

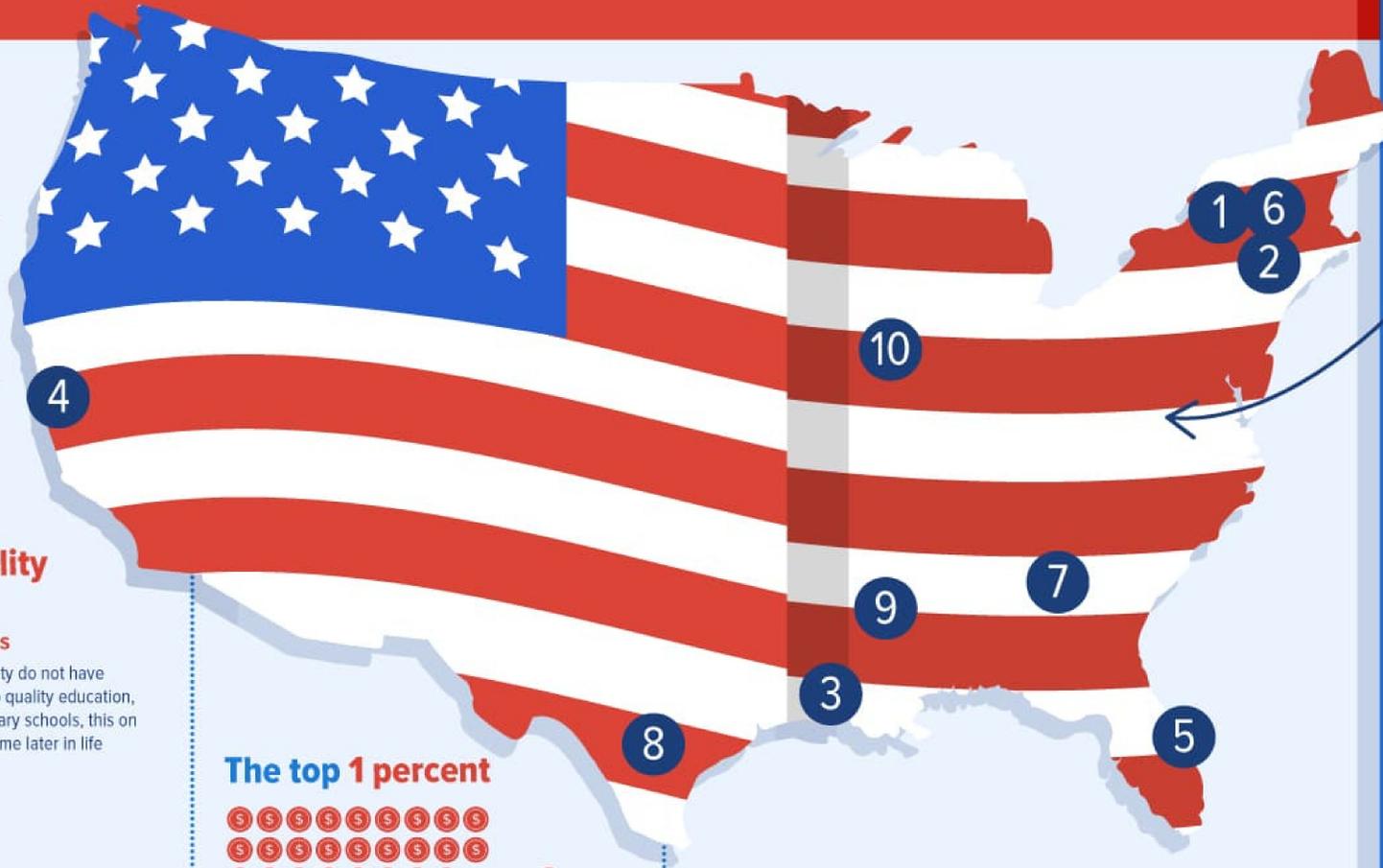
# INCOME INEQUALITY IN THE UNITED STATES IN 2019

**i** In this infographic, we explore the rise in income inequality in the United States. There is a particular emphasis on the rise over the last four decades, which have seen income inequality rise and rise. The whole topic is now very much a part of regular public discussion, read this infographic to learn more about what income inequality is, contributing factors, backing statistics and facts and also how the US compares with trends around the world.

## What is Income Inequality?

Income inequality is a broad term used to measure the inequality of household/individual income of various members within an economy. Income has multiple streams including wages, salaries, interest, dividends, rent received, profits earned, benefits received, etc.

Income inequality is often represented in a statistical form, measuring percentage of incomes for different groups vs the entire population. For example, an Economy Policy Institute (EPI) survey in the US in 2015 revealed that a family in the top 1 percent nationally received, on average, 26.3 times as much income as a family in the bottom 99 percent.



## 10 Factors Impacting US Income Inequality

- Deregulation**  
The deregulation of financial markets (in particular) and other barriers to enterprise has caused a shift from wage income to profit based income
- Education access**  
Certain areas of society do not have comparable access to quality education, particularly in secondary schools, this on average reduces income later in life
- Executive talent premiums**  
Workers with higher levels of education and skills paid large wage premiums, particularly in technology (demand exceeds supply)
- Immigration**  
The immigration of many low-skilled workers in recent decades has caused increased demand for low paid jobs, causing a reduction in hourly rates
- Reduced union influence**  
The reduced influence of labor unions has been another factor causing reduced/declining wages amongst lower paid workers
- Stagnating lower income wages**  
Due to a combination of factors (many in this list), lower-income levels have stagnated in recent decades
- Technology automation**  
Advances in technology have caused automation of many low-skill processes and functions which reduces demand (and wages) for low-skilled workers
- Trade globalization**  
A rise in trade between the US and the rest of the world (particularly China) has caused reduced demand for labour (particularly in low paid industries)
- Transfer payments**  
After tax welfare payments such as social security, unemployment compensation and other benefits have eroded in recent decades
- US Tax policies**  
The "wealthy elite" now pay a lower proportion of tax, particularly in areas such as capital gains, investment income and savings incentives

## The top 1 percent



A family in the top 1 percent nationally received, on average, 26.3 times as much income as a family in the bottom 99 percent.

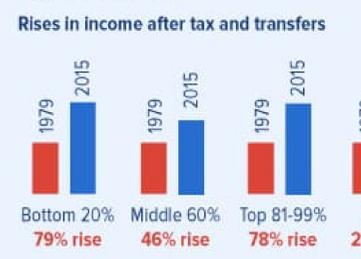
## The Gini Index



The Gini Index for the US rose from 34.6 in 1979 to 41.5 in 2016, proving the income equality gap is rising

## After and before Income Tax

Statistics published by the US Congressional Budget Office show:



The distribution of pre-tax income in 2016 was revealed as:



## Average household income in 2015

According to a study by Emmanuel Saez of UC Berkeley, the average household incomes in 2015 in the US were:



## Earnings across US Population



## The 10 States with the Highest Income Inequality

Using the Gini co-efficient (which is a numeric measure of income inequality), the following were the 10 states with the highest levels of income inequality along with their Gini co-efficient. Information courtesy of Zippia

- 1 New York – 51.02
- 2 Connecticut – 49.47
- 3 Louisiana – 49.03
- 4 California – 48.80
- 5 Florida – 48.52
- 6 Massachusetts – 48.26
- 7 Georgia – 48.16
- 8 Texas – 48.03
- 9 Mississippi – 47.99
- 10 Illinois – 47.89



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Sources:  
 [1] <https://www.epi.org/publication/the-new-gilded-age-income-inequality-in-the-u-s-by-state-in-metropolitan-area-and-county/>  
 [2] <https://www.bbc.co.uk/news/magazine-monitor-31847943>  
 [3] <https://www.zipplia.com/advice/states-highest-lowest-income-inequality/>  
 [4] <https://data.worldbank.org/indicator/SI.POV.GINI?locations=US&view=map>  
 [5] <https://inequality.org/facts/income-inequality/>  
 [6] <https://www.cbpp.org/research/poverty-and-inequality/a-guide-to-statistics-on-historical-trends-in-income-inequality>