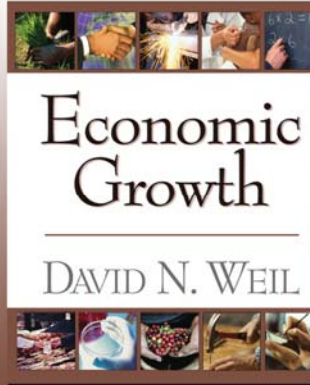


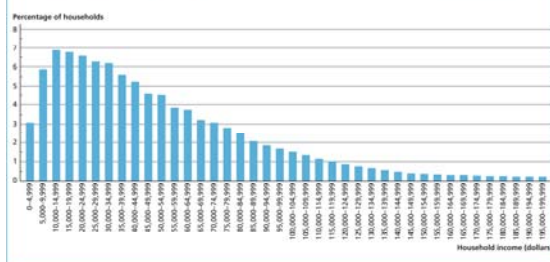
Chapter 13

Income Inequality



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Figure 13.1
Income Distribution in the United States, 2001

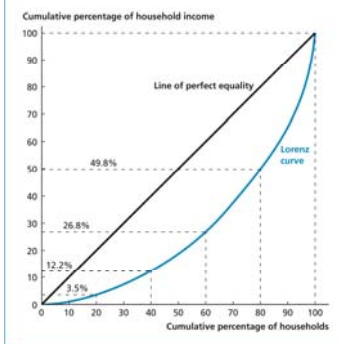


Source: DeNavas-Walt and Cleveland (2002).

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13-2

Figure 13.2
The Lorenz Curve for the United States

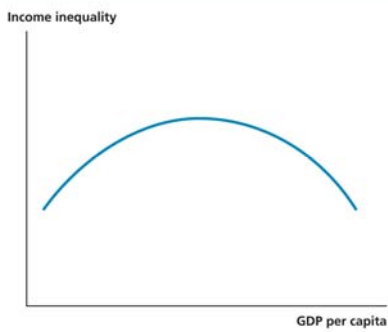


Source: De Navas-Walt and Cleveland (2002).

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13-3

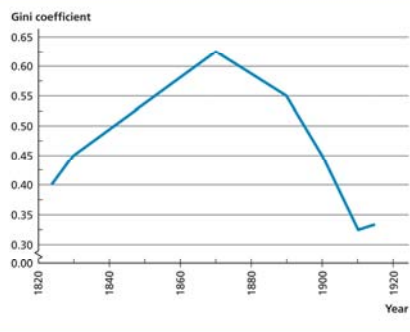
FIGURE 13.3
The Kuznets Curve



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13-4

FIGURE 13.4
The Kuznets Curve In England and Wales, 1823–1915

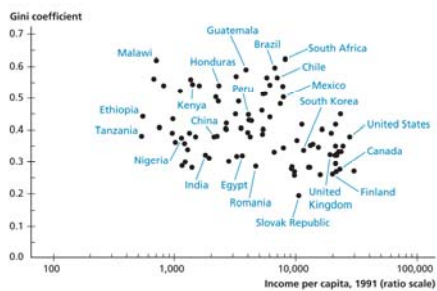


Source: Williamson (1985).

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13-5

FIGURE 13.5
Income per Capita Versus Inequality

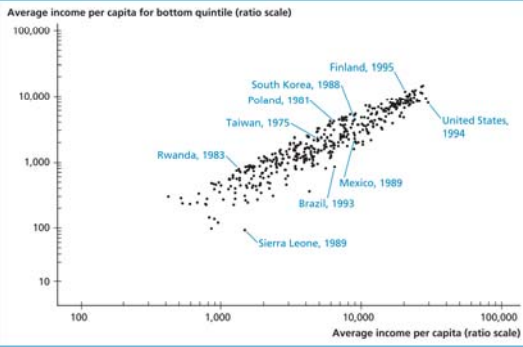


Source: Deininger and Squire (1996), Heston et al. (2002).

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13-6

FIGURE 13.6
Income per Capita Versus Income of the Bottom Quintile

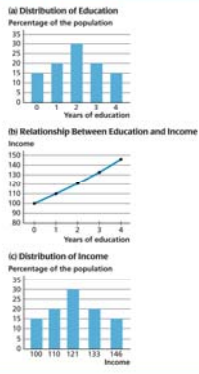


Source: Dollar and Kraay (2002).

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13-7

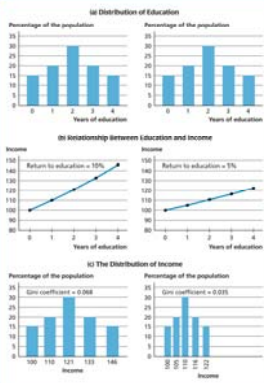
FIGURE 13.7
Determination of Income Inequality



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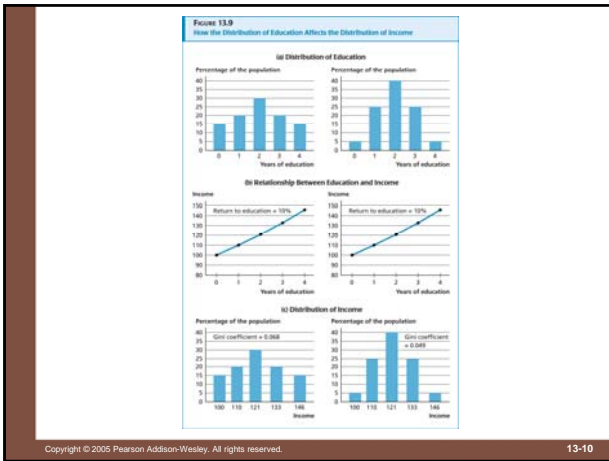
13-8

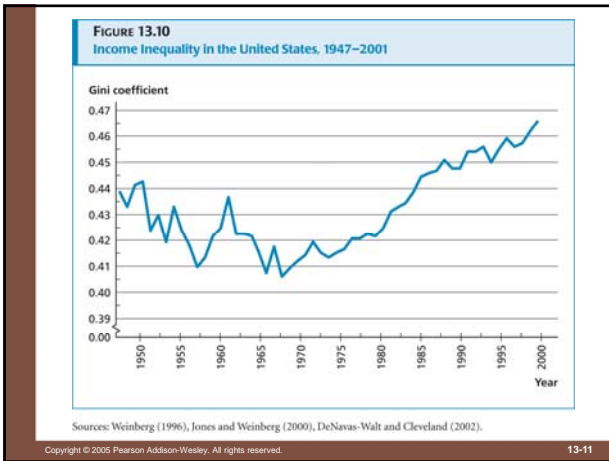
FIGURE 13.8
How the Return to Education Affects the Distribution of Income



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13-9





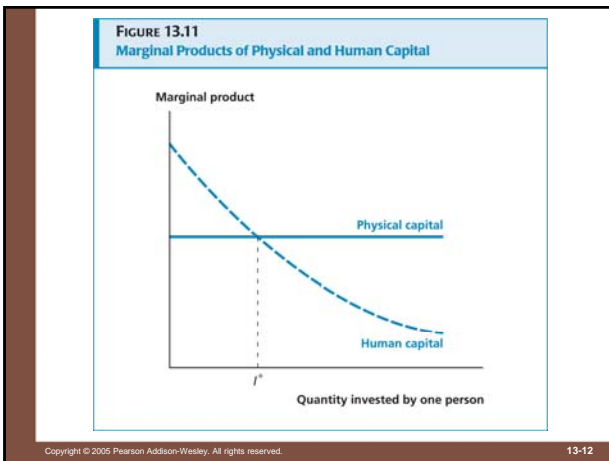
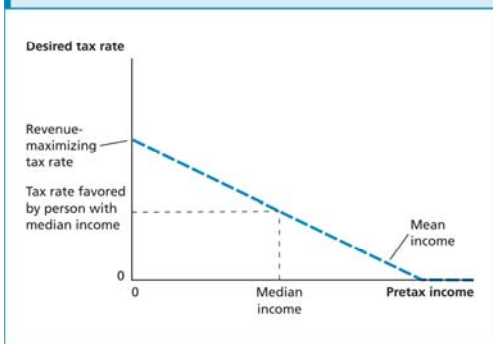


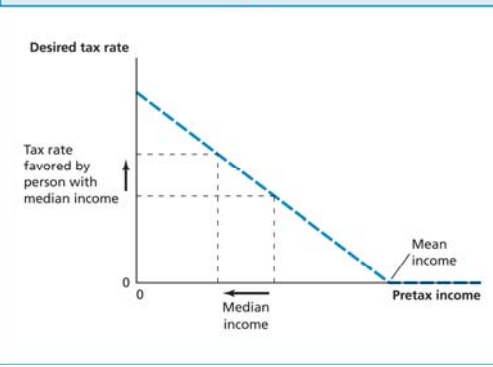
FIGURE 13.12
Relationship Between Income Inequality and the Desired Tax Rate



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13-13

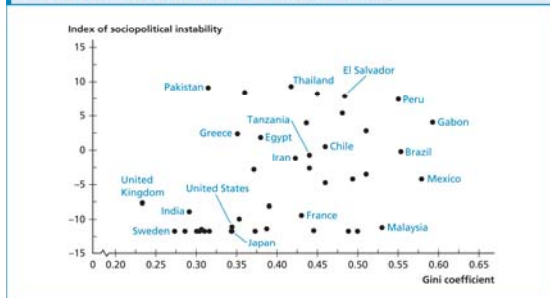
FIGURE 13.13
How an Increase in Income Inequality Affects the Desired Tax Rate



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13-14

FIGURE 13.14
Relationship Between Income Inequality and Sociopolitical Instability



Source: Alesina and Perotti (1996), Deininger and Squire (1996).

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13-15

TABLE 13.1
Household Income in the United States by Quintiles, 2001

Quintile	Average Household Income	Share of Total Household Income (%)
1st (Lowest)	\$10,186	3.5
2nd	\$25,321	8.7
3rd	\$42,492	14.6
4th	\$66,939	23.0
5th (Highest)	\$145,811	50.1

Source: DeNavas-Walt and Cleveland (2002).

TABLE 13.2
Saving Rates by Income Quintile

Income Quintile	Median Saving Rate
1 (Lowest)	8.6%
2	12.9%
3	16.3%
4	18.0%
5 (Highest)	23.0%

Source: Dynan, Skinner, and Zeldes (2000), Table 3. Data are for households with heads aged 30–59.

TABLE 13.3
Intergenerational Income Mobility in Canada

Father's Earnings Quartile	Son's Earnings Quartile			
	1st (Bottom)	2nd	3rd	4th (Top)
1st (Bottom)	.33	.28	.22	.17
2nd	.25	.27	.26	.21
3rd	.22	.24	.27	.27
4th (Top)	.20	.21	.25	.35

Source: Corak and Heisz (1998).
