LAFFER ASSOCIATES
Supply-Side Investment Research
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10-yr T-Note: 4.16%	DJIA: 10,557.39	NASDAQ: 2,144.11	S&P 500: 1,223.29	S&P 500 Undervalued: 78.4%

INCOME DISTRIBUTION: STAGNANT OR MOBILE?

By Bruce Bartlett[1]

Introduction
In recent months, the mainstream media have suddenly taken an extraordinary interest in the distribution of income and wealth. *The New York Times* and *Wall Street Journal* launched multi-part series on the subject, and the *Los Angeles Times*, *Christian Science Monitor* and *Business Week* chimed in as well.

The conclusion of all these reports is the same: the rich are getting richer than ever and the chances are falling that anyone not born into wealth will ever achieve it. Sometimes explicitly and sometimes as subtext, it is asserted that the Bush tax cuts have worsened the distribution of income and made the non-rich worse off.

We have been through all of this before. In the 1980s and early 1990s, there was a concerted effort by liberal interest groups, like Citizens for Tax Justice and the Center on Budget and Policy Priorities, and their willing accomplices in the media to paint Ronald Reagan's tax cuts as responsible for increasing income and wealth inequality. This effort reached a peak in 1992 and was partially responsible for the defeat of George H.W. Bush.

During the Clinton years, little was heard of growing inequality, even though all the same trends that had so alarmed liberals in the 1980s actually accelerated despite a major tax increase on the rich in 1993. Now with another Republican in the White House, it is time to turn the inequality machine back on.

I believe that the timing is geared toward two things. First is to head off a final vote on abolition of the estate tax, which will come up in the Senate this summer. (Permanent repeal has already cleared the House of Representatives.) Second is to give Democrats an issue to run on in 2006 and 2008.

The problem for the Democrats is that the American people don't believe in class warfare. They don't hate the rich because they are rich. On the contrary, they want nothing more than to emulate them. And many Americans believe that they have a good shot at joining the ranks of the rich. The data confirm that such hopes and expectations are not unrealistic.

The data presented in the *Times* and *Journal* series are selective and that which contradicts their thesis is ignored. The purpose of this report is to bring together some of the data and studies that give a different and more optimistic picture of income and wealth distribution in America today.

The data show that although income distribution has indeed become more unequal, the real standard of living of all income groups has risen and there is a high degree of mobility both up and down the income ladder. As a consequence, most people believe that their living standard has improved, large percentages believe they are living better than their parents and also that they have a good shot at becoming rich themselves. For this reason, they consistently reject policies like the estate tax that are designed solely to soak the rich.[2]

Basic Distribution Data
The principal income distribution data are presented in Table 1. These data come from the Census Bureau's Current Population Survey and are updated annually for the previous year each fall. The latest data are for 2003 and show the bottom quintile (20%) of households receiving 3.4% of aggregate income, compared with 49.8% for the top quintile and 21.4% for just the top 5% of households.

Over time, the share going to the bottom quintile has fallen and the share going to the top quintile has risen.[3] However, these figures need to be interpreted with caution.

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[1]Bruce Bartlett is a senior fellow with the National Center for Policy Analysis.

[2]As Bill Clinton's pollster, Mark Penn, put it, "The more government tries to monkey with income distribution, the more people dislike it." Quoted in Pearlstein (2001). Bartels (2005) argues that voters are basically irrational for supporting tax cuts for the rich and opposing soak the rich policies. This is what passes for sophistication in academia these days.

[3]One reason is that there are more two-income families. See Chase (1975), and Furchtgott-Roth (1995). Another is the aging of the population, putting an increasing percentage in their peak earning years. See Paglin (1975).

First, the data are for pretax money income only. Thus, they exclude the effect of taxes and in-kind government transfers such as housing subsidies and food stamps. Table 2 shows that the effect of including these factors significantly raises the share of income going to those in the bottom three quintiles and reduces the share going to the top two quintiles.[4] In short, the official data shown in Table 1 exclude much of what we do as a society to equalize the distribution of income, making the poor appear poorer than they are and making the rich appear richer than they are.

Second, the focus on income shares tends to lead people to assume that the economic pie is fixed, so that the gains of the rich necessarily make the poor worse off. But as Table 3 illustrates, the real income of every income class has risen over time. For example, in 1967 the income share of the bottom quintile was 4.0% versus 3.4% in 2003. But the average real income of households in that quintile has risen by 32% since 1967 despite their falling share of aggregate income.

Obviously, the reason for this is that real aggregate income has risen markedly over time, improving the standard of living of all Americans. In other words, the pie is bigger. The best summary measure is the median household income—the income level at which exactly half the people are above and half are below. This figure has risen by 30% in real terms since 1967.

Another factor that is often overlooked is that while there are the same number of households in each quintile, there aren't the same number of people per household in each quintile. There are, in fact, considerably more individuals in the top quintile, because there are more intact families with children in the top quintile and many single-person households in the bottom. In 2002, 24.6% of the total population was in the top quintile, versus 14.3% in the bottom. When the quintiles are adjusted to put the same number of people (not households) in each quintile, the bottom quintile's share of total income rises to 9.4% and the top quintile's share falls to 39.6%.[5]

Another way of looking at the data is shown in Table 4, which shows the percentage of households by income classes defined by fixed dollar amounts adjusted for inflation. From time to time, reporters will look only at the middle column and conclude that the middle class is disappearing because the percentage of households with an income between $25,000 and $75,000 has fallen.[6] They simply assume that it is because more of such people have become poor.

These reporters make two mistakes. First is not always realizing that the figures are adjusted for inflation. Second is failing to note that the percentage of households with a lower class income (under $25,000) has also fallen. In 1967, 36.6% of households made less than $25,000 (in 2003 dollars). In 2003, only 29% fell into this category. In short, the only reason why there are fewer people making between $25,000 and $75,000 is because more of them are rich. In the aggregate, the percentage of the population with an income under $75,000 fell from 91.8% in 1967 to 73.9% in 2003.

To see how clearly this is good news, imagine how wonderful it would be if the percentage of those making less than $75,000 was zero. It would mean that 100% of the population was making more than that. Therefore, it is unambiguously positive that the percentage of households making more than $75,000 has risen from 8.2% in 1967 to 26.1% in 2003.

Another failing of the standard Census data is that they exclude wealth. This is important because many people in the bottom quintile may be retired, with low incomes but substantial assets and often living in a home that they may own free and clear with no mortgage.[7] It also includes people who may temporarily have a low income, because of a job loss or other short-term setback, and may be borrowing or selling assets to maintain consumption at their permanent income level. Such people are not really poor in any meaningful sense.

This point is illustrated in Table 5, which shows that the consumption of those in the bottom quintile greatly exceeds their cash income. By contrast, the expenditures of those in the top quintile are well below their income because they are saving and investing, thereby adding to the national seed corn, so to speak. This saving and investment will raise productivity and wages in the long run, thus benefiting society as a whole. If the rich didn't save so much, we would all be poorer.

Table 5 also makes the point that consumption is far more equal than income. The ratio of income between the top and bottom quintiles is 15.5 to one, but the ratio of consumption is just 4.4 to one. Insofar as consumption defines our standard of living, there is clearly much more equality than is evident only from the income data.[8]

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[4]The Census Bureau has just issued updated data for 2002 and 2003 on alternative income measures, but has changed the way they are configured so that Table 2 cannot be updated. See Census Bureau (2005). Browning (1991) argues that the Census valuation method underestimates the true value of in-kind benefits. See also Fitzgerald and Maloney (1990).

[5]Rector & Hederman (2004: 9). It should also be noted that the size of the average household has fallen over time, from 2.78 people per household in 1978 to 2.57 people in 2003.

[6]See, for example, Cleeland (2004), and Egan (2004).

[7]See Weicher (1999). According to Census Bureau (2003a), 38 percent of those in the bottom quintile were over age 65. This same study reports that the median net worth of married couple households over age 65 was $173,950 in 2000.

[8]In recent years, a considerable amount of research has focused on the distribution of consumption, rather than income. The effect is to greatly reduce measures of poverty and inequality. See especially the work of economist Daniel Slesnick.

It should also be noted that the material well-being of even those officially classified as poor is in some respects better than the rich of an earlier era and of most middle class Europeans today.[9] For example, according to the Census Bureau, of those living in the lowest decile (10%) of households, 91% own color televisions, 74% own microwave ovens, 55% own video cassette recorders, 42% own stereos, and 21% own computers.[10] A recent Swedish study found that the average European only lived about as well as the residents of America's poorest state, Mississippi.[11]

Class in America

Despite the best efforts of liberals to incite class warfare in the 1980s, they never had much success. Poor people didn't seem to be particularly outraged by the great wealth of the Warren Buffetts and Bill Gateses of the world. Rather than punish them, most people wanted instead to emulate them.

In traditional European society, where wealth historically was based on land that was mostly owned by titled aristocrats, there was virtually no hope of rising above one's station at birth. According to economist Angus Maddison, the rate of growth of real per capita GDP was just 0.13% per year from the birth of Christ to 1820 in Europe. During that whole long period, real per capita GDP only went up 2½ times.[12] Consequently, century after century, the vast majority of people necessarily lived in the same social and economic class to which all their parents and ancestors had been born.[13]

But all this began to change with the Industrial Revolution and incomes started to rise sharply—seven times faster than their historical rate between 1820 and 1870, according to Maddison, which almost doubled per capita GDP during that 50-year span. Suddenly, there were opportunities for smart, entrepreneurially-minded people to make fortunes without having to own vast amounts of land. Manufacturing became the new basis for wealth and it was open to anyone with ambition, even if they were born without a title in front of their name.

The aristocrats responded by putting down the industrialists and entrepreneurs as *nouveau riche*. Such people might have money, but they had no class, the aristocrats charged. Unfortunately, this still happens and access is denied to the newly rich by institutions like country clubs that are controlled by those with "old money," which is always portrayed as superior in some way. In places like Palm Beach, it may still confer status to have inherited one's wealth, rather than having earned it oneself.[14] But most Americans have far more respect for those who create wealth than for *rentiers*.

Observers of America like Alexis de Tocqueville have long noted the essential classlessness of American society in contrast to Europe.[15] A key reason is the great mobility of income and wealth. De Tocqueville's mid-19th century observation is still valid today:

> *It is not that in the United States, as everywhere, there are no rich; indeed I know no other country where love of money has such a grip on men's hearts or where stronger scorn is expressed for the theory of permanent equality of property. But wealth circulates there with incredible rapidity, and experience shows that two successive generations seldom enjoy its favors.*[16]

Even Karl Marx recognized that America was an unusually mobile society, which made the soil unfertile for revolution. Said Marx, "The function of a wages labourer is for a very large part of the American people but a probational state, which they are sure to leave within a longer or shorter term."[17]

Recognizing that mobility undermines their efforts to incite class warfare, liberals have lately taken to saying that mobility may have been high in the 19th century, but it is much less so today.[18] They also argue that mobility has fallen especially sharply over the last generation. Typical is this over-the-top comment from *New York Times* columnist Bob Herbert:

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[9] Macaulay (1972: 70) made the same point regarding the impact of the Industrial Revolution. Writing in 1830, he said, "The advice and medicine which the poorest labourers can now obtain, in disease or after an accident, is far superior to what Henry the Eighth could have commanded."

[10] Census Bureau (2003b). See also Rector, Johnson, and Youssef (1999).

[11] Bergström and Gidehag (2004). See also Bawer (2005).

[12] Maddison (2003: 262-263).

[13] Macculloch (2005) points out that people will tolerate a high degree of income inequality if their standard of living is rising, but will turn to revolution when there is both inequality and slow growth.

[14] See Frank (2005). Broadcaster Rush Limbaugh, a *nouveau riche* Palm Beach resident, calls such people "the lucky sperm crowd."

[15] Alesina and Angeletos (2003) suggest that less economic mobility in Europe explains the greater popularity of income redistribution there than in the U.S. Yet, as Tanzi and Schuknecht (2000: 96) point out, the much heavier taxes and greater redistribution in Europe have done little to make the distribution of income more equal because the higher the level of taxation the less progressive it tends to be, and the higher spending is the less well it is targeted.

[16] Tocqueville (1966: 54).

[17] Marx (1935: 59).

[18] See Ferrie (2005).

> *Put the myth of the American Dream aside. The bottom line is that it's becoming increasingly difficult for working Americans to move up in class. The rich are freezing nearly everybody else in place, and sprinting off with the nation's bounty.*[19]

Not surprisingly, Herbert offered no evidence in support of his conclusion except his own paper's series on inequality. However, a careful examination of the available data shows no evidence of a decline in mobility since the 1960s and the level of mobility remains very high.

Before examining the available data, it should be noted that to really calculate mobility, one needs access to data on the same specific individuals and families over time. The annual Census data tell us nothing about mobility because they are just snapshots of income at a moment in time. The principal source of mobility data is the Panel Study on Income Dynamics (PSID) at the University of Michigan, which has been tracking several thousand families since the 1960s. The second major source is a special Census program started in the 1980s called the Survey of Income and Program Participation (SIPP).[20]

The first longitudinal study based on PSID data was published in 1984 and appears in Table 6. It shows that between 1971 and 1978, 44.5% of those in the lowest quintile the first year had risen to a higher quintile seven years later. Twenty two percent were now in the second quintile, 9.5% were in the middle quintile, 7% were in the fourth quintile, and 6% had risen all the way to the top quintile.

Conversely, 51.5% of those in the top quintile fell to a lower quintile. Mobility, after all, must work in both directions. More than 29% fell to the fourth quintile, 14% were now in the middle quintile, 4.5% dropped to the second quintile, and 3.5% now found themselves in the bottom quintile.

The Wall Street Journal editorial page immediately recognized that these data were "explosive." They completely destroyed the implicit liberal argument that the same people were in the top or bottom quintiles year after year. Were this the case, it would be hard not to support governmental efforts to redistribute income. But since we now had hard evidence that this was not the case, the logic of redistribution collapsed. Said the *Journal*:

> *Therein lies the justification for free enterprise as a whole. Under what other system do we see families so unequal at the start leaping up and crashing down, reflecting varying drives and talents? This is equality, not of result, but of opportunity.*[21]

In 1989, the first mobility data from SIPP became available and appear in Table 7. Over just a one-year period from 1984 to 1985, a remarkable 18.2% of those in the bottom quintile had risen to a higher one, and 19.5% of those in the top quintile had fallen to a lower one. Subsequent studies in 1990 (data for 1985-86) and 1991 (for 1987-88), confirmed that even over a single year, there is a considerable amount of income mobility.[22] Commenting on the first three years of Census mobility data in 1991, I had this to say in a *Wall Street Journal* article:

> *This dynamic movement by people up and down the income scale explains why the American people have never sympathized with class warfare. They know instinctively that those who are on top today could easily be down and out tomorrow, and that a little luck and hard work can turn today's poor into tomorrow's rich.*[23]

Political Class Warfare

Nevertheless, the income distribution issue heated up going into the 1992 presidential election. A particularly inflammatory contribution appeared in the *New York Times* on March 5, 1992. Based on research by then-MIT economist Paul Krugman, *Times* reporter Sylvia Nasar made an astonishing claim in a major front-page article. Said Nasar:

> *An outsized 60 percent of the growth in after-tax income of all American families between 1977 and 1989—and an even heftier three-fourths of the gain in pretax income—went to the wealthiest 660,000 families, each of which had an annual income of at least $310,000 a year, for a household of four.*
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> *While total income for all 66 million American families expanded by about $740 billion in inflation-adjusted dollars during the Carter-Reagan years, the slice belonging to the top 1 percent grew to 13 percent of all family income, up from 9 percent.*[24]

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[19] Herbert (2005). See also Kinsley (2005).

[20] I should note that I was randomly chosen by the Census Bureau to participate in the SIPP program for several years in the mid-1990s, so my finances during that period are included in the data.

[21] *Wall Street Journal* (1984).

[22] Census Bureau (1990, 1991).

[23] Bartlett (1991).

Had the top 1% of families actually gotten 75% of the aggregate gain in pretax income over a 12-year period, it would indeed have been big news. With the remaining 99% of families dividing up just 25% of the total gain, the vast majority would certainly have seen a decline in their living standards over this period.

In fact, the data were completely wrong, as the data in Table 3 make clear. Although those in the top quintile did especially well between 1977 and 1989, the average real income of every quintile rose over that period. Those in the bottom quintile saw an increase of 6.9% and the median income went up 13.9%. Such results would be impossible if the *Times* report was correct.

Krugman said that his analysis was based on Congressional Budget Office data.[25] His results came partially from the peculiar way CBO calculated income that differed greatly from standard Census Bureau methods.[26] In any case, a Treasury Department effort to replicate Krugman's results from this source was unsuccessful.[27] The CBO itself also found significant errors in Krugman's calculations.[28]

Krugman himself made repeated efforts to explain himself that only succeeded in raising new questions about his methodology. An analysis by the Council of Economic Advisers found that Krugman's methods simply made no sense at all, despite Krugman's own corrections to his original calculations reported in the *New York Times*.[29]

All of this could be chalked up to the sort of angels-on-the-head-of-a-pin debate so beloved of academics if it hadn't had important political implications. The March 5 *New York Times* article had a major impact on Bill Clinton's campaign strategy, causing him to ratchet up his attacks on George H.W. Bush for worsening the distribution of income. Here is what another article by Sylvia Nasar had to say about the fallout from her own report:

> *Governor Clinton, the likely Democratic presidential nominee, had been searching for months for facts to illustrate his claim that America's middle class benefited little from 12 years of Republican rule. The explosion of riches at the top struck him as a perfect vehicle. Not only did the widening gap between the rich and the rest of Americans conflict with traditional notions of democracy, but it also went right to the pocketbook sources of middle-class discontent.*
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> *"He was reading the paper that morning and went crazy," said Dee Dee Myers, the campaign's press secretary, referring to a New York Times article in March that reported on the wildly disproportionate gains of the top 1 percent. "The story proved a point he had been trying to make for months, so he added the statistic to his repertoire."*
>
> *"The L.A. riots underscore the problem," she added.*[30]

Only subsequently was it learned that all this debate was based on a reportorial mistake. It turned out that the early edition of the *New York Times* available in Washington and seen by Bill Clinton and me was incorrect. The final version distributed in New York City was changed in significant ways. If one now goes to the *New York Times* archives and calls up the March 5 article, this is how it reads, with changes in bold caps:

> *An outsized 60 percent of the growth in* ***THE AVERAGE*** *after-tax income of all American families between 1977 and 1989—and an even heftier three-fourths of the gain in* ***AVERAGE*** *pretax income—went to the wealthiest 660,000 families, each of which had an annual income of at least $310,000 a year, for a household of four.*
>
> *While* ***THE NUMBER OF AMERICAN FAMILIES GREW FROM 52 MILLION TO 66 MILLION AND TOTAL INCOME EXPANDED BY $583 BILLION*** *inflation-adjusted dollars during the Carter-Reagan years, the slice belonging to the top 1 percent grew* ***BY $190 BILLION, GIVING THEM*** *13 percent of all family income, up from 9 percent.*[31]

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[24]Nasar (1992a).
[25]Contained in House Ways and Means Committee (1991).
[26]See Joint Economic Committee Republican staff (1991), Roberts (1992), and Wall Street Journal (1992a).
[27]Greenlees (1992).
[28] Congressional Budget Office (1992).
[29]For Krugman's efforts to try and explain himself, see Krugman (1992a, 1992b, 1992c, 1992d). On the CEA critique, see Boskin (1992), and Wall Street Journal (1992b).
[30]Nasar (1992c).
[31]Nasar (1992b).

It turned out that Krugman and/or Nasar had thoroughly misread the data. The top 1% had not come close to getting three-fifths of the aggregate real income gain of the 1980s. What happened is that someone confused rates of change with absolute changes. The average real income of the top 1% may have risen 60% faster than for the rest of the population, but this doesn't mean they got 60% of the total income gain. There were too few of them for that possibly to have been the case.[32]

No correction ever appeared in the *Times*, despite efforts by Congressman Dick Armey (R-TX) and others to get one. The *Times* simply altered the article without ever acknowledging that it had made an error, even though it was apparent that people like Bill Clinton were repeatedly citing the incorrect original report on the campaign trail. According to former *Times* ombudsman Daniel Okrent, the practice of fixing a story without issuing a correction is sufficiently well known at the paper to have a term for it called "rowback."[33]

Unfortunately, the *Times* rowback of its March 5 report only became known long after the fact. After all, how often would one have any reason to compare the Washington edition and the New York edition of the same article the same day and notice something had changed?[34] To this day, how these changes came about and who made them is a mystery.

After the election of Bill Clinton, the *Times* lost interest in whether the rich were getting richer, even though the same trends that it found so alarming when Republicans were in the White House actually accelerated. Indeed, as Table 1 indicates, the rich got richer even faster on Clinton's watch than they had on Reagan's. The share of aggregate income going to the top 5% of households rose by 2.5% between 1980 and 1988, but increased by 3.5% from 1992 to 2000.

Indeed, by 1995 the *Times* was defending the ultra-rich against populist attacks. In an article for the *New York Times Magazine*, *Times* editorial writer Michael Weinstein even defended Michael Milken's $500 million paycheck in 1987. Weinstein also correctly pointed out that confiscating the pay of every corporate CEO would do little to improve the distribution of income because there aren't enough CEO's to make a difference.[35]

Even Sylvia Nasar, author of the controversial 1992 article, appears to have had a change of heart. By 1999, she was celebrating wealth and offering sympathy for the 70-hour workweeks of rich investment bankers. A key reason is income mobility. Said Nasar, "Most ordinary Americans…seem to feel that, whatever has happened to the income distribution, opportunities abound—and not just for the rich."[36]

Income Mobility

Although the *New York Times* may have helped elect Bill Clinton by distorting the facts about income distribution, research continued to show a high degree of mobility in the U.S. In June 1992, the U.S. Treasury Department released a study based on tax records that are unavailable to private researchers. It looked at tax filers in 1979 and then compared the same filers in 1988. It found that 85.8% of those in the lowest quintile the first year were in a higher quintile in the second year, including 14.7% who rose all the way to the top quintile. The data appear in Table 8.

Although the Treasury study was criticized because it wasn't adjusted for age, family size and other factors, the liberal Urban Institute essentially confirmed the results almost immediately. Utilizing the PSID database, it again found a large degree of mobility, with about half of households rising up out of the bottom quintile and the same percentage falling from the top quintile in the 1970s and 1980s. The data appear in Table 9.

Even more importantly, the Urban Institute study totally contradicted the Krugman/*New York Times* argument that only the rich benefited from economic growth in the 1970s and 1980s. It found that those in the bottom quintile achieved the largest real income gains and those in the top quintile obtained the smallest gains. The former saw income growth of 72% from 1967 to 1976 and 77% from 1977 to 1986, while the latter saw gains of just 6% and 5%, respectively. The data appear in Table 10.

Subsequent research continues to show income mobility on the same order of magnitude as earlier studies. These data appear in Tables 11 through 18. Basically, they show that over the course of a decade about half of people move down the income scale and half move up. There is no evidence that this trend is deteriorating.

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[32] Suppose that aggregate income is $100 and the top 1% get 10% of it or $10. Now suppose that the income of the bottom 99% rises 10% and the top 1% sees its income rise 60% faster or 16%. The aggregate income has risen to $110.60. Of the $10.60 increase in total income, the top 1% got $1.60 or 15% and the bottom 99% got $9 or 85%.

[33] Okrent (2004).

[34] I did not discover this discrepancy myself, but cannot give credit because I don't remember who did.

[35] Weinstein (1995).

[36] Nasar (1999). Perhaps Miss Nasar's changed view was the result of having become rich herself as author of the best-selling book, *A Beautiful Mind*, which was made into an Academy Award-winning movie.

Contrary to the view presented in recent newspaper reports, there is no reason to believe that the rate of mobility should rise infinitely over time.[37] If it did, then eventually the distribution of income would be purely random. To complain that the rate is not higher today than it was in the past is akin to complaining that baseball batting averages aren't higher today than a generation ago. There is no reason to think they should be any higher.

Lastly, it should be noted that wealth mobility is of a similar order of magnitude to income mobility. Over a 10-year period, about 40% of those in the top decile move down and 60% of those in the bottom decile move up. The available data appear in Tables 19 and 20.

Conclusion

At the risk of beating the issue to death, this study has presented data from every study I could find that measured income or wealth mobility over the last two decades. I have presented comprehensive data because the issue of mobility seems to be controversial, with unusually strenuous efforts by some of our major newspapers to prove that mobility is falling. But there is simply no evidence in the data or most academic studies showing this to be the case.

However, the strongest data against the stagnation thesis comes from polling. At the end of the day, what really matters is not some economist's opinion, but peoples' perceptions of their own economic status. In short, if people believe that their economic fortunes are improving, then they are. In this case, perception is reality.

Table 21 presents survey data from 1964 to 2005 in which people were asked what economic class they grew up in or lived in as a child and what class they belonged to today. The data consistently show that a high percentage of people lived in a higher income class than the one that their parents lived in.[38] And the latest data report the strongest improvement, with 20% fewer people living in the lower or working classes today compared to their childhood, and 20% more people living in the middle or upper middle classes. There has been no change in the percentage of people living in the upper class.

Table 22 presents data on what people said when they were asked about their own chances of becoming rich. Contrary to the impression conveyed by the *New York Times* and other recent media reports, an overwhelming 80% of people believe it is possible, up from 57% in 1983.

I don't know why there is such a concerted effort to discredit the idea of mobility lately or to play up the existence of income and wealth inequality. When last we saw such a campaign in the mainstream media, it was clearly driven by an effort to discredit Reagan's tax cuts and defeat George H.W. Bush. Today I suspect that the motive may be to rescue the estate tax, which Republicans have been working to abolish for some years. For technical reasons relating to Senate rules, permanent repeal could not be enacted in 2001 and the estate tax is eliminated only for the year 2010, reappearing the following year as if nothing had happened.

Earlier this year, the House of Representatives voted in favor of permanent repeal and a vote is expected in the Senate this summer. Since 60 votes will be necessary, the outcome will be close. The liberal strategy appears to be to try and keep the estate tax in some form, even if it means sharply raising the exempt amount and cutting estate tax rates.[39] Liberals know that it will be much easier to raise estate taxes in the future if the tax remains in effect in some form. It will be much harder to reinstate if it is abolished permanently.

A secondary reason is to begin to lay the groundwork for 2008, giving the Democratic candidate an issue to run on that was successful once before. Although the American people are not as susceptible to being swayed by class warfare as Europeans, they can be influenced by a sustained liberal campaign and an inadequate conservative response, as was the case in 1992.

[37]The work of economist Bhashkar Mazumder is often cited to the effect that intergenerational income mobility is falling. However, there is a considerable amount of academic research showing that this is not the case. See Burkhauser, Houtenville, Rovba and Couch (forthcoming); Charles and Hurst (2003); Fertig (2003-2004); and Waldkirch, Ng and Cox (2004).

[38]Easterlin, Schaeffer and Macunovich (1993), and Sabelhaus and Manchester (1995) show that Baby Boomers are indeed better off than their parents. It's worth mentioning that studies have long shown that lifetime income is much more equal than annual income. See Fullerton and Rogers (1993), and Sabelhaus (1993).

[39]See Collins (2005).

Table 1
Shares of Aggregate Household Income
(percent)

Year	Quintile					Top 5%
	Lowest	Second	Middle	Fourth	Highest	
1967	4.0	10.8	17.3	24.2	43.8	17.5
1968	4.2	11.1	17.5	24.4	42.8	16.6
1969	4.1	10.9	17.5	24.4	43.0	16.6
1970	4.1	10.8	17.4	24.5	43.3	16.6
1971	4.1	10.6	17.3	24.5	43.5	16.7
1972	4.1	10.5	17.1	24.5	43.9	17.0
1973	4.2	10.5	17.1	24.6	43.6	16.6
1974	4.4	10.6	17.1	24.7	43.1	15.9
1975	4.4	10.5	17.1	24.8	43.2	15.9
1976	4.4	10.4	17.1	24.8	43.3	16.0
1977	4.4	10.3	17.0	24.8	43.6	16.1
1978	4.3	10.3	16.9	24.8	43.7	16.2
1979	4.2	10.3	16.9	24.7	44.0	16.4
1980	4.3	10.3	16.9	24.9	43.7	15.8
1981	4.2	10.2	16.8	25.0	43.8	15.6
1982	4.1	10.1	16.6	24.7	44.5	16.2
1983	4.1	10.0	16.5	24.7	44.7	16.4
1984	4.1	9.9	16.4	24.7	44.9	16.5
1985	4.0	9.7	16.3	24.6	45.3	17.0
1986	3.9	9.7	16.2	24.5	45.7	17.5
1987	3.8	9.6	16.1	24.3	46.2	18.2
1988	3.8	9.6	16.0	24.3	46.3	18.3
1989	3.8	9.5	15.8	24.0	46.8	18.9
1990	3.9	9.6	15.9	24.0	46.6	18.6
1991	3.8	9.6	15.9	24.2	46.5	18.1
1992	3.8	9.4	15.8	24.2	46.9	18.6
1993	3.6	9.0	15.1	23.5	48.9	21.0
1994	3.6	8.9	15.0	23.4	49.1	21.2
1995	3.7	9.1	15.2	23.3	48.9	21.0
1996	3.7	9.0	15.1	23.3	49.0	21.4
1997	3.6	8.9	15.0	23.2	49.4	21.7
1998	3.6	9.0	15.0	23.2	49.2	21.4
1999	3.6	8.9	14.9	23.2	49.4	21.5
2000	3.6	8.9	14.8	23.0	49.8	22.1
2001	3.5	8.7	14.6	23.0	50.1	22.4
2002	3.5	8.8	14.8	23.3	49.7	21.7
2003	3.4	8.7	14.8	23.4	49.8	21.4

Note: Pretax money income, excludes in-kind transfers.

Table 2
How Taxes and Transfers Affect Income Distribution:
Shares of Aggregate Household Income After Taxes and Transfers, 2001
(percent)

Definition of Income	Quintile				
	Lowest	Second	Middle	Fourth	Highest
Private Pretax Money Income	1.1	7.4	14.8	23.7	53.1
Plus Government Cash Transfers*	3.5	8.8	14.5	23.1	50.1
Including Taxes and Noncash Government Transfers	4.5	10.3	15.6	22.6	47.0

* Official Census income measure

Table 3
Real Mean Household Income By Quintile and Real Median Household Income
(2003 dollars)

Year	Quintile					Median Income
	Lowest	Second	Middle	Fourth	Highest	
1967	7,589	20,690	33,035	46,220	83,758	33,338
1968	8,221	21,728	34,459	48,074	84,193	34,746
1969	8,415	22,430	35,842	50,200	88,239	36,074
1970	8,324	22,134	35,643	50,245	88,961	35,832
1971	8,351	21,719	35,216	50,064	88,709	35,463
1972	8,826	22,476	36,679	52,654	94,531	36,953
1973	9,210	22,831	37,305	53,630	95,113	37,700
1974	9,499	22,754	36,566	52,800	92,212	36,537
1975	9,143	21,709	35,520	51,582	89,829	35,559
1976	9,342	22,173	36,372	52,785	92,112	36,155
1977	9,411	22,212	36,625	53,628	94,009	36,359
1978	9,778	23,405	38,554	56,457	99,637	38,693
1979	9,659	23,529	38,729	56,804	100,938	38,649
1980	9,479	22,876	37,652	55,439	97,376	37,447
1981	9,348	22,400	36,998	55,111	96,533	36,868
1982	9,130	22,334	36,854	54,795	98,846	36,811
1983	9,179	22,420	36,979	55,485	100,402	36,826
1984	9,446	22,972	37,990	57,192	103,871	37,767
1985	9,452	23,366	38,701	58,201	107,357	38,510
1986	9,518	23,957	39,999	60,245	112,636	39,868
1987	9,550	24,133	40,348	60,987	115,982	40,357
1988	9,718	24,380	40,777	61,639	117,677	40,678
1989	10,058	24,929	41,439	62,681	122,531	41,411
1990	9,819	24,606	40,644	61,279	118,920	40,865
1991	9,566	23,904	39,707	60,530	116,077	39,679
1992	9,364	23,361	39,358	60,417	117,067	39,364
1993	9,292	23,388	39,203	60,925	126,933	39,165
1994	9,530	23,603	39,761	61,874	130,076	39,613
1995	10,009	24,449	40,881	62,844	131,146	40,845
1996	10,034	24,627	41,424	64,112	134,842	41,431
1997	10,140	25,256	42,490	65,812	140,309	42,294
1998	10,395	26,247	43,918	67,923	143,732	43,825
1999	10,944	26,873	44,981	70,008	149,293	44,922
2000	10,850	27,090	45,113	70,129	151,969	44,853
2001	10,533	26,466	44,299	69,458	151,689	43,882
2002	10,219	25,982	43,783	68,868	147,036	43,381
2003	9,996	25,678	43,588	68,994	147,078	43,318

Table 4
Percentage Distribution of Households by Real Income Class

Year	2003 Dollars		
	Under $25,000	$25,000 to $75,000	Over $75,000
1967	36.6	55.2	8.2
1968	34.8	56.4	8.7
1969	33.4	56.3	10.4
1970	34.1	55.1	10.7
1971	34.9	54.4	10.6
1972	33.7	53.6	12.7
1973	32.6	53.8	13.5
1974	33.5	53.9	12.6
1975	35.2	53.0	11.8
1976	34.5	53.1	12.4
1977	34.4	52.4	13.2
1978	32.4	52.2	15.5
1979	32.3	52.1	15.7
1980	33.1	51.9	14.9
1981	34.4	50.9	14.8
1982	34.2	50.6	15.2
1983	34.2	50.3	15.5
1984	33.1	50.1	16.9
1985	32.7	49.5	17.9
1986	31.8	49.0	19.2
1987	31.3	48.7	20.0
1988	30.9	48.6	20.4
1989	30.3	48.8	21.1
1990	30.6	49.1	20.3
1991	31.3	48.7	19.9
1992	32.3	47.9	19.6
1993	32.0	47.5	20.5
1994	32.1	46.7	21.2
1995	31.0	47.3	21.7
1996	30.5	47.0	22.4
1997	29.8	46.5	23.6
1998	28.6	46.3	24.9
1999	27.7	45.8	26.4
2000	27.5	46.1	26.5
2001	28.2	45.7	26.1
2002	28.6	45.3	25.9
2003	29.0	44.9	26.1

Table 5
Income and Expenditure by Quintile, 2003

	Lowest	Second	Middle	Fourth	Highest
Average Expenditures	$18,492	$26,729	$36,213	$50,468	$81,731
Average Income	$8,201	$21,478	$37,542	$61,132	$127,146
Difference	+$10,291	+$5,251	-$1,329	-$10,664	-$45,415

Note: These data are for “consumer units” that approximate households, but are not precisely the same as the Census Bureau’s definition.
Source: Bureau of Labor Statistics, Consumer Expenditure Survey.

Table 6
Income Mobility: 1971/1978
(percent)

Quintile in 1971	Quintile in 1978				
	Lowest	Second	Middle	Fourth	Highest
Lowest	55.5	22.0	9.5	7.0	6.0
Second	21.5	34.5	21.5	13.5	9.0
Middle	13.5	23.5	30.5	18.5	14.0
Fourth	6.0	15.0	25.5	31.5	22.0
Highest	3.5	4.5	14.0	29.5	48.5

Source: Duncan and Morgan (1984): 13.

Table 7
Income Mobility: 1984/1985
(percent)

Quintile in 1984	Quintile in 1985				
	Lowest	Second	Middle	Fourth	Highest
Lowest	81.8	15.3	1.9	0.9	0.1
Second	14.5	60.9	20.1	3.8	0.7
Middle	2.8	18.2	55.8	20.4	2.8
Fourth	1.0	3.2	19.6	60.5	15.8
Highest	0.4	1.0	3.4	14.7	80.5

Source: Census Bureau (1989).

Table 8
Income Mobility: 1979/1988
(percent)

Quintile in 1979	Quintile in 1988				
	Lowest	Second	Middle	Fourth	Highest
Lowest	14.2	20.7	25.0	25.3	14.7
Second	10.9	29.0	29.6	19.5	11.1
Middle	5.7	14.0	33.0	32.3	15.0
Fourth	3.1	9.3	14.8	37.5	35.4
Highest	1.1	4.4	9.4	20.3	64.7

Source: U.S. Treasury Department (1992).

Table 9
Income Mobility, 1967/1976 and 1977/1986
(percent)

Quintile in 1967	Quintile in 1976				
	Lowest	Second	Middle	Fourth	Highest
Lowest	56.0	26.0	10.0	6.5	1.5
Second	20.5	30.0	25.0	15.0	8.5
Middle	12.5	21.0	30.0	24.5	12.0
Fourth	6.5	14.5	23.5	29.5	26.0
Highest	4.5	9.0	10.5	24.0	52.0

Quintile in 1977	Quintile in 1986				
	Lowest	Second	Middle	Fourth	Highest
Lowest	53.0	25.0	11.0	6.5	4.0
Second	21.5	30.0	25.5	14.5	8.5
Middle	14.5	19.0	29.5	24.0	13.0
Fourth	5.0	14.5	21.5	34.0	25.0
Highest	6.0	11.0	12.5	20.5	50.0

Source: Sawhill and Condon (1992).

Table 10
Average Family Incomes: 1967/1976 and 1977/1986
(1991 dollars)

Quintile	1967 Quintile Members in 1967	1967 Quintile Members in 1976	Percent Increase
Lowest	14,544	25,082	72
Second	26,979	41,018	52
Middle	35,900	48,492	35
Fourth	46,115	57,839	25
Highest	72,772	76,915	6
All	39,262	49,869	27

Quintile	1977 Quintile Members in 1977	1977 Quintile Members in 1986	Percent Increase
Lowest	15,853	27,998	77
Second	31,340	43,041	37
Middle	43,297	51,796	20
Fourth	57,486	63,314	10
Highest	92,531	97,140	5
All	48,101	56,658	18

Note: Sample is limited to adults ages 25 to 54.
Source: Sawhill and Condon (1992).

Table 11
Income Mobility: 1969/1976 and 1979/1986
(percent)

Decile in 1969	Decile in 1976									
	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th
1st	47.0	21.2	9.9	6.1	4.7	3.0	2.7	1.6	3.1	0.5
2nd	18.2	26.4	19.6	10.1	10.1	5.6	4.8	3.3	1.4	0.6
3rd	8.8	12.3	14.7	20.8	13.4	9.9	8.6	5.0	4.9	1.6
4th	6.1	10.1	14.0	16.1	15.3	13.7	9.3	9.1	3.7	2.5
5th	4.7	6.7	9.8	14.4	9.7	19.6	9.7	12.6	8.2	4.6
6th	4.7	5.4	9.8	10.5	12.2	16.5	16.3	12.8	9.0	2.9
7th	2.5	4.7	8.0	7.7	9.7	12.3	20.5	13.3	14.0	7.8
8th	3.2	5.8	6.2	6.1	8.9	8.4	14.0	16.6	20.6	10.3
9th	2.9	3.4	3.4	4.8	10.0	5.5	9.9	17.9	18.0	24.2
10th	1.9	4.1	4.7	3.6	6.0	5.2	4.2	7.8	17.3	45.0

Decile in 1979	Decile in 1986									
	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th
1st	49.0	18.7	9.7	7.4	4.8	3.3	3.1	2.0	1.5	0.6
2nd	20.1	27.3	14.2	12.8	7.3	6.6	4.9	3.3	1.7	1.6
3rd	6.7	15.1	20.0	17.3	12.7	10.1	8.5	4.4	3.3	2.1
4th	6.5	12.5	16.2	16.7	15.0	10.7	8.4	7.0	5.4	1.3
5th	3.6	8.7	9.7	9.0	17.1	18.3	12.4	10.6	7.9	3.2
6th	3.6	5.4	8.4	11.8	10.0	17.2	17.3	12.6	10.1	3.4
7th	3.9	4.4	7.0	8.7	10.4	11.7	14.9	17.5	12.8	8.9
8th	2.1	1.9	5.2	4.6	8.7	7.1	12.7	18.3	22.6	17.6
9th	3.0	3.5	6.1	7.4	8.2	8.0	9.5	13.8	21.1	19.2
10th	1.5	2.6	3.5	4.2	6.0	7.0	8.5	10.5	13.8	42.1

Source: Hungerford (1993): 406.

Table 12
Income Mobility: 1975/1991
(percent)

Quintile in 1975	Quintile in 1991				
	Lowest	Second	Middle	Fourth	Highest
Lowest	5.1	14.6	21.0	30.3	29.0
Second	4.2	23.5	20.3	25.2	26.8
Middle	3.3	19.3	28.3	30.1	19.0
Fourth	1.9	9.3	18.8	32.6	37.4
Highest	0.9	2.8	10.2	23.6	62.5

Source: Cox and Alm (1995): 8.

Table 13
Earnings Mobility: 1974/1991
(percent)

Quintile in 1974	Quintile in 1991				
	Lowest	Second	Middle	Fourth	Highest
Lowest	42.1	22.8	14.3	13.0	7.8
Second	28.7	36.0	19.3	9.2	6.7
Middle	14.7	20.6	32.1	20.5	12.0
Fourth	9.7	12.0	24.2	32.4	21.7
Highest	3.1	7.3	10.2	25.4	53.9

Source: Gottschalk (1997): 37.

Table 14
Income Mobility: 1968/1991
(percent)

Quintile in 1968	Quintile in 1991				
	Lowest	Second	Middle	Fourth	Highest
Lowest	46.9	25.1	17.7	9.0	1.3
Second	24.2	24.8	22.3	19.1	9.7
Middle	10.8	20.5	20.5	27.0	21.2
Fourth	10.4	16.4	27.0	20.4	25.9
Highest	7.5	13.0	13.7	24.2	41.6

Source: Gottschalk and Danziger (1998): 102.

Table 15
Family Income Mobility: 1969/1979, 1979/1989, and 1988/1998
(percent)

Quintile in 1969	Quintile in 1979				
	Lowest	Second	Middle	Fourth	Highest
Lowest	49.4	24.5	13.8	9.1	3.3
Second	23.2	27.8	25.2	16.2	7.7
Middle	10.2	23.4	24.8	23.0	18.7
Fourth	9.9	15.0	24.1	27.4	23.7
Highest	5.0	9.0	13.2	23.7	49.1

Quintile in 1979	Quintile in 1989				
	Lowest	Second	Middle	Fourth	Highest
Lowest	50.4	24.1	15.0	7.4	3.2
Second	21.3	31.5	23.8	15.8	7.6
Middle	12.1	23.3	25.0	24.6	15.0
Fourth	6.8	16.1	24.3	27.6	25.3
Highest	4.2	5.4	13.4	26.1	50.9

Quintile in 1988	Quintile in 1998				
	Lowest	Second	Middle	Fourth	Highest
Lowest	53.3	23.6	12.4	6.4	4.3
Second	25.7	36.3	22.6	11.0	4.3
Middle	10.9	20.7	28.3	27.5	12.6
Fourth	6.5	12.9	23.7	31.1	25.8
Highest	3.0	5.7	14.9	23.2	53.2

Source: Bradbury and Katz (2002): 66.

Table 16
Family Income Mobility, Married Couple Families Under Age 55: 1969/1979, 1979/1989, and 1988/1998
(percent)

Quintile in 1969	Quintile in 1979					Mix in 1969
	Lowest	Second	Middle	Fourth	Highest	
Lowest	40.2	30.2	17.4	8.7	3.5	18.5
Second	14.9	27.8	30.1	19.8	7.3	22.4
Middle	5.5	24.4	26.3	22.1	21.7	23.7
Fourth	5.3	11.0	31.2	29.6	22.9	19.5
Highest	3.1	4.1	12.1	24.1	56.6	15.8
Mix in 1979	13.6	20.4	24.2	20.0	20.9	100.0

Quintile in 1979	Quintile in 1989					Mix in 1979
	Lowest	Second	Middle	Fourth	Highest	
Lowest	45.9	29.7	17.7	5.4	1.4	16.6
Second	18.6	34.3	26.6	16.5	4.0	22.0
Middle	8.3	27.8	22.2	29.6	12.1	21.2
Fourth	5.6	13.3	26.6	29.2	25.3	22.1
Highest	2.1	3.4	10.4	28.0	56.1	18.1
Mix in 1989	15.1	21.9	21.3	22.3	19.4	100.0

Quintile in 1988	Quintile in 1998					Mix in 1988
	Lowest	Second	Middle	Fourth	Highest	
Lowest	47.6	24.0	15.1	7.6	5.7	14.5
Second	18.8	38.7	24.2	13.0	5.3	20.3
Middle	8.1	19.4	30.9	29.1	12.5	24.5
Fourth	2.9	13.5	23.4	33.9	26.3	22.4
Highest	1.5	2.7	13.2	28.3	54.3	18.3
Mix in 1998	13.6	19.6	22.3	23.7	20.8	100.0

Source: Bradbury and Katz (2004): 43.

Table 17
Income Tax Bracket: 1987/1996
(percent)

Bracket in 1987	Bracket in 1996						
	0	10	15	25	28	33	35
0	33.8	24.7	32.1	7.7	0.8	0.5	0.3
10	20.1	29.3	40.8	8.8	0.6	0.3	0.1
15	8.6	13.3	53.4	22.9	1.2	0.4	0.2
25	3.9	5.1	29.9	51.4	6.7	2.2	0.8
28	3.3	2.8	11.6	35.9	24.0	14.7	7.5
33	4.7	2.6	9.1	21.0	18.9	23.9	19.8
35	5.1	1.9	5.7	10.4	8.8	19.0	49.1

Source: Council of Economic Advisers (2003): 199.

Table 18
Household Income Mobility: 1996/1999
(percent)

Quintile in 1996	Quintile in 1999				
	Lowest	Second	Middle	Fourth	Highest
Lowest	62.0	26.1	8.0	2.7	1.2
Second	18.9	46.9	23.4	8.4	2.4
Middle	8.9	17.8	41.0	25.0	7.4
Fourth	5.8	6.6	20.0	44.6	22.9
Highest	4.3	2.7	7.6	19.3	66.2

Source: Census Bureau (2004): 13.

Table 19
Wealth Mobility: 1966-1967/1976-1977
(percent)

Decile in 1966-1967	Decile in 1976-1977									
	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th
1st	24.9	36.7	17.0	8.2	5.8	2.2	1.7	1.5	0.6	1.2
2nd	16.9	54.9	15.0	5.2	2.1	3.0	1.5	0.4	1.1	0
3rd	7.1	20.4	25.7	19.6	13.4	6.3	3.4	1.2	1.9	1.0
4th	4.6	12.8	17.3	22.8	17.2	10.2	7.1	5.5	1.9	0.6
5th	0.4	8.4	12.4	20.0	17.3	14.7	16.3	4.6	4.3	1.5
6th	1.7	5.3	8.5	12.4	16.5	20.1	12.4	14.9	5.5	2.7
7th	0.7	4.1	4.1	6.0	11.6	21.5	20.4	16.6	10.0	5.0
8th	0.3	3.1	2.4	3.2	4.8	15.5	17.2	27.2	20.6	5.6
9th	0	1.8	1.7	2.5	5.3	4.2	12.7	16.9	32.9	21.8
10th	0	1.8	0.7	1.7	2.4	1.1	5.9	7.2	21.0	58.4

Source: Steckel and Krishnan (1992): 20.

Table 20
Wealth Mobility: 1984/1989, 1989/1994, and 1984/1994
(percent)

Decile in 1984	Decile in 1989									
	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th
1st	49.3	24.7	9.7	7.3	2.5	2.7	1.4	1.5	0.5	0.4
2nd	24.7	33.0	21.1	9.7	6.5	1.4	1.5	2.1	0	0
3rd	10.8	21.2	28.1	16.7	9.7	7.5	2.3	1.8	1.0	0.8
4th	6.5	12.4	22.0	24.0	15.7	8.9	5.1	3.1	0.8	1.4
5th	3.1	3.9	10.3	23.5	25.6	16.8	10.3	3.3	0.8	2.4
6th	2.0	3.4	5.0	10.4	23.8	21.6	18.5	6.8	5.5	2.9
7th	1.2	0.8	3.3	3.3	7.6	24.3	28.1	17.9	10.0	3.5
8th	0.2	0.6	0.8	2.8	3.2	11.2	21.2	30.7	22.2	7.0
9th	0.9	0.4	0.3	1.1	2.7	3.6	9.3	26.5	36.3	18.8
10th	0	0.3	0	0.6	1.8	2.5	2.6	6.3	22.4	63.5

Table 20, continued

Decile in 1989	Decile in 1994									
	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th
1st	48.8	19.3	11.1	10.4	4.2	1.5	2.0	0.6	1.3	0.7
2nd	26.6	25.3	15.3	17.0	6.5	4.0	3.2	0.2	0.3	0.6
3rd	16.9	18.7	19.6	24.2	8.3	4.0	3.7	2.9	1.2	0.5
4th	9.9	7.7	14.2	31.2	12.6	9.1	6.5	4.2	2.3	2.1
5th	3.8	4.7	5.8	22.7	23.1	19.0	11.0	5.7	3.1	1.0
6th	2.5	4.2	3.1	11.6	26.3	19.5	15.3	9.1	5.8	2.6
7th	2.3	2.4	3.0	3.7	12.6	25.3	26.6	13.2	8.3	2.6
8th	0.7	1.7	0.4	2.0	5.4	9.3	20.4	28.5	22.1	9.4
9th	0	0.3	0.7	3.7	1.9	3.8	11.9	25.4	35.4	16.7
10th	0.7	0	0.7	0.5	1.0	2.3	1.8	9.4	20.0	63.6

Decile in 1984	Decile in 1994									
	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th
1st	39.9	26.0	11.0	6.8	4.3	4.6	2.8	1.7	1.5	1.4
2nd	24.3	27.6	19.3	10.4	6.7	5.5	2.5	2.1	1.4	0.1
3rd	14.6	16.0	24.4	12.9	11.8	7.1	5.3	3.3	1.9	2.6
4th	9.8	9.2	19.0	21.3	13.4	12.3	5.5	4.3	2.5	2.8
5th	2.7	9.0	8.3	23.7	17.2	14.5	9.2	5.3	6.2	3.9
6th	1.0	5.1	8.7	13.0	18.7	16.8	18.4	8.5	6.7	3.1
7th	2.8	4.3	3.2	6.1	17.0	17.4	16.7	16.7	10.4	5.3
8th	2.1	1.2	4.1	1.1	5.2	12.9	17.2	27.4	19.6	9.1
9th	1.2	0.7	1.0	1.9	5.0	6.4	15.2	17.5	31.9	19.1
10th	0.6	0.8	1.4	1.2	2.1	3.2	6.4	12.5	18.4	53.3

Source: Hurst, Luoh and Stafford (1998): 283-5.

Table 21
Poll: Perceptions of Economic Class
(percent)

October 1964

Class	In Childhood	Today	Change
Lower	5	3	-2
Working	45	37	-8
Middle	38	45	+7
Upper Middle	9	11	+2
Upper	3	2	-1

April 1978

Class	In Childhood	Today	Change
Lower	18	8	-10
Working	46	44	-2
Middle	31	43	+12
Upper	3	2	-1

June 1984

Class	Parents	Yourself	Change
Lower	6	4	-2
Lower Middle	19	20	+1
Middle	51	57	+6
Upper Middle	19	16	-3
Upper	2	2	=

July 1996

Class	As Teenager	Today	Change
Lower	18	6	-12
Lower Middle	26	23	-3
Middle	40	48	+8
Upper Middle	13	19	+6
Upper	2	2	=

March 2005

Class	In Childhood	Today	Change
Lower	18	7	-11
Working	44	35	-9
Middle	28	42	+14
Upper Middle	8	15	+7
Upper	1	1	=

Sources: 1964-1996 data from Ladd and Bowman (1998): 47-48; 2005 data from New York Times (2005): questions 32 and 33.

Table 22
Poll: "Do you think it's still possible to start out poor in this country, work hard, and become rich?"
(percent)

Date	Possible	Not Possible
January 1983	57	38
February 1996	70	27
March 1996	78	18
April 1998	70	29
February 2000	84	13
July 2003	70	27
March 2005	80	19

Source: New York Times (2005): question 16.

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