ability
  definition, 274
  earnings and, 273–8, 396
  effect estimates, 275–6
    nature vs. nurture controversy, 276–8
ability adjustment, 261–2
ability to pay, 586–7, 588
absentee fathers, 563
absolute mobility, 181
accounting period, effect on poverty measures, 121–2
Adamson Act (1916), 304
Adarand v. Pena (1995), 473
adjusted gross income (AGI), 587–8, 608
AFDC see Aid to Families with Dependent Children
affirmative action, 435, 437, 473–4
  effects, 477, 510
AFL, 304–5
AFL-CIO, 305, 311
AFQT, 268, 275, 329, 464–5, 467
Africa, rates of return to education, 265–6
age–earnings profiles, 248–9, 258–60
age–wealth profiles, 356–60
  augmented household wealth, 359–60
  as cross-sectional, 357
AGI, 587–8, 608
agricultural employment
  decline, 219, 326–7
  and regional income levels, 328
  seasonal changes, 233, 541
agriculture, government expenditures, 613
Aid to Families with Dependent Children (AFDC), 117, 531–2, 546–53
  average family size, 549–50
  child bearing effects, 552–3
  expenditure trends, 535
  job programs for recipients, 554–5
  labor supply effects, 550–1
  marital status effects, 552–3
  means-testing, 547
  welfare participation rates, 551–2
  workings, 547–50
AIME, 542–3, 572
air traffic controllers’ strike, 309
Alabama, TANF, 547–8, 573
Alaska
  TANF, 547–9
  unemployment rates, 231–2
alternative maximum tax, 625
altruism model, 375–6
American Federation of Labor (AFL), 304–5
Annual Social and Economic Supplement (ASEC), 178
Annual Survey of Manufactures, 388
annuities, 140, 359, 364
  wealth, 164–6
Appalachia, unemployment, 234
Arizona
  unemployment insurance, 538
  unemployment rates, 231–2
Armed Forces Qualification Test (AFQT), 268, 275, 329, 464–5, 467
ASEC, 178
Asia, rates of return to education, 265–6
asset poverty, 120
assortative mating, 178
asymmetrical distribution, 59
Atkinson’s measure, 69–70
augmented wealth, 140–1, 359
  trends, 142–3, 159
see also share of augmented wealth
Australia
  comparable worth, 526
  gender–wage gap, 516
  income distribution
    around 1980, 81
    around 2000, 83
  income inequality
    around 1970, 75
    around 1980, 77
    P90/P10 ratio, 78–9
  taxation, 599–600
  union density, 310
Australian Twin Register, 276

Austria
  gender–wage gap, 516
  poverty rates, around 2000, 111
  regional income differences, 328
  taxation, 599
  union density, 310
  auto glass company study, 281
  automobiles, value, 140
  average family income see mean family income
  average indexed monthly earnings (AIME), 542–3, 572
  average tax rate
    definition, 579
    federal personal income tax scheme, 581–2

B index, 184
baby boom generation, 213, 263, 264, 545
baby dearth generation, 213, 264

Bangladesh
  income distribution
    around 1980, 81
    around 2000, 83
  bank deposits, trends, 145
  bargaining unit, 311
  baseball, 435
  basic allowance, 608

Becker, Gary, 247

Belgium
  gender–wage gap, 516
  income distribution
    around 1980, 81
    around 2000, 83
  income inequality, P90/P10 ratio, 78–9
  poverty rates, around 2000, 111
  taxation, 599–600
  union density, 310

Bentham, Jeremy, 575

bequest motive, 366–71
black Americans
  educational attainment progress, 461–7
  family structure changes, 469–71
  migration, 226, 460–1
  Blinder–Oaxaca decomposition, 424–5
  block grants, 547
  BLS, 114, 208, 209
  bonds, tax-exempt issues, 587
  Botswana, income distribution, around 1980, 81
  boycotts, 312
  bracket creep, 115, 590
Brazil
  income distribution
    around 1980, 81–2
    around 2000, 83–4
  regional income differences, 328
  Bretton Woods agreement, 390
  Brookings MERGE file, 600
  Brookings studies, 367
  Brooklyn Dodgers, 435
  Brown v. Board of Education of Topeka, Kansas (1954), 472–3
  “buffer-stock” model, 372
  Bureau of Economic Analysis, 44
  Bureau of Labor Statistics (BLS), 114, 208, 209
  Burt, Cyril, 276
  Bush, George H., 590
  Bush, George W., 590
  business cycle theory, 235
  business equity
    by age class, 162
    by wealth class, 159
    unincorporated, 137
  business income, 21
    see also proprietors’ earnings

California
  TANF, 548–9
  unemployment insurance, 538
  unemployment rates, 232

Canada
  comparable worth, 526
  fringe benefits, 501
  gender–wage gap, 516
  household wealth inequality, 168–70
  Human Development Index, 35
  income distribution
    around 1980, 75–6, 82
    around 2000, 83
income inequality, 395
   around 1970, 75
   around 1980, 77
   P90/P10 ratio, 78–9
industry mix by province, 328
inheritances, 369
intergenerational mobility, 196–7
labor share, 31
poverty gap ratio, around 1980, 110
poverty rates
   around 1980, 110
   around 2000, 110–11
regional income differences, 328
skill margins, 339
taxation, 599–600
union density, 309–10, 395
capability approach, 99, 577
capital consumption allowances, 46
capital gains
definition, 51, 587
inclusion in AGI, 587
treatment in national accounting, 51–2
capital markets, perfect, 254
cardinal utility function, 97
Caribbean
   poverty rates (1987 and 1998), 112
   rates of return to education, 266
   “causation story”, 195
CBO, 606–7
censuring argument, 476
Census of Manufactures, 329, 332, 335
Census of Population data
   in DD index studies, 506
   in earnings function estimation, 271, 273
   educational attainment data, 429
   in gender–wage gap studies, 498, 500–2, 507, 510
   in immigration studies, 392–3, 417
   in income inequality studies, 327–30, 334, 393
   in intergenerational mobility studies, 194
   in labor demand studies, 388–9
   in LFPR studies, 493
   in racial earnings gap studies, 463–6, 469, 476
   in returns to schooling studies, 260, 261
Center on Budget and Policy Priorities, 595
Central Asia, poverty rates (1987 and 1998), 112
CEO compensation, 342–3
CETA, 554, 555
child tax credit, 591
children
   demand for, 493
   poverty rate, 103–4
chronic poverty, 107–8
CIO, 305
Civil Rights Act (1964), 217, 473, 474, 509, 511
effects, 474–5, 509–10
civil rights movement, 471, 532
Civil War, effects, 464
class distribution of income definition, 29
   see also factor shares
class struggle, 437–8
Clayton Act (1914), 304
Clinton, Bill, 533, 563, 590
close-ended classes, 58
coefficient of immobility, 197
coefficient of variation (CV), 61–3, 341
definition, 61
cognitive response, 286
COLA, 544–5
Coleman Report, 464
collective bargaining, 236, 311–12
college education, rates of return, 263–5
Colombia
   income distribution
      around 1980, 81
      around 2000, 83
   comparable worth, 511–12
   competition, perfect, 254
   competitive imports, 54
   compliance reviews, 477, 510
Comprehensive Employment and Training Act (CETA) (1973), 554, 555
comprehensive income, 607
computerization, 389–90
coefficient of, 389
   see also information technology
   Concentrated Employment Program, 554
   concentration of income, 585
   concentration measures, 61
   concentration ratio, 61
   Congress of Industrial Organizations (CIO), 305
   Congressional Budget Office (CBO), 606–7
   Connecticut, TANF, 548, 572–3
construction
   seasonal changes, 233
   wage effects of unions, 343
consumer durables, 135, 140
trends, 144–5
Consumer Expenditure Survey, 121, 361, 369, 372
consumer price index see CPI-U; CPI-U-RS
Index

consumption
  after retirement, 361
  "buffer-stock" model, 372
contingent workers, 344
corporate stock, 138
  by age class, 162
  by wealth class, 159–60
  ratio of prices to housing prices, 153
trends, 145–6
corporation income tax, 594–5
effective tax rates, 600–3, 605
receipts trends, 596–7
corporations, oligopolistic, 323–4
correlation coefficient, 182
  see also intergenerational correlation coefficient;
  Spearman correlation coefficient
cost-of-living adjustment (COLA), 544–5
Costa Rica
  income distribution
    around 1980, 81
    around 2000, 83
Cote d’Ivoire
  income distribution
    around 1980, 81
    around 2000, 83
coverage rate, unemployment insurance, 539–40, 562
covered employment, 541
CPI-U, 17–18, 114–15, 544
CPI-U-RS, 115
craft unions, 311
credit
  discrimination in provision, 427
  lines of, 135
cross-sectional samples, 298
culture of poverty, 108
Current Population Survey (CPS), 147, 209–10
data deflation, 115
in DD index calculations, 506
in earnings mobility studies, 188
in earnings and schooling studies, 258, 262, 264–5, 283, 388–9
educational attainment data, 462–3
in gender–wage gap studies, 500–1, 507, 509–10
history, 210
in immigration studies, 392–3
in income inequality studies, 393–6, 416–17, 514
in industry wage differentials studies, 335, 338
in labor demand and supply studies, 388–9
in labor earnings studies, 397
  in labor force participation rate studies, 551
  in occupational wage differentials studies, 341
  poverty rate data, 228, 229
  in racial inequality studies, 457, 476–7
  schooling variance trends, 401
  in taxation studies, 600
  in trade union effects studies, 318
custom, 321
customs duty, 595, 597–8
CV see coefficient of variation
cyclical unemployment see Keynesian unemployment
Czech Republic
taxation, 599
  union density, 310
Danbury Hatters’ Union, 304
DC plans, 366
DD index, 506–7
debt
  household see household debt
  ratio to net worth see debt–equity ratio
debt–equity ratio, 6, 138
  by age class, 162
trends, 162
debt–income ratio, 138
  by age class, 162
Defined Benefit (DB) wealth, 366
Defined Contribution (DC) plans, 366
degree of inequality aversion, 69
deindustrialization, 220, 393
Delaware, unemployment rates, 232
demand curves
  elastic, 314–15
  inelastic, 314–15
  labor, 313–15, 556
    for minority workers, 432
  product, 315
  schooling, 257–8
demand-deficient unemployment see Keynesian unemployment
Denmark
gender–wage gap, 516
household production, 39
income distribution
  around 1980, 82
  around 2000, 83
income mobility indices, 186–7
intergenerational mobility, 196–7
taxation, 599–600
  union density, 309–10
Denver, negative income tax, 609
Department of Agriculture, 532
Department of Defense, performance rating scheme, 280
Department of Labor, 509
deposits, by wealth class, 159
depreciation, 46, 595, 625
  of human capital, 260
deregulation, industrial, 309
desegregation, of schools, 217, 467
deskilling, 341
Detroit schools, 473
deviation, 56
  see also standard deviation
direct coefficient matrix, 53
disability, incidence, non-white males, 215
discipline, 286
discount rate, 249
“discouraged workers”, 209, 224, 424, 452
  poverty frequency, 225
discrimination
  in credit provision, 427
  definition, 421
  meaning, 423–9
da mortgage provision, 427
  pre-labor market, 427–9, 511
  public policy programs, 472–4
    effectiveness, 474–6
  reverse, 474
  statistical, 430, 434–6, 508–9
taste for, 430–4
  theories, 429–40
    overview, 429–30
  see also gender discrimination
discrimination coefficients, 431
disorder, 68
dispersion, 56
dissimilarity index, 426
distributions see frequency distributions
divide and conquer model, 430, 437–8
dividends
  definition, 22
  trends, 23
divorce rate, 493
doctors, entry restrictions, 254
domestic servants, housemakers vs., 209
downsizing, 13–14, 344, 395
drop-out argument, 476
dual labor market model, 322–5
  challenges to, 326
  extensions, 323–5
Duncan and Duncan (DD) index, 506–7
duration of poverty, 108
Earned Income Tax Credit (EITC), 116, 117, 561, 591, 608–11
  phase-in range, 610–11
  phase-out range, 610–11
  stationary range, 610
earnings
  ability and, 273–8, 396
  age and see age–earnings profile
  productivity and, 279–86
  schooling and, 258–9, 281–6, 395–6, 401–2
  see also income; labor earnings; schooling-earnings function; wages
  earnings capacity, 123
earnings differentials, 256, 264
  racial differences, 264
  see also discrimination
  earnings functions, 269–73, 401
    regional, 329
  earnings inequality see income inequality
  earnings test, 545, 546
  East Asia, poverty rates (1987 and 1998), 112
  Eastern Europe, poverty rates (1987 and 1998), 112
economic mobility see intergenerational mobility; lifetime mobility; mobility
  economic status, intergenerational transmission mechanisms, 194–5
economies of consumption, 95
economy food plan, 94
education
  consumption component, 254
government expenditures, 612, 613
  see also schooling
  education index, 35
  educational attainment and annual earnings, 10–11
  intergenerational correlation, 195
  of labor force, 217–19
  and poverty incidence, 105, 107
  racial differences, 217, 429, 461–9
  socioeconomic status and, 284
trends, 8–10, 217–19, 461–3
  see also schooling
  EEOC, 473, 475, 509–10
efficiency wage theory, 336–9
eigenvalues, 184
  EITC see Earned Income Tax Credit
elasticity of demand, 314
  elderly persons, poverty rate, 104, 531, 561–2
  elitist position, 579
employment
definition, 208
growth
by industry, 331
wages and, 333
industrial composition, 219–20
occupational composition, 220–1
see also labor force; unemployment
employment rate, trends, 452
Employment Security Act (1970), 536
employment statistics, estimation, 209–10
employment status, and poverty incidence, 105–6
Engels, Frederic, 624
English proficiency, 468–9
entertainment, 342
entropy, 68
entropy index, 68
entry ports, 319–20, 326
Equal Employment Opportunity Act (EEOA) (1972), 477
Equal Employment Opportunity Commission (EEOC), 473, 475, 509–10
Equal Pay Act (1963), 473, 509, 511
equal treatment of equals, 586–7
equality
as social goal, 574–9
arguments against, 577–9
arguments in favor, 574–7
equipment investment, trends, 398–400, 405–8
equities, 138
equivalence classes/scales, 95, 113–14, 588
equivalent income, 95, 114
definition, 25
trends, 4–5
ES-202 data, 558
estate division, 375
estate tax, 595, 598
data, 148–9, 197–8
effective tax rates, 605
state, 595
eugenics, 278
Europe, rates of return to education, 266
European Community Household Panel Survey, 516
excise tax, 595, 597–8
effective tax rates, 601–3
Executive Order 10925 (1961), 473
Executive Order 11246 (1965), 473–4, 477, 509
exit ports, 319–20, 326
experience, work see work experience
exports
definition, 49
treatment in national accounting, 49–50
see also international trade
extended earnings function, 272–3
factor content of trade model, 390, 391
factor prices, output prices and, 391
factor shares
definition, 29
derivation, 48–9
historical studies, 31–2
see also class distribution of income
factors of production, 46
Fair Labor Standards Act (1938), 473, 509, 556
amendments (1966), 558
fairness, 575–7
family assistance payments, 22
family background, screening, 283–5
family composition, trends, 469–71
family income
augmented measure, 164–6
correlation with technological, structural, and institutional variables, 399
distribution of gains, 158–9
Lorenz curve (2004), 157–8
and wealth, correlation, 163–4
see also income inequality; mean family income; median equivalent family income; median family income
family size
and poverty incidence, 105–6
trend, 215
Family Support Act (1988), 554–5, 563
family unit
definition, 52
in poverty measurement, 122–3
as welfare measure, 25
farm business equity, trends, 145
farm families, poverty rate, 105, 107
fast-food industry, 558
Federal Housing Administration (FHA), 427
Federal Insurance Contributions Act (FICA), 541
federal personal income tax, 581–2, 587–93
deductions, 588, 591–3
effective tax rates, 591–3, 600–3, 605
exemptions, 588–93
government receipts trends, 596–7
as progressive, 614
structure history, 588–91
marginal tax rates, 588–91
personal exemptions, 588–90
tax schedules, 587–91
federal tax
effective tax rates, 605–6
trends, 605–6
federations, labor, 303
feedback cycle, 323
female employment
by detailed occupations, 505
by occupational group, 503–5
World War II effects, 506
female-headed families
AFDC set up for, 532
as percentage of total families, 404, 407, 553
poverty rate, 104–6, 471, 562
feminization of poverty, 106, 514–16
fertility rate, 493
FHA, 427
Fields–Ok index, 182–3
final goods, 45
final output, 46
final users, 44
financial assets, 137
financial securities, 138
by wealth class, 159
trends, 145–6
financial wealth, 140
distribution of gains, 158
see also share of financial wealth
Finland
gender–wage gap, 516
household wealth inequality, 169–70
income distribution
around 1980, 82
around 2000, 83
income inequality, P90/P10 ratio, 78–9
intergenerational mobility, 196–7
poverty rates, around 2000, 110–11
regional income differences, 328
taxation, 599
union density, 309–10
firm size, and wages, 335–6
fixed coefficient manpower model, 302
Florida
TANF, 548
unemployment insurance, 538
unemployment rates, 231–2
Flow of Funds Accounts, 141
Food Stamp program, 116, 532
benefits, 549, 572–3
expenditure trends, 534–5
poverty rate effects, 561
Forbes 400, 166–7, 198
Ford Motor Company study, 338
forgone earnings, 248
45° line, 63
France
estate division, 375
gender–wage gap, 516
household wealth inequality, 168–9
income distribution
around 1980, 82
around 2000, 83
income inequality, 395
around 1970, 74–5
P90/P10 ratio, 78–9
intergenerational mobility, 196–7
intergenerational transfers, 367
minimum wage, 395
skill margins, 339
taxation, 599–600
union density, 309–10, 395
frequency distributions, 56–60
fringe benefits
gender differences, 501
trends, 24
unionization effect, 353
“full employment” unemployment rate, 234–5
functional capabilities, 99
functional distribution of income definition, 29
trends, 29–31
functional securities
by age class, 162
by wealth class, 159
functionings, 577
fungibility, 116
Gary (Indiana), negative income tax, 609
Gates, Bill, 166
GATT, 595
GDP see gross domestic product
GDP index, 35
gender discrimination, 498–501, 508–9
overcrowding model, 430, 438–40, 511
public policy programs, 509–13
effectiveness, 509–11
gender–wage gap, 422–3
earnings ratios, 488–9
by age group, 489, 490
by education, 489, 490–1
trends, 490–1, 498–501
explanations, 494–509
human capital differences, 494–503
see also occupational segregation
international comparisons, 516–17
occupational segregation and, 506–7
General Agreement on Trade and Tariffs (GATT), 595
general assistance, 530
general sales tax, 595–6
effective tax rates, 600–3
General Social Survey (GSS), 193
generalized entropy mobility measure, 187
generational accounting, 376–7
genetic transmission, 194
gerometric series, 297
Germany
gender–wage gap, 516
household wealth inequality, 169–70
income distribution, around 2000, 83
income inequality, P90/P10 ratio, 79
income mobility indices, 187–8
intergenerational mobility, 196–7
poverty rates, around 2000, 111
savings patterns, 361
skill margins, 339
taxation, 599–600
unemployment rates, 233
union density, 309–10
wealth tax, 149
see also West Germany
Ghana
income distribution
around 1980, 81
around 2000, 83
“GI bill”, 497
gift tax, 595, 598
effective tax rates, 605
gifts, 367, 370–1
Gini, Corrado, 64
Gini coefficient, 64–6
computation, 65–6
proportional tax system, 583–4
trends, 4, 72–3, 605–7, 615–16
globalization, 13, 234, 390
GNP, 50
trends, 142–3
Gompers, Samuel, 304
government debt, 375, 376–7
government expenditures, 46
beneficiaries, 613
distributional effects, 611–16
functional structure, 611–12
net, 611, 614–15
government transfer systems see income maintenance programs
Great Depression, 304, 530
unemployment rate, 221, 235, 304, 530
Great Society program, 532
Greece, taxation, 599
gross domestic product (GDP)
definition, 24, 50
from national accounts, 46
government receipts as percentage of, 597–8
national income and, 51
per capita
trends, 26–8
see also RGDP
see also GDP index
gross house value, trends, 144–5
gross output, 46
gross profits, 45
growth, promotion, 578
GSOEP, 187
GSS, 193
Guatemala
income distribution
around 1980, 81
around 2000, 83
Harrington, Michael, 108, 532
Harvard University, 428
Hawaii, unemployment insurance, 538
head count ratio, 99
health care
government expenditures, 611–12, 613
universal, 533, 572
health expenses, uncertainty over, 371
health insurance, 533
Health and Retirement Survey (HRS), 366
Heckscher–Ohlin model, 390
highways, government expenditures, 612, 613
Hispanics, 457–9
earnings, 457–8
educational attainment progress, 462–3, 468–9
immigration effects, 468
labor force participation rates, 458–9
median family income, 457
poverty rate trends, 102, 454, 457
unemployment rates, 458–9
home equity, 138
by age class, 162
trends, 145
homeless, 133
homeownership rates, 139
by race, 146–7, 454–5
trends, 146–7, 454–5
Hong Kong, income distribution, around 1980, 81
Hoover, Herbert, 530
horizontal equity, 586
household, definition, 52
household consumption, 46
household debt
by age class, 162
by wealth class, 159–60
composition, 138
trends, 145
household income see family income; mean family income; median equivalent family income; median family income
household production, 35–9
definition, 37
empirical work on, 38–9
income inequality and, 39
market cost approach, 37
opportunity cost approach, 38
household responsibilities, 500, 508
household survey data, 149
household wealth
augmented see augmented wealth
average wealth trends, 142–3, 154–5, 455–6
by race, 455–6
composition, 136–40
by age class, 162–3
by wealth class, 159–62
trends, 139–40, 143–6, 159–63
definitions, 136, 140–1
distribution of gains, 158
financial see financial wealth
and income, correlation, 163–4
Lorenz curve (2004), 157–8
marketable see marketable wealth
median wealth trends, 154–5
sources of accumulation, 369–70
treatment in poverty measurement, 119–20
trends, 5–6
and well-being, 135–6
see also personal savings
household wealth inequality, 147–67
average wealth holdings, 154–5
trends analysis, 155–9
estimation methods, 148–50
income inequality vs., 151–3
international comparisons, 167–70
long-term trends, 167–8
recent trends, 168–70
long-term trends in U.S., 150–3
see also share of wealth
householders, domestic servants vs., 209
housing assistance, 533–4
expenditure trends, 534–5
poverty rate effects, 561
housing price index, 114
housing prices, 139
ratio of stock prices to, 153
housing segregation, 425–7
HRS, 366
human capital model, 247–58
basic assumptions, 254
depreciation of human capital, 260
earnings inequality and, 286–8
equilibrium formation, 255–8
as indeterminate, 256
and LFPR of women, 493
policy implications, 255
rate of return to human capital, 248–51
regional differences, 329
relative earnings theory, 255
screening model vs., 282–3
structural models vs., 302
see also on-the-job training
Human Development Index (HDI), 33, 35
international comparison
Hungary
income distribution
around 1980, 81
around 2000, 83
taxation, 599
union density, 310
hysteresis, 235
Iceland, taxation, 599
illegitimacy rates, 553
Illinois
TANF, 548
unemployment insurance, 538
unemployment rates, 232
immigration, 13
and earnings inequality, 392–3, 468
law, 546
trends, 399, 401, 405–7
immobility coefficient, 197
immobility index, 182
implicit contract theory, 236
imports
competitive, 54
definition, 49
noncompetitive, 54
treatment in national accounting, 49–50
see also international trade
incarceration rates, 471
incentives
structures, 436
to work, 578
income
in constant dollars see real income
in current dollars see nominal income
marginal utility, 575–6
income capitalization, 149–50
income classes, 57
income deficiency index see poverty gap ratio
income deficit, definition, 107
Income Evaluation Question, 97
income inequality
causes of rise, 12–14, 386–96
data sources, 416–17
econometric results, 405–8
household production and, 39
human capital and, 286–8
industrial composition and, 326–31
inter-industry employment shifts effects, 330
international comparisons, 74–85
among high-income countries, 74–9
for countries at various development levels, 80–4
world income distribution, 84–5
minimum wage effect, 559
racial differences, 457
see also racial inequality
regional differences, 326–8
state differences, 327–8
time trends in U.S., 70–4, 396–7, 403–4
in key explanatory variables, 396–404
trade unionism effect, 318
wealth inequality vs., 151–3
wives’ earnings effects, 513–14
see also industry wage differentials; labor
earnings; occupational wage differentials;
share of total income
income inequality measures, 60–74
concentration measures, 61
as scale-free, 583
see also Atkinson’s measure; coefficient of
variation; Gini coefficient; log variance
of income; Lorenz curve; Lorenz dominance; Theil entropy index
income levels, regional differences, 328–9
income maintenance programs
effects on poverty, 117–19, 560–2
history, 529–35
eyear developments, 530
post-war developments, 532–3
public expenditures on major programs,
534–5, 559–60
see also housing assistance; New Deal
reform proposals, 562–4
income security, government expenditures,
611–12
income shares see share of total income
income splitting, 592–3
income spread, trends, 4–5
Income Survey and Development Program
(ISDP), 150
income taxes
computation, 51
negative, 608–11
progressive systems, 75
state personal, 595
see also corporation income tax; federal
personal income tax
independent jobs, 323
India
income distribution
around 1980, 81
around 2000, 83
poverty rates (1987 and 1998), 112
Indiana
negative income tax, 609
TANF, 548
indirect business taxes, 45
Indonesia
income distribution
around 1980, 81
around 2000, 83
industrial composition
income inequality and, 326–31
inter-industry employment shifts effects, 330
industrial mobility, 189
industrial unions, 311
industry concentration, 332, 334
industry profitability, 334
industry wage differentials, 331–9
explanations, 331–6
plant and firm size effects, 335–6
recent trends, 336–9
inequality, income see income inequality
inflation, unemployment and, 235
“inflation-threshold” unemployment rate, 234–5
inflection point, 59
information, perfect, 254
information technology (IT)
diffusion, 387, 389–90
labor market effects, 265, 389–90
information theory, 67
Index

inheritances, 367–8, 375–6
appreciation, 370
racial differences, 455–6
see also estate tax
input–output analysis, 44–6
and national accounts, 46–7
insurance value, 116
insured coverage rate, 539–40, 562
intelligence
socioeconomic class and, 277
see also ability
inter vivos transfers see gifts
interest income
definition, 22
trends, 23–4
interest rates
market/real, 248, 297
adjustments, 255
nominal, 297
intergenerational altruism, 367
intergenerational correlation
coefficient, 181
intergenerational mobility, 180, 189–97
continuous time trends, 193
international comparisons, 195–7
measurement error, 190
measures, 180–1
occupational, 193
racial differences, 191, 192, 195
transmission mechanisms, 194–5
United States results, 190–4
wealth, 197–8
intergenerational transfers, 367, 375–6
trends, 368
see also gifts; inheritances
intermediate goods, 44–5
intermediate users, 44
internal labor markets, 236, 302, 319–22, 395
in corporations, 324
criticisms, 326
definition, 319
rationale, 320–2
structure, 319–20
internal rate of return, 255, 298
definition, 251
Internal Revenue Service (IRS), tax return data,
185, 600, 605
international trade
and earnings inequality, 390–2
intensity trends, 399, 401, 405–8
treatment in national accounting, 49–50
interspousal transfers, 367
inventories, 53
investment, 46
investment banking, 342
investment tax credit, 591
Iowa
comparable worth system, 512
negative income tax, 609
Ireland
income inequality, P90/P10 ratio, 79
poverty rates, around 2000, 110–11
taxation, 599
union density, 310
IRS see Internal Revenue Service
ISDP, 150
Israel
income distribution
around 1980, 75–6, 81
around 2000, 83
income inequality
around 1980, 77
P90/P10 ratio, 79
poverty gap ratio, around 1980, 110
poverty rates, around 1980, 110
IT see information technology
Italy
gender–wage gap, 516
household wealth inequality, 169–70
income distribution
around 1980, 81
around 2000, 83
income inequality
around 1970, 75
P90/P10 ratio, 79
poverty rates, around 2000, 110–11
regional income differences, 328
taxation, 599–600
union density, 309–10
Jamaica
income distribution
around 1980, 81
around 2000, 83
Japan
gender–wage gap, 516
Human Development Index, 35
income distribution
around 1980, 82
around 2000, 83
income inequality, 395
around 1970, 75
taxation, 599–600
union density, 310
Jim Crow laws, 426
Job Corps, 554
job evaluation, 511–12
job leavers, 209, 222–3
job losers, 209, 222–3
Job Opportunities and Basic Skills Training (JOBS) program, 554–5
job preferences, gender differences, 508
job security, 321
Job Training Partnership Act (JTPA), 554
job vacancies, unemployment and, 225
JOBS program, 554–5
Johnson, Lyndon B., 473, 532
JTPA, 554
“just sufficient” income level, 97
Kennedy, John F., 427, 473, 532
Kerr, Clark, 319
Keynesian unemployment (demand-deficient unemployment), 225, 235–6, 237–8
Korea, taxation, 598–9
Korean War, 590
Kuznets, Simon, 44, 80
Kuznets curve, 80
labor
  - demand trends, 265
  - elasticity of demand, 314
    see also demand curves; supply curves
labor earnings
  - definition, 22
  - indices, trends, 3, 7
  - trends, 22, 26–8, 397
    see also earnings; income; wages
labor force
  - definitions
    - civilian labor force, 209
    - total labor force, 209
  - trends, 211
    - educational attainment, 217–19
    see also employment
labor force participation rate (LFPR), 210–19
  - definition, 210
  - trends, 211
    - by age, 211–16, 449–51
    - by educational attainment, 449–50
    - by gender, 211–16, 449–50
    - females by marital status, 491–4
    - two-earner households, 216–17
labor market segmentation, 319–26
  - development, 323–4
  - evaluation, 325–6
    see also internal labor markets; secondary labor market
labor market twist, 237
labor productivity, trends, 7–8
labor unions see trade unions
Latin America
  - poverty rates (1987 and 1998), 112
  - rates of return to education, 265–6
lawyers, 342
layoffs
  - policies of firms, 541
  - wage reduction vs., 236
LCM see lifecycle model
LE see lifetime earnings
leisure time, value, 123
Leontief, Wassily, 44
Lewis, John, 305
Leyden poverty line, 96–7
  - derivation, 97–9
LFPR see labor force participation rate
libertarianism, 577–8
life expectancy index, 35
life insurance, by wealth class, 159
lifecycle model (LCM), 356, 363
  - extensions, 363–72
    - bequest motive, 366–71
    - liquidity constraints, 371–2
    - pension and social security wealth role, 364–6
    - precautionary savings, 371–2
    - uncertainty, 364
  - longitudinal analyses, 359–61
  - regression analysis, 362–3
  - simulation analysis, 361–3
  and top wealth classes, 363
    see also age–wealth profiles
lifetime earnings (LE), 256, 267–9
  - by schooling group, 267–9
  in lifecycle model, 363
lifetime mobility, 180, 184–9
  - earnings, 188–9
  - income, 184–8
    - international comparisons, 186–7
    - industrial, 189
    - measures, 181–4
    - occupational, 189
liquid assets, 137–8
  - by age class, 162
  - trends, 145
liquidity constraints, 371–2
literacy rates, importance of raising, 266
living standards see standard of living
local government taxes, 595–6, 597–8
log-normal distribution, 67
log variance of income, 66–7
longevity, uncertainty about, 364
longitudinal samples, 298
Lorenz curve, 63–4
  progressive tax structure, 584–5
  proportional tax structure, 583–4
  regressive tax structure, 584–5
Lorenz dominance, 70
Louisiana, unemployment rates, 231
low-wage workers, characteristics, 325
lower tail, 59
Luxembourg
  income inequality, P90/P10 ratio, 79
  RGDPL, 33
  taxation, 599
Luxembourg Income Study (LIS), 75, 109
macroeconomic policy, unemployment rate and, 238
macro-economy, poverty and, 125
Malaysia
  income distribution
    around 1980, 81
    around 2000, 83
male–female wage gap see gender–wage gap
Malhurs, Thomas, 572
Manpower Development and Training Act (MDTA) (1962), 554
manufacturing
  employment decline, 219–20
  regional wage differences, 329
  skill-bias, 387–8
  union organization, 311
marginal rate of return, 257
marginal revenue product, 252
marginal tax rate, 580–1
  definition, 580
  federal personal income tax scheme, 581–2
trends, 6–7
marital customs, 148
marital status, and LFPR, 215
market power, 332–4
market value, 116
marketable wealth, 136–40
  international comparisons, 168–9
trends, 142–3, 155–6
“marriage penalty”, 500
Marshall, Alfred, 314
Marshall’s rules, 314–15
Marx, Karl, 624
Marxian model, 430, 437–8
Massachusetts
  minimum wage, 573
  unemployment insurance, 538
  unemployment rates, 231–2
  maximin solution, 576
  maximum taxable wage base, 593–4
MDTA, 554
mean, definition, 56
mean family income
  bottom quintile, trends, 2–3
  median income vs., 60
trends, 1–2, 154
  by race, 421–2, 455–6
mean income deficit, 106, 107
mean squared proportionate poverty gap, 101
mechanization, 340
median, definition, 59
median equivalent family income, trends, 26–7,
  29
median family income
  by household type, 471, 513
  mean income vs., 60
  trends, 1–2, 26–8, 155
    by household type, 513
    by race, 453–4
Medicaid, 116, 117, 532–3, 611
  expenditure trends, 534–5
Medicare, 116, 117, 531, 532–3, 611
  expenditure trends, 534–5
MESP file, 150, 373
Mexico
  income inequality, P90/P10 ratio, 79
taxation, 598–9
Michigan
  TANF, 548
  unemployment insurance, 538
  unemployment rates, 232
Middle East
  poverty rates (1987 and 1998), 112
  rates of return to education, 266
migration
  black American, 226, 460–1
  welfare benefits and, 553
Mill, John Stuart, 322
minimum wage, 345, 556–9
  coverage, 558
decline in real terms, 394–5, 558, 563
Index

minimum wage (cont’d)
reform proposals, 563–4
trends, 401–2, 405–8, 557–8
mining, employment decline, 219
Minnesota, comparable worth system, 512
mobility, 180–99
  absolute, 181
  measures, 180–4
  over time see lifetime mobility
  relative, 181
  see also intergenerational mobility
mobility M index, 187
modal class, 58
mode, definition, 58
Monthly Report on Unemployment, 210
Morocco
  income distribution
    around 1980, 81
    around 2000, 83
  mortality multipliers, 148
mortgages, 138
debt trends, 145
discrimination in provision, 427
  “sub-prime”, 133, 178, 443
motivation, by external reward, 286
Moynihan, Patrick, 469
multiplier effect, 626
Murray, Charles, 550
mutual funds, 138
  by wealth class, 160
Myrdal, Gunnar, 445

NAEP, 396, 429, 465
NAIRU, 235
National Academy of Sciences, 114
national accounts see National Income and
  Product Accounts
National Assessment of Educational Progress
  (NAEP), 396, 429, 465
National Bureau of Economic Research, 275
  see also NBER-Thorndike sample
National Center for Education Sciences (NCES), 429
  Common Core of Data, 428
National Compensation Survey (2003), 318
national defense, government expenditures,
  611–12, 613
national income (NI)
  definition, 48, 51
  GDP and, 51
  sources, 49
National Income and Product Accounts (NIPA), 44–52, 416–17
capital gains treatment, 51–2
factor shares derivation, 48–9
input–output analysis and, 46–7
international trade treatment, 49–50
personal income sources, 47–8
National Industrial Recovery Act (1933), 304
National Labor Relations Act, 304–5
National Labor Relations Board (NLRB), 304, 311
National Longitudinal Surveys (NLS)
  in gender–wage gap studies, 499, 502–3, 508
  in intergenerational mobility studies, 191, 193
  in lifecycle model studies, 372
  in lifetime earnings studies, 475
  of Mature Men, 197
  of older men, 360, 365
  in racial inequality studies, 455–6
  in return to schooling studies, 284–5
  in work experience studies, 495
of Youth (NLSY)
  in earnings mobility studies, 188
  in educational attainment studies, 464, 467, 469
  in gender–wage gap studies, 500, 503
  in return to education studies, 396
national poverty line, 98
National Science Foundation, 416
National Trades’ Union, 303
National Typographical Union, 303
natural rate of unemployment, 234–5, 238
nature vs. nurture controversy, 276–8
NBER Manufacturing Productivity Database, 392
NBER–Thorndike sample, 267, 275–6, 282
Nebraska, unemployment rates, 231–2
need standard, 547
needs, redistribution according to, 578
negative income tax, 608–11
neighborhood effects, 465
Neighborhood Youth Corps, 554
net equity, 140
net government benefits, 613–14
net government expenditures, 611, 614–15
net investment, 47
net national product (NNP), 24–5
  from national accounts, 46–7
net profit rate, trends, 8
net profit share, trends, 8
net profits, 46
net worth see marketable wealth
Index

Netherlands
- gender–wage gap, 516
- income distribution
  - around 1980, 82
  - around 2000, 83
- income inequality
  - around 1970, 75
  - around 1980, 77
  - P90/P10 ratio, 78–9
- poverty rates, around 2000, 111
- taxation, 599–600
- union density, 310

New Deal, 304, 530–1
new entrants, 209, 222–3

New Hampshire, unemployment rates, 231–2

New Jersey
- minimum wage, 558
- negative income tax, 609
- TANF, 548
- unemployment insurance, 538

New York (city)
- personal income tax, 595
- TANF, 548–9

New York (state)
- personal income tax, 595
- unemployment insurance, 536, 538
- unemployment rates, 232

New Zealand
- income distribution
  - around 1980, 81
  - around 2000, 83
- income inequality, P90/P10 ratio, 78
- taxation, 599
- union density, 310

NI see national income

Nigeria, income distribution, around 2000, 83

NIPA see National Income and Product Accounts

Nixon, Richard, 533, 572

NLRB, 304, 311

NLS see National Longitudinal Surveys

NLSY see National Longitudinal Surveys (NLS), of Youth

NNP see net national product

nominal income, definition, 25

nominal tax rate, 591–2

non-accelerating inflation rate of unemployment (NAIRU), 235

noncash government benefits, treatment in poverty measurement, 116–19

noncognitive skills, development, 286

noncompeting groups, 322

noncompetitive imports, 54

nonmarket time, value, 123

normative judgments, 575

North Africa
- poverty rates (1987 and 1998), 112
- rates of return to education, 266

North Carolina
- negative income tax, 609
- unemployment insurance, 538

North Dakota, unemployment rates, 231–2

Norway
- gender–wage gap, 516

Human Development Index, 35

income distribution
  - around 1980, 75–6, 82
  - around 2000, 83

income inequality
  - around 1970, 75
  - around 1980, 77
  - P90/P10 ratio, 78–9

income mobility indices, 186–7

intergenerational mobility, 196–7

poverty gap ratio, around 1980, 110

poverty rates, around 1980, 110

union density, 310

Nussbaum, Martha, 99

OASDHI, 531, 593–4

expenditure trends, 534

tax trends, 593–4

see also social security system

OASDI see social security system

OASI see Old Age and Survivors Insurance

OCA investment, trends, 398–400, 405–8

occupational mobility
- intergenerational, 193
- lifetime, 189

occupational segregation, 429, 503–9

Duncan and Duncan (DD) index, 506–7

explanations, 507–9

and gender–wage gap change, 506–7

overcrowding model, 430, 438–40, 511

persistence, 439–40

occupational wage differentials, 339–43

historical studies, 339

skewness at top, 342–3

trends, 340–1

occupations, classification, 324

OECD countries
- income inequality, 395
- rates of return to education, 266
Office of Education, 429
Office of Federal Contract Compliance (OFCC), 474, 475, 477, 509–10
Ohio
TANF, 548
unemployment insurance, 538
Oklahoma, unemployment rates, 232
Old Age and Survivors Insurance (OASI), 21, 372–4, 541
see also social security system
Omnibus Budget Reconciliation Act (1993), 610
on-the-job training, 251–3, 320–1, 475, 502
direct costs, 251
effect on age–earnings profile, 259–60
formal, 251
general, 252–3, 255, 320
indirect costs, 251
informal, 251
specific, 252–3, 320, 502
open-ended classes, 58
opportunity, equality of, 474, 575, 577–8
Orshansky, Mollie, 94
outcomes, equality of, 577
output prices, factor prices and, 391
outsourcing, 13–14, 395
overcrowding model, 430, 438–40, 511
owner-occupied housing, 136–7
by age class, 162
by wealth class, 159
trends, 144–5
Pakistan
income distribution
around 1980, 81
around 2000, 83
Panel Study of Income Dynamics (PSID), 107–8, 122
in altruism model testing, 376
in gender–wage gap studies, 499–500, 502, 507, 510, 516
in intergenerational mobility studies, 190–6, 198, 284
in interracial earnings gap studies, 467
in interracial wealth gap studies, 456
in lifetime mobility studies, 184, 185, 187–9
in productivity studies, 280–1
in schooling and earnings studies, 283
parabolic earnings function, 272
parental resources, 284
partnerships, 23
patenting, 388
path dependency, 235
payroll taxes, 593–4
distributional effects, 614
effective tax rates, 600–3, 605
peer effects, 284, 428
Penn World Tables, 32–3
Pennsylvania
TANF, 548
unemployment insurance, 538
unemployment rates, 232
pension accounts, 138
by wealth class, 159–60
pension benefits, 22
pension wealth (PW), 136, 140–1, 359
effect on savings, 364–6
trends, 143, 159
per capita measures, 25
percentile ranking, 59–60
permanent income, 121
permanent income hypothesis, 121
personal disposable income
definition, 25
trends, 26–8, 142–3
personal income, 22
composition, 22–4
sources, 47–8
see also personal disposable income; total personal income
personal property income, trends, 404, 407
Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), 547, 563
personal savings, 48
pension and social security wealth effect, 364–6
see also household wealth
personality traits
inculcation, 285
intergenerational transmission, 194
Peru
income distribution
around 1980, 81
around 2000, 83
Philippines
income distribution
around 1980, 81
around 2000, 83
Philips curve, 235
PIA, 543
piece-rate incentive schemes, 332
Pigou–Dalton transfer principle, 60–1
plant size, and wages, 335
Index

Plessy v. Ferguson (1896), 472

Poland
income distribution
around 1980, 81
around 2000, 83
income inequality, P90/P10 ratio, 79
taxation, 599
union density, 310
poor see poverty population
Poor Law, 571
ports of entry, 319–20, 326
ports of exit, 319–20, 326
Portugal, taxation, 599
post-schooling investment, 260
poverty
as capability-deprivation, 99
composite measures, 100–1
consumption-based measures, 120–1
feminization of, 106, 514–16
macro-economy and, 125
measurement, 93–9
issues in, 112–23
movements into, 108
movements out of, 108
needs-based definition, 95
permanence, 107–8
severe, definition, 111
temporary, 107–8
unemployment and, 225
World Bank definitions, 111
poverty gap ratio
definition, 99–100
trends, 106–7
poverty gap squared, 133
poverty lines
absolute, 95–6
official definition, 94–5
by size of family (2005), 94
relative, 95, 96
subjective, 96–9
poverty population, composition, 103–7
poverty rate
definition, 99
government transfer program effects, 117–19,
560–2
international comparisons, 109–12
trends, 1–2, 85, 101–7, 454, 515
all persons, 101–2
blacks, 102, 454, 471
by age group, 103–4
by family type, 103, 471
by gender, 515
Hispanics, 102, 454, 457
whites, 102–3, 454, 471
poverty spells, duration, 108
PPP, 33
precautionary savings, 371–2
pre-fisc income, 615–16
prejudice
definition, 421
in economic terms, 430
pre-labor market discrimination, 427–9, 511
present values, 248
President’s Commission on Pension Policy, 365
price index, choice, 114
primary insurance amount (PIA), 543
primary labor market, 322, 324
see also internal labor market
probate records, 197, 365
product demand curves, 315
productivity
direct measures, 279–81
earnings and, 279–86
wages growth and, 332–3, 335–6
work experience and, 279–81
profit share, trends, 32
promotion, seniority and, 280
promotional ladders, 320
property tax, 596, 598
effective tax rates, 600–3
as regressive, 614
proprietors’ earnings
definition, 22
trends, 22–3
PRWORA, 547, 563
PSID see Panel Study of Income Dynamics
public housing, 534
Public Housing Administration, 426
public order and safety, government expenditures, 612, 613
public policy
changes, 14
programs, 472–4
effectiveness, 474–6
purchasing power parity (PPP), 33
PW see pension wealth
Quality of Employment Survey, 500
quintile, definition, 60
quit rates, 502
R&D
activity measures, 398–400
trends, 398–400, 405–7
racial inequality
causes, 135–6
earnings ratios, 446–9, 457–8
educational gains role, 463–4
trends, 447–9
family income, trends, 421–2, 455–6
household wealth, trends, 455–6
labor force participation, trends, 212–13,
215–16, 449–53, 458–9
unemployment rate, trends, 226–7, 231,
449–52, 458–9
see also poverty rate
racial stigma model, 430, 436–7
racism, 421
rank order, 584
rank preservation, 586–7
rationality, perfect, 254
Rawls, John, 576
Reagan, Ronald, 590
real estate (nonhome), 137
by age class, 162
by wealth class, 159
real income, definition, 25
rebound effect, 502–3
recipient value, 117
redistribution of income, 61
redlining, 427
reentrants, 209, 222–3
regional income differentials, 328–9
regression to the mean, 181
relative earnings theory, 255
relative mobility, 181
“rent sharing”, 338
rental income
definition, 22
trends, 23
replacement investment, 47
replacement rate
social security, 543–4
unemployment insurance, 536–7, 539–40
re-segregation, 428
reservation wage, 540
residence, and poverty incidence, 106–7
retirement age, 562
Retirement History Survey (RHS), 360–1, 365,
366, 368, 373
retirement wealth, 141
trends, 159
return on capital, 45
reverse discrimination, 474
RGDPL, international comparisons, 33–4
Rhode Island, unemployment insurance, 536
RHS, 360–1, 365, 366, 368, 373
rigidity index, 182
risk aversion, 576–7
Robinson, Jackie, 435
Roosevelt, Franklin D., 530
Russia, income inequality, P90/P10 ratio, 79
salaries, 21
see also labor earnings
sales tax see general sales tax
sample, 55
random, 55
stratified, 91
sample selection bias, 385
SAT scores, 396, 465
savings see household wealth; personal savings
“scabs”, 312
scale independence, 60
SCF see Survey of Consumer Finances
school busing, 427, 472
schooling
coefficient of, 271
demand curve, 257–8
desegregation, 217, 467
direct costs, 248
earnings and, 258–9, 281–6, 395–6, 401–2
as family background transmitter, 283–5
gender differences, 496–7
job-related, 289
median years of, by age group, 497
opportunity/indirect costs, 248
as productivity-augmenting, 282
quality, 464–5
rates of return, 260–7, 386, 396
by world region, 265–6
fluctuation over time, 262–3
policy implications, 266–7
private, 265–6, 282
racial differences, 465–7
social, 265–6, 282
trends, 287–8, 403, 405–8
as screening device, 281–3
segregation, 427–8, 472
size distribution trends, 403–4
as socializing mechanism, 285–6
supply curve, 256–8
variance trends, 401–3, 405–8
see also education; educational attainment
schooling attainment see educational attainment
schooling–earnings function, 269–72
Schultz, Theodore, 247
screening model, human capital model vs.,
282–3
search unemployment, 540
Seattle, negative income tax, 609
secondary labor market, 319, 322
consequences, 323
make-up, 323
rationale for, 322–3
segmented labor markets see labor market segmentation
segregation, 425–9, 472
imperfect information and, 436
see also occupational segregation
selection model, 336–7
“selection story”, 195
selectivity bias, 299, 452
self-interest, 577
self-reinforcing mechanisms, 437
Sen, Amartya, 96, 99, 577
Sen index, 100
SEO, 165–6, 324, 498
“separate but equal”, 471
service sectors
employment growth, 220, 407
union impact on wages, 316
services, shift to, 13, 393–4
sex discrimination see gender discrimination
sex stereotyping, 429
SFCC see Survey of Financial Characteristics of Consumers
share of augmented wealth, trends, top 1 percentile, 151
share of financial wealth
trends
bottom 80 percentile, 157
top quintile, 157
top 1 percentile, 157
top 5 percentile, 157
share of total income
trends
by type of income, 72
bottom quintile, 2–5, 71
second quintile, 71
third quintile, 71
fourth quintile, 71
top quintile, 71, 157
top 1 percentile, 71, 72, 73–4, 157
top 5 percentile, 4–5, 71, 73, 151–2, 157
top 10 percentile, 71
share of wealth
international comparisons, 168–70
trends
bottom quintile, 156–7
second quintile, 156–7
third quintile, 156–7
fourth quintile, 156–7
top quintile, 156–7
top 1 percentile, 150–1, 155–7
top 5 percentile, 157
Sherman Antitrust Act (1890), 304
ship maintenance study, 279
shirking model, 336–7
Shorrocks index, 183
Shorrocks R measure, 182
“sin taxes”, 595
Singapore
income distribution
around 1980, 81
around 2000, 83
SIPP see Survey of Income and Program Participation
Sixteenth Amendment, 587
size distribution of income, 57–9
definition, 29
skewed distribution, 59
skewness, direction, 59
skill margins, 339
see also occupational wage differentials
skill specificity, 320–1
skilled labor, demand trends, 265
Slovak Republic
taxation, 599
union density, 310
Slovenia, income distribution, around 2000, 83
“slowdowns”, 312
SMSA level data, 392
social capital, 284
social insurance, 530, 531, 598
social roles, gender differences, 498
social safety net, 576
Social Security Act (1935), 530, 536, 541, 546, 593
Social Security Administration (SSA),
longitudinal earnings data, 189, 191
Social Security Exact Match file, 373
social security system, 530–1, 541–6, 593–4
benefits, 22
by recipient class, 542
determination, 542–3
exclusion from AGI, 587
taxation, 545
earnings test, 545, 546
establishment, 531
expenditure trends, 534–5
labor supply incentive effects, 546
means-testing, 562
poverty rate effects, 561
social security system (cont’d)
reform proposals, 562
replacement rates, 543–4
spousal benefit, 545
tax trends, 593–4

see also OASDHI; Old Age and Survivors Insurance
social security trust fund, 545–6, 611
social security wealth (SSW), 136, 140–1, 359, 546
annuity value, 372–4
by age group, 373–5
effect on savings, 364–6
transfer value, 372–4
trends, 143, 159
socialization patterns, 508
socioeconomic class
intelligence and, 277
preserving, 283–5
sociological model, 337–8
South, migration from, 226, 460–1
South Asia, poverty rates (1987 and 1998), 112
South Carolina, TANF, 552
South Korea, union density, 310
Spain
gender–wage gap, 516
income distribution
around 1980, 81
around 2000, 83
income inequality, around 1970, 75
taxation, 599
union density, 310
Spearman correlation coefficient, 182
specific training, 252–3, 320, 502
specification bias, 274, 299
sports, 342
spousal benefit, 545
Sri Lanka
income distribution
around 1980, 81
around 2000, 83
SSA see Social Security Administration
SSI see Supplemental Security Income
SSW see social security wealth
standard deviation, definition, 56
standard of living
international comparisons, 32–5
measurement options, 24–6
trends, 1–12, 26–9
state personal income taxes, 595
state taxes, 595–6, 597–8
statistical discrimination, 430, 434–6, 508–9
statistics, review, 55–60
stochastic dominance, 70
first-order, 70
stock see corporate stock
Stolper–Samuelson theorem, 390–1, 392
Stone, Richard, 44
strikes, 312
structural models, human capital model vs., 302
subordinancy, 285–6
subordinate jobs, 323
Sub-Saharan Africa
poverty rates (1987 and 1998), 112
rates of return to education, 266
substantive freedoms, 99
superstars, 342
Supplemental Security Income (SSI), 532, 533, 561
expenditure trends, 534–5
supply curves, 313–14, 556
for minority workers, 432
Survey of Consumer Finances (SCF)
in household wealth studies, 136, 154, 165–6
in interracial wealth gap studies, 456
in lifecycle model studies, 357–9, 362, 365, 367–8, 373
lifetime earnings calculations from, 268–9
in poverty rate studies, 120
Survey on the Economic Behavior of the Affluent, 367
Survey of Economic Opportunity (SEO), 165–6, 324, 498
Survey of Financial Characteristics of Consumers (SFCC)
in household wealth studies, 154
in household well-being studies, 164
in lifecycle model studies, 357, 360, 365, 367, 369
Survey of Income and Education, 468, 526
Survey of Income and Program Participation (SIPP)
in gender–wage gap studies, 502–3
in generational accounting studies, 376
in labor market studies, 325
in lifecycle model studies, 366
in poverty studies, 108, 122
in welfare system studies, 552
Survey Research Center National Sample, 267
Sussex, University of, 389
Sweden
gender–wage gap, 516
household wealth inequality, 167–70
Index

647

income distribution
around 1980, 75–6, 82
around 2000, 83
income inequality
around 1970, 75
around 1980, 77
P90/P10 ratio, 78–9
income mobility indices, 186–7
industry wage differentials, 339
intergenerational mobility, 195–7
poverty gap ratio, around 1980, 110
poverty rates
around 1980, 110
around 2000, 110–11
regional income differences, 328
taxation, 598–600
union density, 309–10
wealth tax, 149
Swedish Level of Living Survey, 196
Swedish Twin Registry, 195
Switzerland
gender–wage gap, 516
income distribution
around 1980, 82
around 2000, 83
income inequality, around 1980, 77
taxation, 599–600
union density, 309–10
wealth tax, 149
symbolic analysis, 390
symmetrical distribution, 59
Taft–Hartley Labor–Management Relations Act (1947), 305
TANF see Temporary Assistance to Needy Families
tangible assets, 136
Tax Acts, 590
tax avoidance, 148
tax brackets, 581
tax credits, 591, 593
tax-deferred accounts, 625
“tax loopholes”, 581
tax preference items, 591–3, 595
tax rate
definition, 579
effective, 581, 591–3, 600–7
corporation income tax, 600–3, 605
estate tax, 605
excise tax, 601–3
federal personal income tax, 591–3, 600–3, 605
federal tax, 605–6
general sales tax, 600–3
gift tax, 605
incidence assumptions, 600–1
payroll taxes, 600–3, 605
property tax, 600–3
trends, 603–6
nominal, 591–2
see also average tax rate; marginal tax rate
Tax Reform Act (1986), 115, 590, 603
tax systems
structure, 579–87
inequality measures, 583–5
vertical versus horizontal equity, 586–7
see also United States tax system
taxable income, 588
taxes
effect on poverty rate, 117, 119, 561
international comparisons, 598–600
progressive, 579–80, 581, 584–6
proportional, 579–80, 583–4, 586
regressive, 579–80, 584–6
r treatment in poverty measurement, 115–16
“teaser rate”, 443
“techno-economic” paradigm, 386, 389
technology
effect of changes, 234, 237
skill-biased change, 12–13, 265, 387–9, 397–8, 409–10
and skill margins, 340–1
teen mothers, 549–50
tenage employment, minimum wage and,
558
temporary assistance, 547
Temporary Assistance to Needy Families (TANF), 122, 532
benefits, 547–9
trends, 549–50
cost, 610
eligibility requirements, 547–8, 554
expenditure trends, 534–5
labor supply effects, 550–1
poverty rate effects, 561
welfare participation rates, 552
workings, 547–50
temporary poverty, 107–8
Texas
TANF, 548–9
unemployment insurance, 538
unemployment rates, 231–2
TFP growth, 397–8, 405–8
Theil entropy index, 67–9
threat effect, 317–18

time use studies, 37, 38–9

total factor productivity (TFP) growth, 397–8, 405–8

total personal income, 25
trace, of matrix, 183–4
trade unions, 303–14
economic role, 310–15
history in United States, 303–5
labor market impact, 312–14
membership trends, 305–10
by industry, 307–9
by occupational group, 306–7
decline, 309–10
international comparisons, 309–10
organization, 311
wage effects, 315–18
by industry, 316–17
by occupation, 316
earnings inequality, 318
threat effect, 317–18
training, on-the-job see on-the-job training
transfer payments
definition, 22
trends, 24
transfer principle, 60–1
transition matrices, 183
by earnings quartile, 188
by income quartile, 185–6
parents’ and children’s income quintiles, 192
transitory income, 121
transportation, government expenditures, 612
trends, 22
“trickle-down” effect, 578
Truman, Harry, 572
trust funds, 138
trusts
by age class, 162
by wealth class, 159
Turkey
income distribution, around 2000, 83
taxation, 599
turnover model, 336–7
“twin peaks”, 191, 192
twins, studies of, 276–8
Twinsburg Twins Festival, 276

UI see unemployment insurance
underclass, 108–9
definition, 109
“underemployed”, 224

unemployment
categories, 209, 222
causes debate, 236–8
definition, 209
“disguised”, 244
duration, 223
family income effect, 225–6
mean, 224
median, 224
frictional, 225, 232–3, 237–8, 540
hidden, 224–5
incidence, 226–32
see also unemployment rate
inflation and, 235
job vacancies and, 225
Keynesian (demand-deficient), 225, 235–6, 237–8
poverty and, 225
search, 540
seasonal, 233, 237, 541
structural, 225, 234–5, 237–8
trends, 404, 405–7
types, 232–8
youth, effects, 228, 244
unemployment benefits, 22
unemployment insurance (UI), 530–1, 536–41, 594
benefits structure, 537–8
benefits trends, 538–40
description, 536–8
eligibility requirements, 537–8
expenditure trends, 534–5
incentive effects, 540–1
poverty rate effects, 561
reform proposals, 562
replacement rate, 536–7, 539–40
tax rate, 594
unemployment rate
cyclical pattern, 221–2, 237
definition, 209
“full employment”, 234–5
macroeconomic policy and, 238
natural, 234–5, 238
for reentrants to labor market, 503
trends, 221–3, 449–52, 539–40
adjusted for hidden unemployment, 224–5
by age, 226–8, 450–2, 459
by gender, 226–7, 450–2, 459
by industry, 229–30
by marital status, 228–9
by occupation, 230–1
by race, 226–7, 231, 449–52, 458–9
by reason for unemployment, 222–3
by region, 231–2
union labels, 312, 315
unionization
decline, 13, 394–5, 410
and market power, 332
rate trends, 401–2, 405–8
unions see trade unions
unit of analysis, in poverty measurement, 122–3
unitary elasticity, 353
United Farm Workers, 312
United Kingdom
comparable worth, 526
estate division, 375
gender–wage gap, 516
household production, 39
household wealth inequality, 167–9
income distribution
around 1980, 75–6, 81
around 2000, 83
income inequality, 395
around 1970, 75
around 1980, 77
P90/P10 ratio, 78–9
intergenerational elasticity, 196–7
intergenerational mobility, 196–7
lifecycle model analysis, 361–2
poverty gap ratio, around 1980, 110
poverty rates
around 1980, 110
around 2000, 110–11
regional income differences, 328
skill margins, 339
unemployment rates, 233
union density, 309–10
welfare system, 571–2
United States in international comparisons
estate division, 375
gender–wage gap, 516–17
income distribution
around 1980, 75–6, 82
around 2000, 83
income inequality
around 1970, 74–5
around 1980, 77
P90/P10 ratio, 78–9
income mobility indices, 186–8
poverty gap ratio, around 1980, 110
poverty rates
around 1980, 109–10
around 2000, 110–11
skill margins, 339–43
taxation, 598–600
union density, 309–10
United States tax system
customs duty, 595, 597–8
distributional consequences, 587–607
overall trends, 596–8
local government taxes, 595–6, 597–8
overall effective tax structure, 600–7
tax rate, effective
state taxes, 595–6, 597–8
unskilled labor, demand trends, 265
upper tail, 59
user fees, 596, 598, 626
utilitarianism, 575–6
value added, 46
relation to income, 47
value productivity, 333
variance, definition, 56
veil of ignorance, 576
Venezuela
income distribution
around 1980, 81
around 2000, 83
vertical equity, 586
veterans’ benefits, 22
veterans’ disability compensation, 530
expenditure trends, 534–5
Vietnam War, 590
vintage effect, 466–7, 475
virtual social identity, 436
wage claims investigations studies, 280
wage reduction, layoffs vs., 236
wage structures, rigid, 320, 321–2
wages, 21
employment growth and, 333
firm size and, 335–6
plant size and, 335
see also income; labor earnings; minimum wage
Wagner Act, 304–5
War on Poverty, 473, 554, 561
Warren, Earl, 472, 572
Washington (state)
   comparable worth system, 512
   TANF, 548
   unemployment insurance, 538
wealth
   definition, 134
   household see household wealth
wealth-adjusted income (WI), 614–16
wealth annuities, 164–6
wealth inequality see household wealth inequality
wealth mobility, 197–8
wealth tax data, 149
weighted averages, 460
weights, population, 91
welfare dependency, 550–1, 553–4
welfare programs, expansion, 476
welfare system, 546–54
   incentive effects, 550–4
      child bearing, 552–3
      labor supply, 550–1
      marital status, 552–3
      migration, 553
      welfare participation rates, 551–2
   payments, 21
   reform proposals, 563
see also Aid to Families with Dependent Children; Temporary Assistance to Needy Families
well-being, wealth and, 135–6
West Germany
   income distribution, around 1980, 75–6, 82
   income inequality
      around 1970, 74–5
      around 1980, 77
   poverty gap ratio, around 1980, 110
   poverty rates, around 1980, 110
   unemployment rates, 233
West Virginia, unemployment insurance, 538
“white flight”, 426
WI, 614–16
WIA, 554
“wildcat strikes”, 312
Wilson, William Julius, 108–9
WIN program, 554, 555
winner-take-all markets, 342
Wisconsin Longitudinal Study (WLS), 285
wives, labor force participation, trends, 3, 215–17, 492, 513–14
women’s liberation movement, 518
Woodrow Wilson Fellows, 275
work experience
   age as proxy for, 258
   gender differences, 494–6
      and poverty incidence, 105–6
      productivity and, 279–81
   returns to, 500
Work Incentive (WIN) program, 554, 555
work interruption, effects on earnings, 501–3
work programs, 554–5
   effectiveness, 555
work week, decline in, 215
Worker-Establishment Characteristic Database, 336
workers’ compensation, 530
   expenditure trends, 534–5
   poverty rate effects, 561
Workforce Investment Act (WIA) (1998), 554
Works Progress Administration (WPA), 210, 554
World Bank, poverty measurement standards, 111–12
world income distribution, 84–5
world prices, computable general equilibrium (CGE) model, 392
World War I, disability compensation, 530
World War II
   effects on female employment, 506
      tax rates, 590
   WPA, 210, 554
Wyoming, unemployment rates, 231–2
Yugoslavia, income distribution, around 1980, 81
zoning regulations, 426