

Levels and Trends in United States Income and its Distribution: A Crosswalk from Market Income Towards a Comprehensive Haig-Simons Income Approach

Philip Armour, Richard V. Burkhauser, and Jeff Larrimore

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Figure 1: Mean Income Growth by Quintile, 1979-2007

	(1)	(2)	(3)	(4)
	Tax-unit unadjusted cash market income	Household size- adjusted pre-tax, post-transfer cash income	Household size- adjusted post-tax, post-transfer income plus in-kind income	Column (3) plus realized taxable capital gains
Bottom Quintile	-33.0	9.9	31.8	30.0
2 nd Quintile	0.7	15.6	31.3	31.9
Middle Quintile	2.2	22.8	34.4	36.5
4 th Quintile	12.3	29.2	38.8	42.2
Top Quintile	32.7	42.0	54.0	79.3
Top 5%	37.9	48.7	68.9	128.5

Source: Author calculations based on March CPS data merged with SOI tax return data and NBER TaxSim results.

Figure 2: Gini Coefficients and Mean Income Growth by Quintile for Each Business Cycle from 1979-2007

	(1) Tax-unit unadjusted cash market income	(2) Household size- adjusted pre-tax, post-transfer cash income	(3) Household size- adjusted post-tax, post-transfer income plus in-kind income	(4) Column (3) plus realized taxable capital gains
<i>Panel A: 1979-1989</i>				
Bottom Quintile	-0.2	0.0	4.3	2.7
2 nd Quintile	-0.2	4.3	7.0	7.0
Middle Quintile	0.0	9.1	11.8	11.9
4 th Quintile	4.0	12.9	15.7	15.5
Top Quintile	17.6	23.4	29.4	32.5
Top 5%	25.6	32.0	44.6	54.8
<i>Panel B: 1989-2000</i>				
Bottom Quintile	17.8	17.2	20.6	22.6
2 nd Quintile	11.7	13.5	16.7	18.1
Middle Quintile	7.5	13.1	14.6	16.7
4 th Quintile	10.7	13.3	12.6	15.7
Top Quintile	14.7	16.2	13.5	28.3
Top 5%	14.4	16.5	13.9	41.3
<i>Panel C: 2000-2007</i>				
Bottom Quintile	-43.0	-6.2	4.8	3.1
2 nd Quintile	-9.8	-2.4	5.2	4.3
Middle Quintile	-4.9	-0.4	4.9	4.5
4 th Quintile	-2.5	1.0	6.6	6.4
Top Quintile	-1.6	-1.0	4.8	5.5
Top 5%	-4.0	-3.3	2.6	4.5
<i>Panel D: Gini Coefficients</i>				
1979	0.536	0.384	0.301	0.302
1989	0.565	0.423	0.346	0.357
2000	0.571	0.427	0.338	0.375
2007	0.584	0.430	0.338	0.378

Source: Author calculations based on March CPS data merged with SOI tax return data and NBER TaxSim results.

Figure 3: Mean Income Growth by Quintile, 1989-2007

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Tax-unit unadjusted cash market income	Household size- adjusted pre-tax, post-transfer cash income	Household size- adjusted post-tax, post-transfer income plus in- kind income	Column (3) plus realized taxable capital gains	Column (3) plus accrued capital gains from public investments	Column (3) plus accrued capital gains, including housing	Column (3) plus accrued capital gains, including housing and privately held businesses
Bottom Quintile	-32.9	9.9	26.4	26.3	29.4	12.9	15.2
2 nd Quintile	0.8	10.8	22.7	23.3	22.9	8.5	3.1
Middle Quintile	2.3	12.6	20.2	22.0	18.1	6.1	-0.5
4 th Quintile	8.0	14.4	20.0	23.1	17.0	5.5	-0.6
Top Quintile	12.9	15.1	19.0	35.3	10.9	-0.7	-14.5
Top 5%	9.9	12.7	16.8	47.7	6.7	-4.5	-25.3

Source: Author calculations based on March CPS data merged with SOI tax return data, Survey of Consumer Finance Data, and NBER TaxSim results.

Figure 4: Inflation-Adjusted Investment Assets by Quintile of Household Size-Adjusted Comprehensive Income, Excluding All Capital Gains in 1989 and 2007

	Taxable Equity Investment Assets	Tax Sheltered Equity Investment Assets	Total Equity Investment Assets	% of Investment Assets in Tax Sheltered Accounts
<i>Panel A: 1989</i>				
Bottom Quintile	3,013	664	3,677	18.0
2 nd Quintile	8,302	1,297	9,599	13.5
Middle Quintile	11,587	3,208	14,795	21.7
4 th Quintile	17,892	5,634	23,527	23.9
Top Quintile	87,544	21,158	108,702	19.5
<i>Panel B: 2007</i>				
Bottom Quintile	19,534	9,252	28,786	32.1
2 nd Quintile	25,632	13,738	39,370	34.9
Middle Quintile	31,176	19,559	50,734	38.6
4 th Quintile	41,303	30,683	71,985	42.6
Top Quintile	284,595	96,828	381,423	25.4

Source: Author calculations based on Survey of Consumer Finance Data. Indexed to 2012 price levels using the CPI-U-RS.

Figure 5: Homeownership and Inflation-Adjusted Home Values by Quintile of Household Size Adjusted Comprehensive Income, Excluding All Capital Gains in 1989 and 2007

	1989 percent homeowners	1989 mean home value of homeowners	2007 percent homeowners	2007 mean home value of homeowners
Bottom Quintile	39.8	103,524	44.2	175,702
2 nd Quintile	60.1	114,872	62.4	175,578
Middle Quintile	71.5	119,157	74.2	184,892
4 th Quintile	78.5	142,193	82.2	225,564
Top Quintile	84.9	262,267	89.0	430,468

Source: Author calculations based on Survey of Consumer Finance Data. Indexed to 2012 price levels using the CPI-U-RS.

Figure 6: Private Business Ownership and Inflation-Adjusted Business Values by Quintile of Household Size-adjusted Comprehensive Income, Excluding All Capital Gains in 1989 And 2007

	1989 percent private business owners	1989 mean business value of business owners	2007 percent private business owners	2007 mean business value of business owners
Bottom Quintile	2.1	23,937	4.9	46,487
2 nd Quintile	6.0	19,562	5.3	34,581
Middle Quintile	8.4	25,472	8.9	45,362
4 th Quintile	12.7	36,918	13.1	96,707
Top Quintile	19.2	220,700	21.4	500,229

Source: Author calculations based on Survey of Consumer Finance Data. Indexed to 2012 price levels using the CPI-U-RS.

Figure 7: Real Inflation-Adjusted Return on Stock Investments, Based on the Dow Jones Industrial Average, 1979-2007

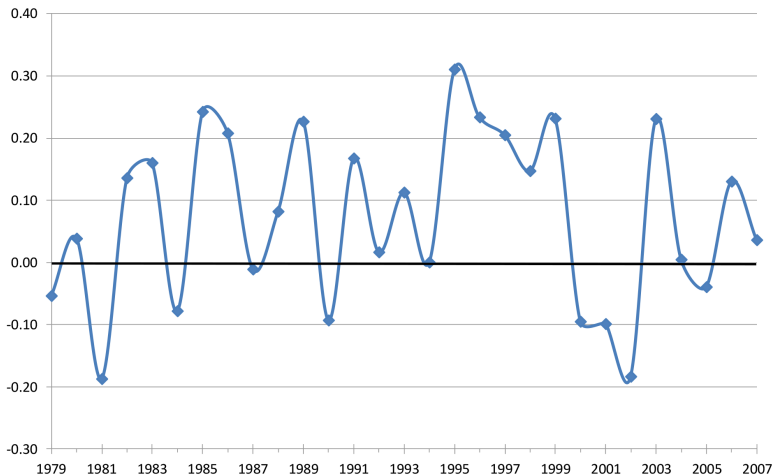
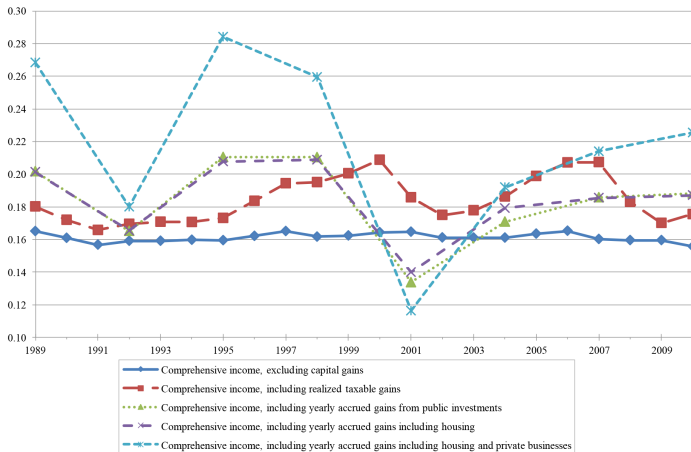


Figure 8: Income Trends by Quintile since 1989 for Comprehensive Income with Alternate Treatments of Capital Gains (Income for Each Quintile in 1989 Normalized to 1)



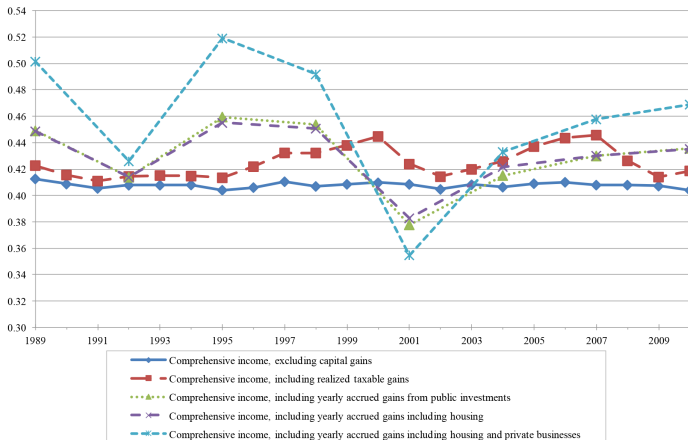
Source: Author calculations based on March CPS data merged with SOI tax return data, Survey of Consumer Finance Data, and NBER TaxSim results.

Figure 9: Top 5 Percent Income Share Using Various Comprehensive Income Definitions, 1989-2007



Source: See Figure 2.

Figure 10: Top Quintile Income Share Using Various Comprehensive Income Definitions, 1989-2007



Source: See Figure 2.

Figure 11: Robustness of Results for Mean Income Growth by Quintile Based on Choice of Asset Appreciation Measure for Equity Assets, 1989-2007

	(1) Household size- adjusted post-tax, post-transfer income plus in-kind income	<i>Original Results</i> Estimate accrued capital gains using the annual Dow Jones Industrial Average appreciation rate		<i>Alternate Method</i> Estimate accrued capital gains using the annual S&P 500 Index appreciation rate	
		(2) Column (1) plus accrued capital gains from public investments	(3) Column (1) plus accrued capital gains, including housing and privately held businesses	(4) Column (1) plus accrued capital gains from public investments	(5) Column (1) plus accrued capital gains, including housing and privately held businesses
Bottom Quintile	26.4	29.4	15.2	27.3	11.3
2 nd Quintile	22.7	22.9	3.1	21.0	-0.4
Middle Quintile	20.2	18.1	-0.5	15.9	-4.5
4 th Quintile	20.0	17.0	-0.6	14.5	-5.2
Top Quintile	19.0	10.9	-14.5	4.9	-24.0
Top 5%	16.8	6.7	-25.3	-2.0	-36.5

Source: Author calculations based on March CPS data merged with SOI tax return data, Survey of Consumer Finance Data, and NBER TaxSim results.

Figure 12: Robustness of Results for Mean Income Growth by Quintile Based on Choice of Asset Appreciation Measure for Real Estate, 1989-2007

	(1) Household size- adjusted post-tax, post- transfer income plus in- kind income and accrued capital gains from public investments	<i>Original Results</i> Estimate accrued capital gains for real estate using the annual Federal Housing Finance Agency House Price Index growth rate (2) Column (1) plus accrued capital gains from housing	<i>Alternate Method</i> Estimate accrued capital gains for real estate using the annual Case-Shiller Home Price Index growth rate (3) Column (1) plus accrued capital gains from housing
Bottom Quintile	29.4	12.9	-20.1
2 nd Quintile	22.9	8.5	-9.4
Middle Quintile	18.1	6.1	-9.0
4 th Quintile	17.0	5.5	-9.2
Top Quintile	10.9	-0.7	-15.6
Top 5%	6.7	-4.5	-19.7

Source: Author calculations based on March CPS data merged with SOI tax return data, Survey of Consumer Finance Data, and NBER TaxSim results.

Figure 13: Mean Income Growth by Quintile, 1989-2007

	(1)	(2)	(2)	(3)	(4)
	Tax-unit unadjusted cash market income	Column (1) plus realized taxable capital gains	Column (1) plus accrued capital gains from public investments	Column (1) plus accrued capital gains, including housing	Column (1) plus accrued capital gains, including housing and privately held businesses
Bottom Quintile	-33.0	-24.6	29.4	12.9	15.2
2 nd Quintile	0.8	2.3	22.9	8.5	3.1
Middle Quintile	2.3	5.2	18.1	6.1	-0.5
4 th Quintile	7.9	12.3	17	5.5	-0.6
Top Quintile	12.8	23.1	10.9	-0.7	-14.5
Top 5%	9.9	29.3	6.7	-4.5	-25.3

Source: Author calculations based on March CPS data merged with SOI tax return data and Survey of Consumer Finance Data.