The Growth of Concentrated Economic Power and, with it, Inequality and Precariousness: What if anything We can Do About It?

Prof. DAVID PERITZ
An Overview of the Return of Income Inequality after the Great Compression
Income Inequality in the U.S. Rose Rapidly in the last 30-40 Years
Decoupling of Economic Growth and Wages for Most Americans

Shaded areas indicate US recessions - 2014 research.stlouisfed.org
Figure 7: The broken social contract, US, 1947–present

The Results: The Increasing Top-skewed Benefits of Growth...
Especially for the Top 10%…

**Distribution of Average Income Growth During Expansions**

- **Source:** Pawlina R. Tcherneva calculations based on Piketty/Saez data and NBER

- **Legend:**
  - Bottom 90%
  - Top 10%
And Even More so for the Top 1%
Increasingly Steep Income Gradient
The U.S. is also an Increasingly Immobile Society

U.S. Economic Mobility

Source: Economic Mobility Project, Pew Center on the States | Graphic: Hagit Bachrach
SLOWING GROWTH RATE UNRAVELS POST-WAR COMPROMISE

U.S. ECONOMIC GROWTH RATES

U.S. Economic Growth, Annual Averages for Five Decades

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DIFFERENT FORMS OF DEBT USED TO DELAY CRISSES

FIGURE 5. Four Crises of Democratic Capitalism in the US, 1970–2010

Source: OECD Economic Outlook Database No. 87
ESCALATING DEBT AND ITS POLITICAL CONSEQUENCES

Figure 2: Liabilities as a percentage of US GDP by sector, 1970–2011

Source: OECD National accounts.
Figure 1.1: Child poverty in Port Clinton, Ohio (1990)

Source: Census 1990 data as compiled by Social Explorer, accessed through Harvard University Library.
Source: ACS 2008–2012 (5-year estimates) data as compiled by Social Explorer, accessed through Harvard University Library.
Less for the Workers

Labor’s share of the nonfarm business sector; seasonally adjusted.
The Broken Promise of Wage Growth

Real wages have stagnated for more than two years.

By The New York Times | Source: Jared Bernstein, Center on Budget and Policy Priorities; figures adjusted to June 2018 dollars.
Chart 5. Number and percentage of concentrated U.S. manufacturing industries

Source: Ibid. Includes capital gains.

Chart 4. Labor productivity and labor compensation

FIGURE 1. THE U.S. ECONOMY HAS BECOME LESS ENTREPRENEURIAL OVER TIME

Firm Entry and Exit Rates in the United States, 1978–2011

Source: U.S. Census Bureau, Business Dynamics Statistics (BDS).
Summary: The Market Mechanism as a Whole

**Figure 2. Corporate Profits After Tax, as a Percentage of GDP**

- 2012: 9.7%
- Previous Estimate: 9.6%
- 1960–2012 Average: 6.3%

Source: U.S. Bureau of Economic Analysis

**Figure 3. Personal Wage and Salary Income, as a Percentage of GDP**

- 2012: 42.6%
- Previous Estimate: 44.0%
- 1960–2012 Average: 46.7%

Source: U.S. Bureau of Economic Analysis, via Haver Analytic

Graphs courtesy of Floyd Norris, The New York Times
Figure 7. As union membership declines, the share of income going to the middle class shrinks.