Unbound:
How Inequality Constricts Our Economy

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Average growth used to be a good proxy for most Americans

Average annual income growth for earners in each percentile of the U.S. population, 1963-1979.

Average income growth has slowed in recent decades

Average annual growth of U.S. national income.

1963-1979: 1.7%
1980-2016: 1.3%

Only the top 10 percent have seen above-average income growth

Average annual income growth for earners in each percentile of the U.S. population, 1980-2016.

Lower inequality closes 70 percent of the mobility gap

Percent of children in each cohort who earn more than their parents with simulations


Equitable Growth
Wealth is increasingly concentrated at the top

Shares of total wealth, 1913-2012


Equitable Growth
Inequality binds growth by ...

• **Obstructing the supply of people and ideas** into the economy and limiting opportunity for those not already at the top, which slows productivity growth over time.

• **Subverting the institutions that manage the market**, making our political system ineffective and our markets dysfunctional.

• **Distorting demand** through its effects on consumption and investment; which both drags down and destabilizes short- and long-term growth in economic output.
Market concentration has risen in recent decades

Modified Herfindahl Index across industries in the United States, 1985-2015

Source: Germán Gutiérrez and Thomas Philippon, "Declining Competition and Investment in the U.S."; U.S. Census Bureau; Compustat.
Fastest growing jobs are dominated by healthcare and care services

Ten fastest growing occupations in the United States, projected 2018-2028

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Percent change</th>
<th>Employment change (in thousands)</th>
<th>Median annual wages (May 2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solar panel workers</td>
<td>63.6</td>
<td>5.1</td>
<td>$42,680</td>
</tr>
<tr>
<td>Wind turbine technicians</td>
<td>56.9</td>
<td>3.8</td>
<td>$54,370</td>
</tr>
<tr>
<td>Home health aides</td>
<td>36.6</td>
<td>304.8</td>
<td>$24,200</td>
</tr>
<tr>
<td>Personal care aides</td>
<td>35.4</td>
<td>881.0</td>
<td>$24,020</td>
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<tr>
<td>Occupational therapy assistants</td>
<td>33.1</td>
<td>14.5</td>
<td>$60,220</td>
</tr>
<tr>
<td>IT security analysts</td>
<td>31.5</td>
<td>35.5</td>
<td>$98,350</td>
</tr>
<tr>
<td>Physician assistants</td>
<td>31.1</td>
<td>37.0</td>
<td>$108,610</td>
</tr>
<tr>
<td>Statisticians</td>
<td>30.7</td>
<td>13.6</td>
<td>$87,780</td>
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<tr>
<td>Nurses</td>
<td>28.2</td>
<td>53.3</td>
<td>$107,030</td>
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<tr>
<td>Speech pathologists</td>
<td>27.3</td>
<td>41.9</td>
<td>$77,510</td>
</tr>
</tbody>
</table>

Source: U.S. Bureau Labor of Statistics
Women are more likely to work in jobs with highest and lowest risk of automation


Source: Institute for Women’s Policy Research, Future of Work Database
ENDS
Aggregate numbers mask how growth is distributed


Since the 1980s, more growth has flowed to high income Americans

Per capita annual real U.S. National Income growth subdivided by amount of growth earned by each income group, 1963-2016

National Income and Product Accounts
Gross Domestic Product: Second Quarter 2017 (Second Estimate)
Corporate Profits: Second Quarter 2017 (Preliminary Estimate)

Real gross domestic product (GDP) increased at an annual rate of 3.0 percent in the second quarter of 2017 (table 1), according to the "second" estimate released by the Bureau of Economic Analysis. In the first quarter, real GDP increased 1.2 percent.

The GDP estimate released today is based on more complete source data than were available for the "advance" estimate issued last month. In the advance estimate, the increase in real GDP was 2.6 percent. With this second estimate for the second quarter, the general picture of economic growth remains the same; increases in personal consumption expenditures (PCE) and in nonresidential fixed investment were larger than previously estimated. These increases were partly offset by a larger decrease in state and local government spending (see "Updates to GDP" below).

Real GDP: Percent change from preceding quarter

Real gross domestic income (GDII) increased 2.9 percent in the second quarter, compared with an increase of 2.7 percent (revised) in the first. The average of real GDP and real GDII, a supplemental measure of U.S. economic activity that equally weights GDP and GDII, increased 3.0 percent in the second quarter, compared with an increase of 2.8 percent in the first quarter (table 1).

The increase in real GDP in the second quarter reflected positive contributions from PCE, nonresidential fixed investment, exports, federal government spending, and private inventory investment that were partly offset by negative contributions from residential fixed investment and state and local government spending. Imports, which are a subtraction in the calculation of GDP, increased (table 2).

The acceleration in real GDP in the second quarter primarily reflected upturns in private inventory investment and federal government spending and an acceleration in PCE that were partly offset by downturns in residential fixed investment and state and local government spending and a deceleration in exports.
Real gross domestic product (GDP) increased at an annual rate of 3.0 percent in the second quarter of 2017 (table 1), according to the "second" estimate released by the Bureau of Economic Analysis. In the first quarter, real GDP increased 1.2 percent.

Incomes of the top 1% of earners in the economy grew by 4.0%, representing 26.7% of GDP growth. Gains made by the top 1% of earners made up 36.7% of overall GDP growth while the Middle 40% of earners captured 16.7% of GDP growth and the bottom 50% of earners captured 20% of GDP growth. This growth pattern is less equitable than growth in the first quarter. The 90/10 income ratio rose to 14.63 from 14.50 in the previous quarter.