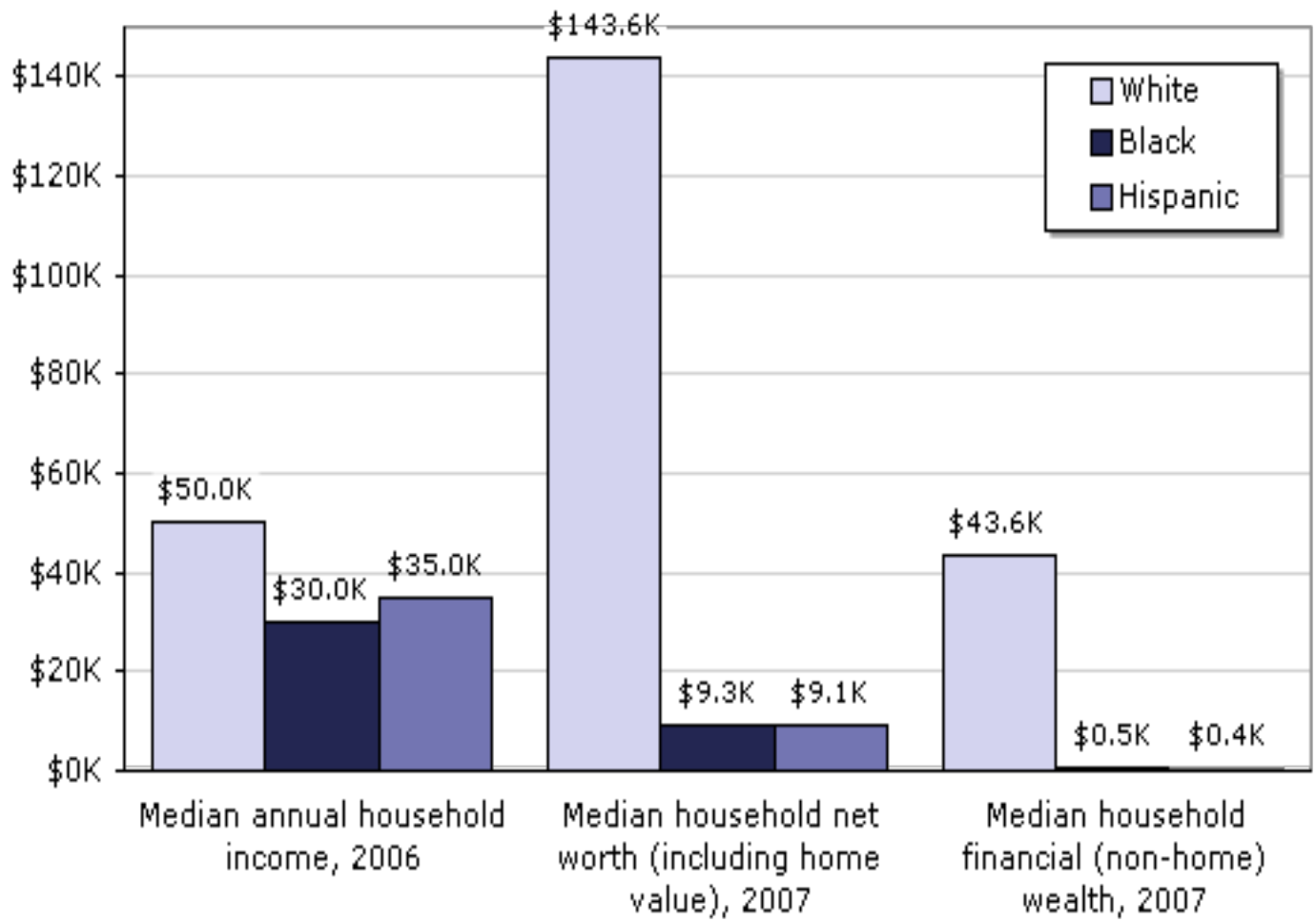
	<u>'Richistan'</u>	<u>'Broadland'</u>	<u>Delta</u>
Bottom fifth	\$16,500	\$22,366	+\$5,866
Second fifth	\$35,400	\$45,181	+\$9,781
Third fifth	\$52,100	\$64,393	+\$12,295
Fourth fifth	\$73,800	\$84,209	+\$10,409
80 th - 90 th percentile	\$100,915	\$106,696	+\$5,781
90 th - 95 th percentile	\$132,258	\$128,714	-\$3,544
95 th - 99 th percentile	\$211,768	\$181,992	-\$29,776
Top 1 percent	\$1,200,300	\$506,002	-\$694,298

'Richistan' = status quo 'Broadland' = equal growth (since 1980)

Source: The Winner-Take-All Economy (chapter) in Winner-Take-All Politics (book)

INCOME GROUP	TOTAL LOSS/GAIN IN ANNUAL INCOME*	AVERAGE LOSS/GAIN PER HOUSEHOLD PER YEAR*
TOP 1%	\$673 billion more	\$597,241 more
96-99	\$140 billion more	\$29,895 more
91-95	\$29 billion more	\$4,912 more
81-90	\$43 billion less	\$3,733 less
61-80	\$194 billion less	\$8,598 less
41-60	\$224 billion less	\$10,100 less
21-40	\$189 billion less	\$8,582 less
BOTTOM 20%	\$136 billion less	\$5,623 less

* Compared to what incomes would have been had all income groups seen the same growth rate in 1979-2005 as they did during previous decades.
Source: Jacob Hacker, Yale University; Paul Pierson, UC-Berkeley



Medicare

Real Cost Per Beneficiary, 1969=100

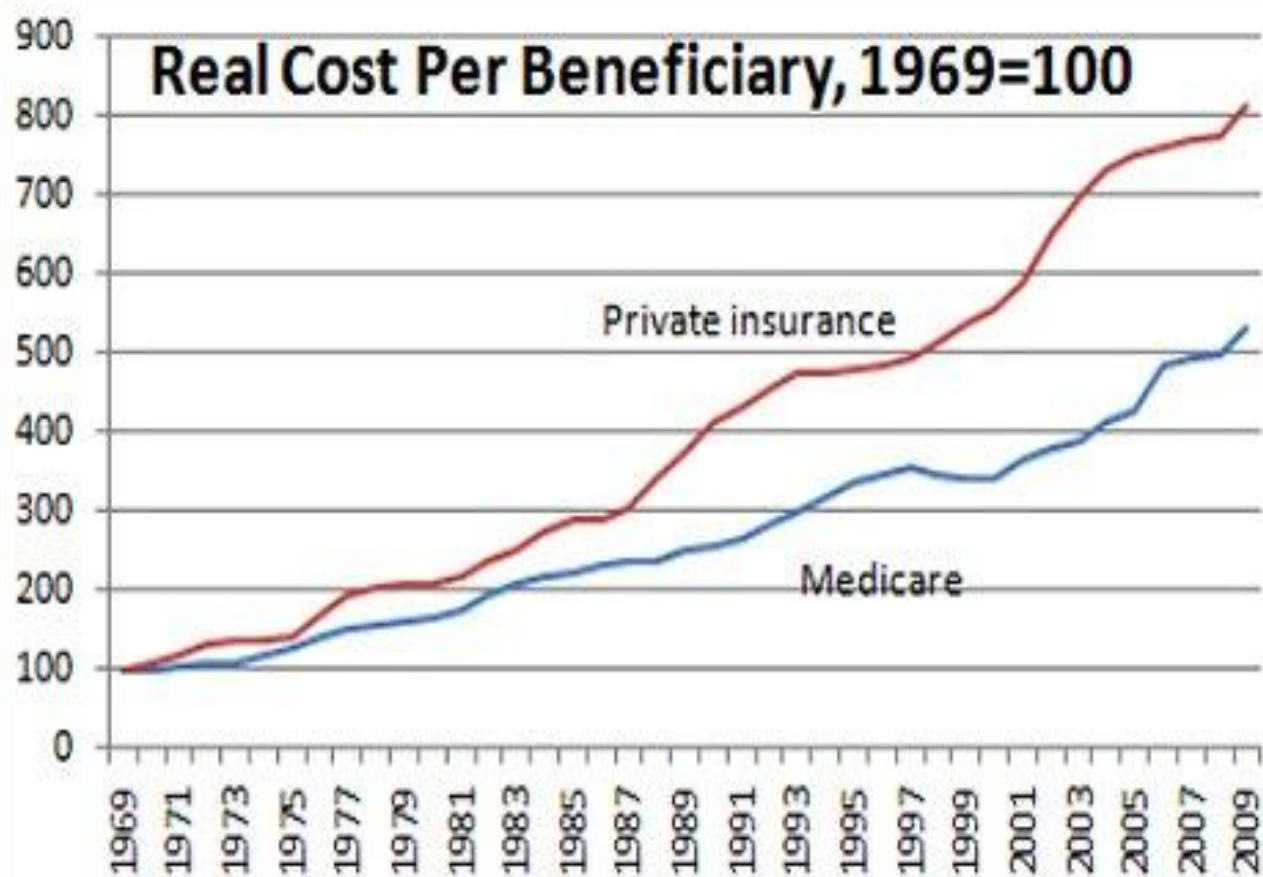
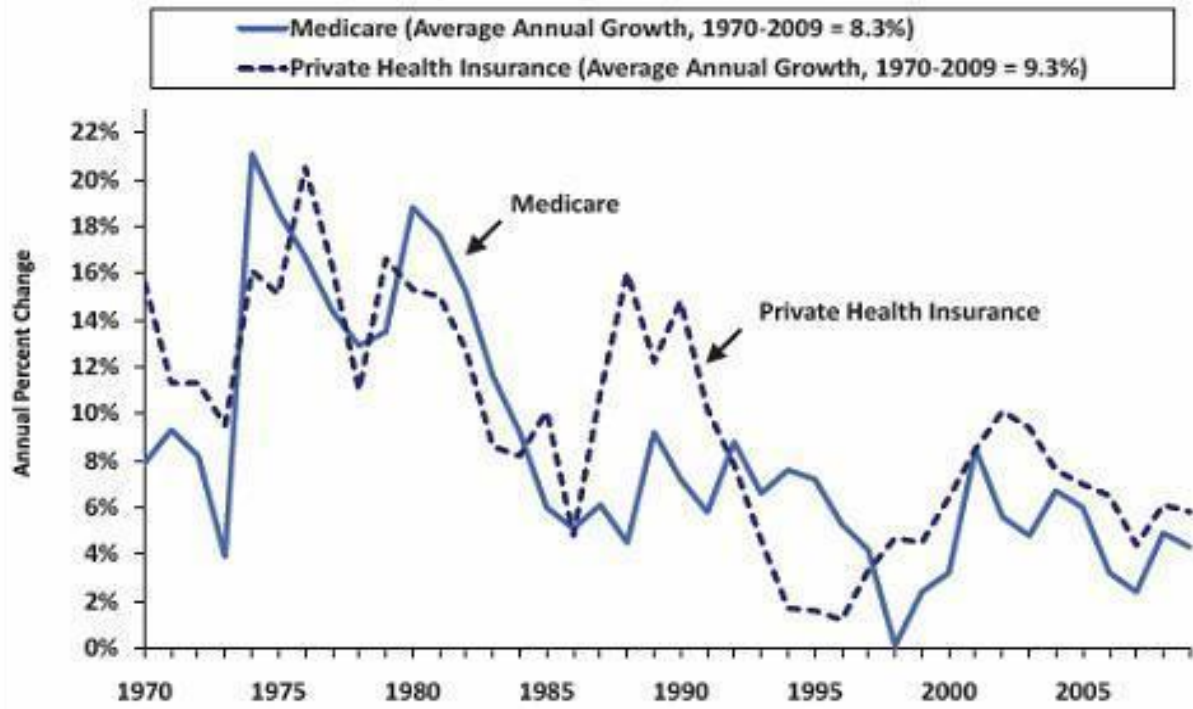


Exhibit 5
Annual Change in Medicare and Private Health Insurance Spending, 1970-2009



SOURCE: Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group, 2011.

WE ARE THE 99%

