Session I: What do the numbers tell us? A Review of the data on economic disparities

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Jan. 28, 2016
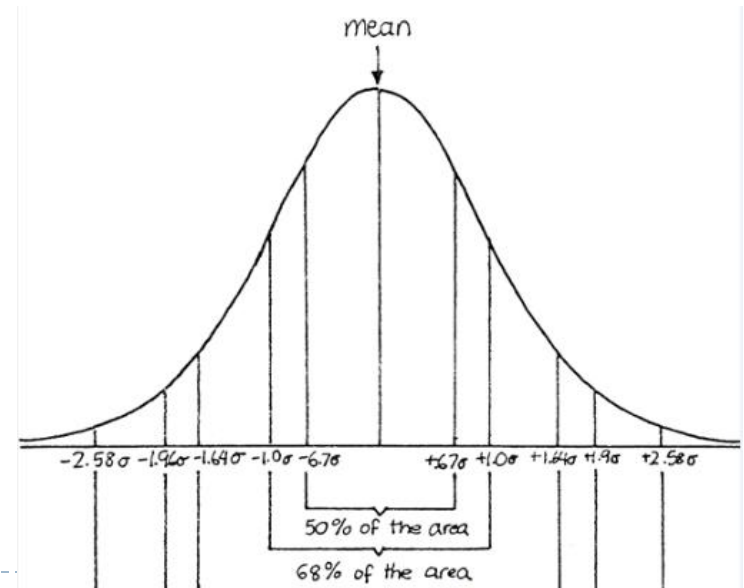Presentation at the National Academy of Social Insurance

Goals & Order of My Presentation

▸ Offer some opening remarks or observations

▸ Discuss the James Pethokoukis paper and put the two presentations in conversation with one another

▸ Mention some issues that were not addressed(?)

The opening remarks and observations

▸ What are we talking about when we talk about income disparity?

▸ What income gap is of most interest?

▸ The reference period

income gap

Key issues of interest and/or themes in James' presentation

▸ Economic mobility (next slide)

▸ Entrepreneurship

▸ Size of the national pie?

Key issues of interest in James' presentation cont....

▸ Economic mobility

●Can be thought of as asking a Q about whether income inequality persists across generations

●Do we <u>not</u> care about income gaps in a given generation if there is mobility across generations?

== > I'm single & childless so I say "hmm…."

Child Future Group		Parent Group				
		Poor	Lower	Middle	Upper	Rich
	Poor	100%	0%	0%	0%	0%
	Lower	0%	100%	0%	0%	0%
	Middle	0%	0%	100%	0%	0%
	Upper	0%	0%	0%	100%	0%
	Rich	0%	0%	0%	0%	100%

IGE estimates?

TABLE 2
TRANSITION MATRIX BY QUINTILES (%)

Quintile 1996	Quintile 2001					
	1	2	3	4	5	Total
1	7.87	5.00	3.50	1.70	1.32	19.39
2	5.41	5.50	4.72	2.02	2.54	20.20
3	2.92	5.09	4.88	4.83	2.28	20.01
4	1.40	3.12	4.13	7.30	4.29	20.24
5	0.94	1.37	3.15	4.64	10.07	20.17
Total	18.55	20.08	20.39	20.48	20.49	100.00

Putting the 2 presentations in conversation with one another

▸ Agreement that there's been some "fanning out" when one looks at plots of income across time for different income groups (high versus middle; high versus low)

  == > That is to say, we all seem to agree that the data show that inequality has increased over time in the US (particularly when we take a long historical view as Jared's slides do)

▸ Possible disagreement over where to place one's emphasis

What have we not talked about in this session?

▸ Disparity within different age groups

== > As social insurance buffs, we'd probably hope that—if we were to restrict our analysis to the elderly in order to look at income inequality within that age group—we'd find that Social Security has minimized any tendency toward increasing disparity that Jared's slides exhibited.

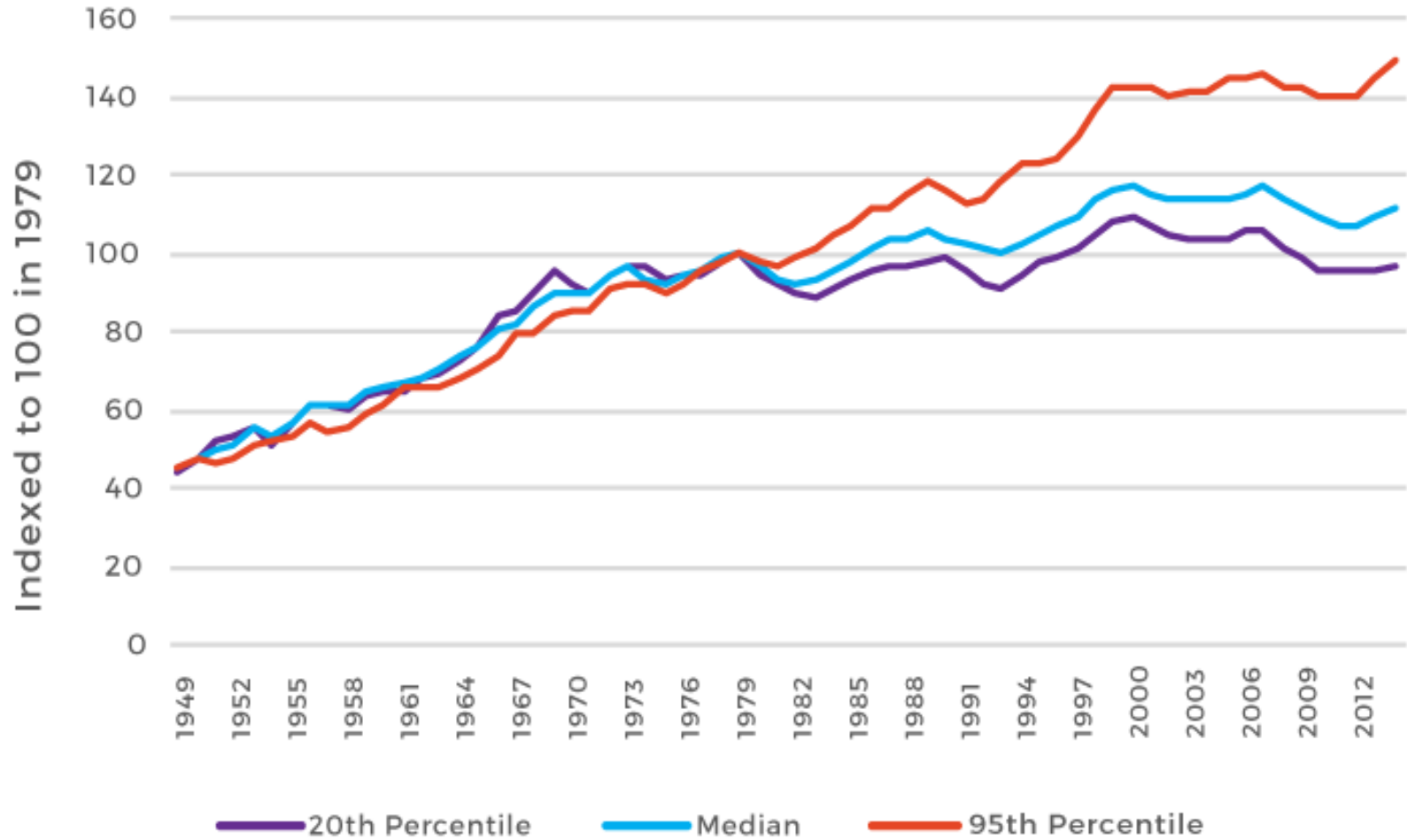== > Hopefully Session IV will help us think more about issues like these.

▸ Disparities by gender and race

== > No doubt, we all recognize that these exist too in the USA. I expect that some of the afternoon sessions may involve questions or issues related to these types of disparities.
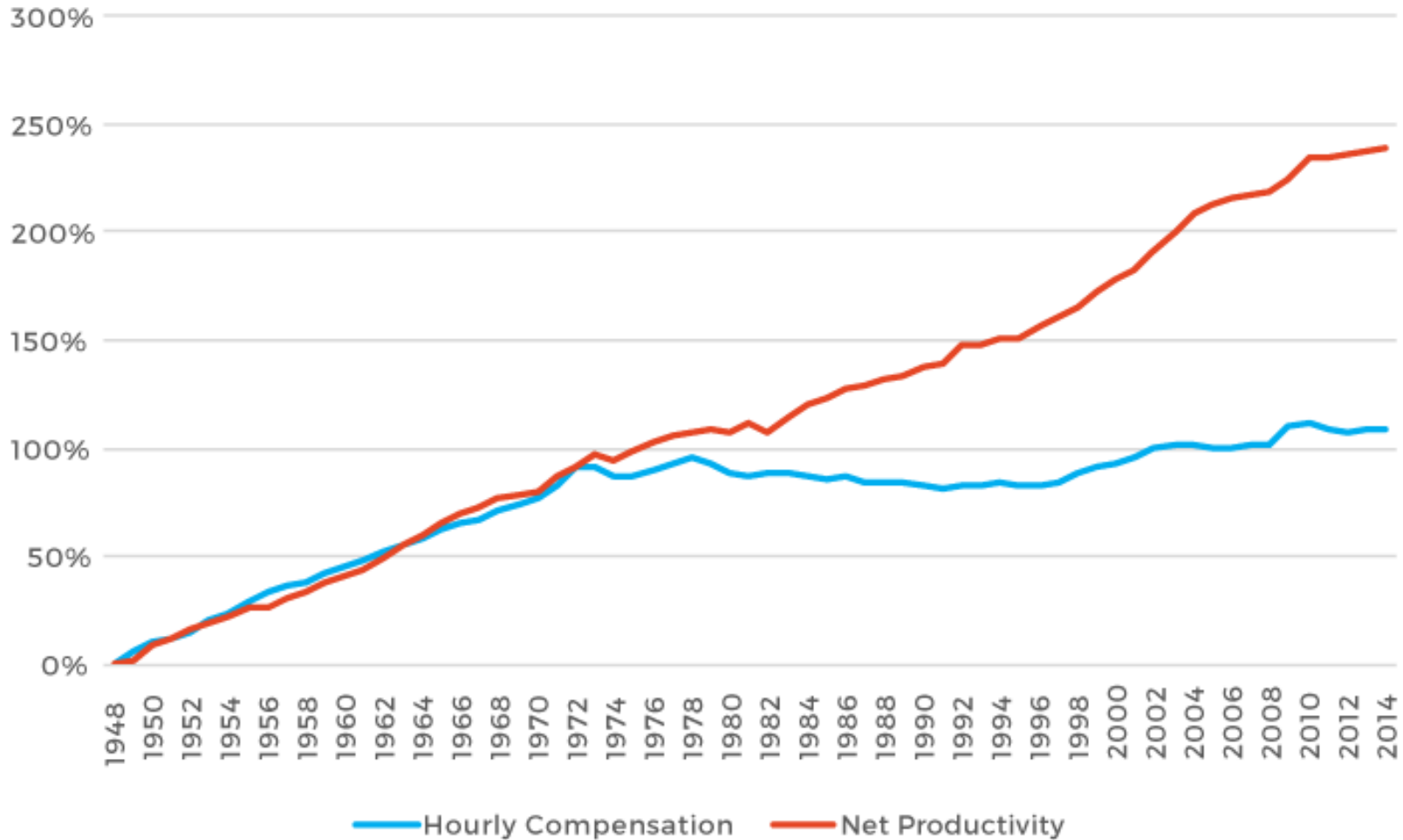
▸ Whether budget wonks should be interested in the trends that Jared showed us

== > This might be coming in Session II (?)

Low, middle, and high family incomes, 1940s to now (Census)

Productivity and mid-wage compensation (EPI)

Low, middle, and high family incomes, post-tax and transfer, plus cap gains, 1979-2011 (CBO)