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TOP INCOMES IN THE LONG RUN OF HISTORY

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Figure 7A. Top 1% share: English Speaking countries (U-shaped), 1910-2005

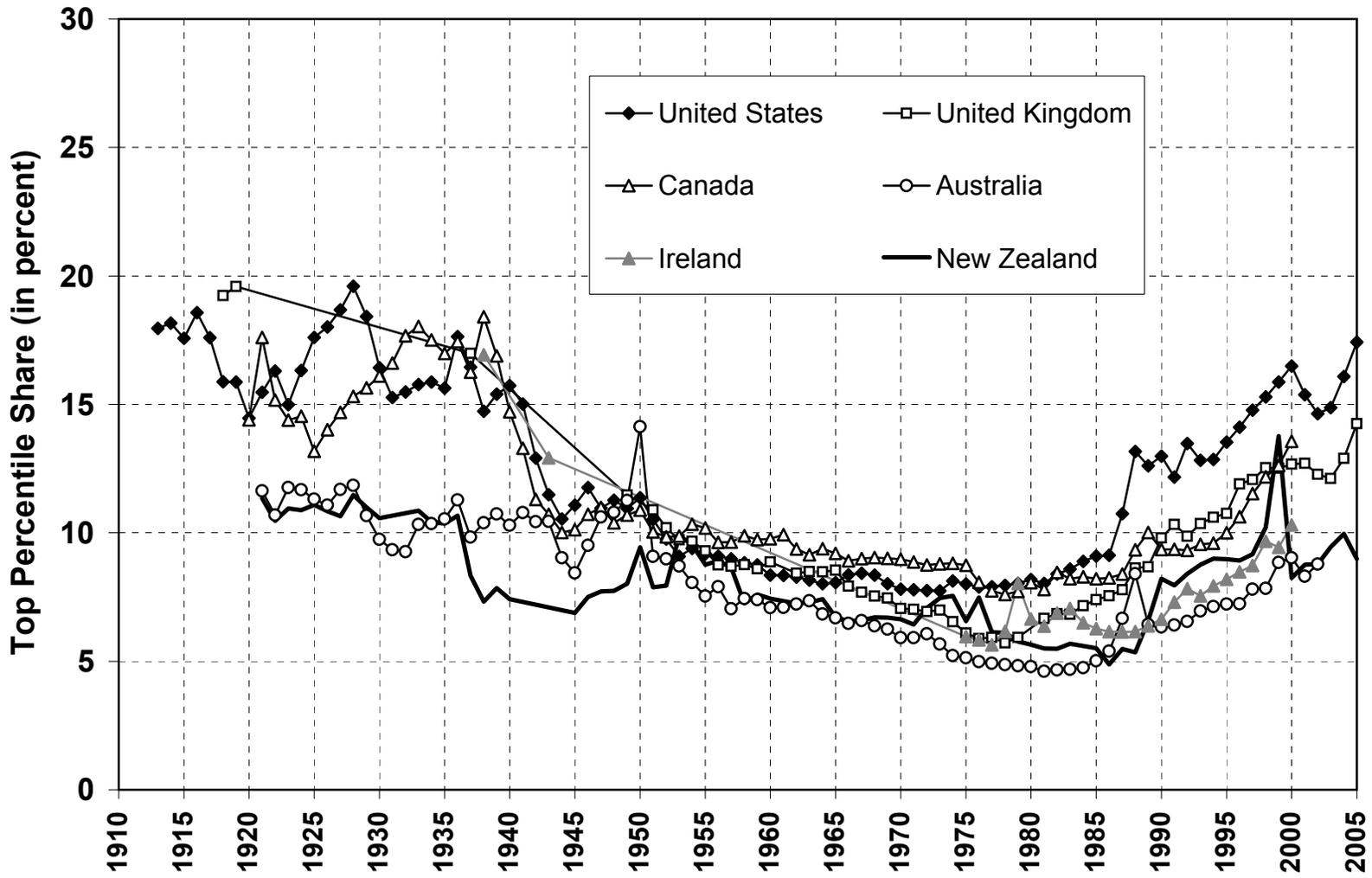


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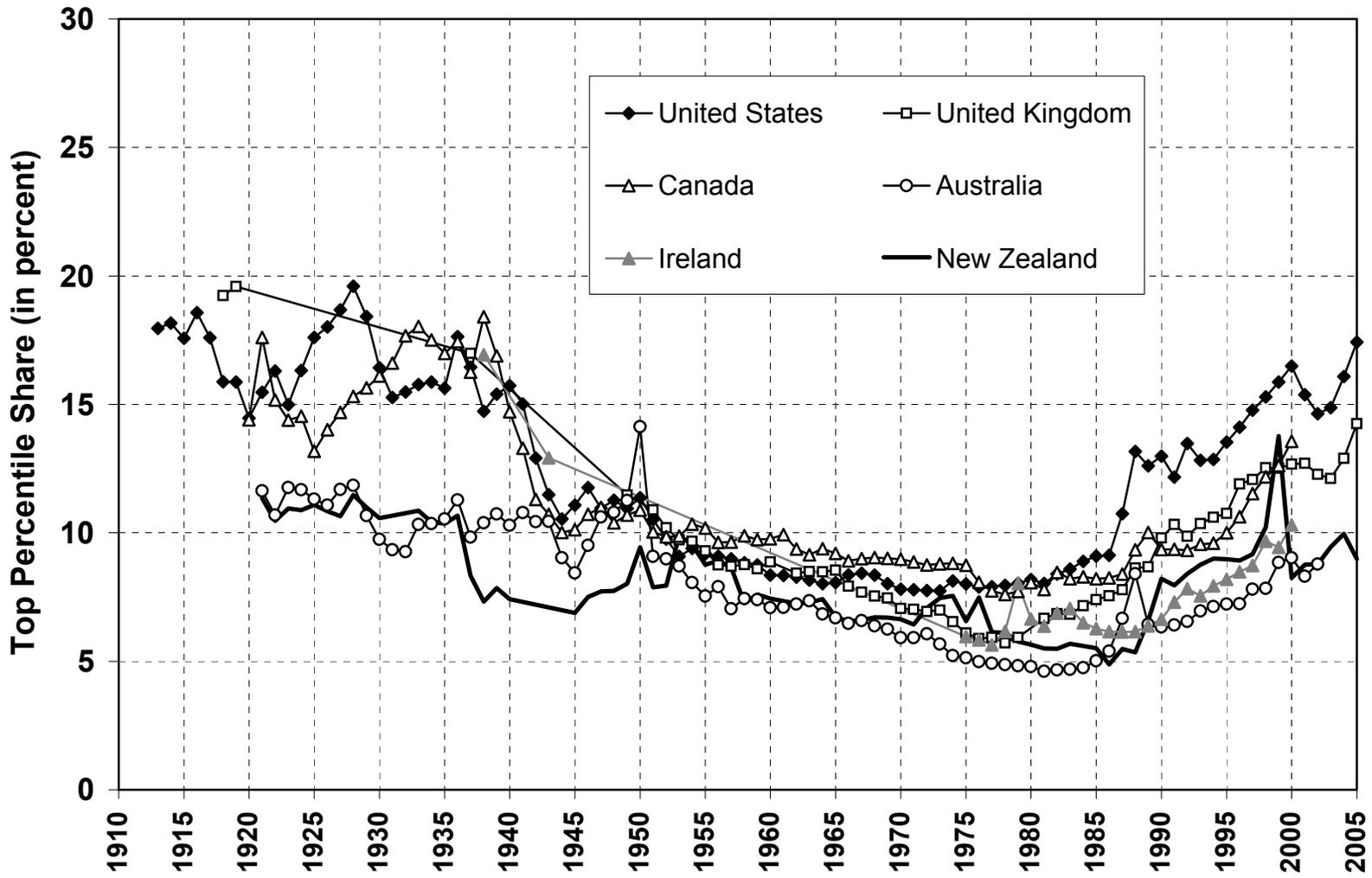
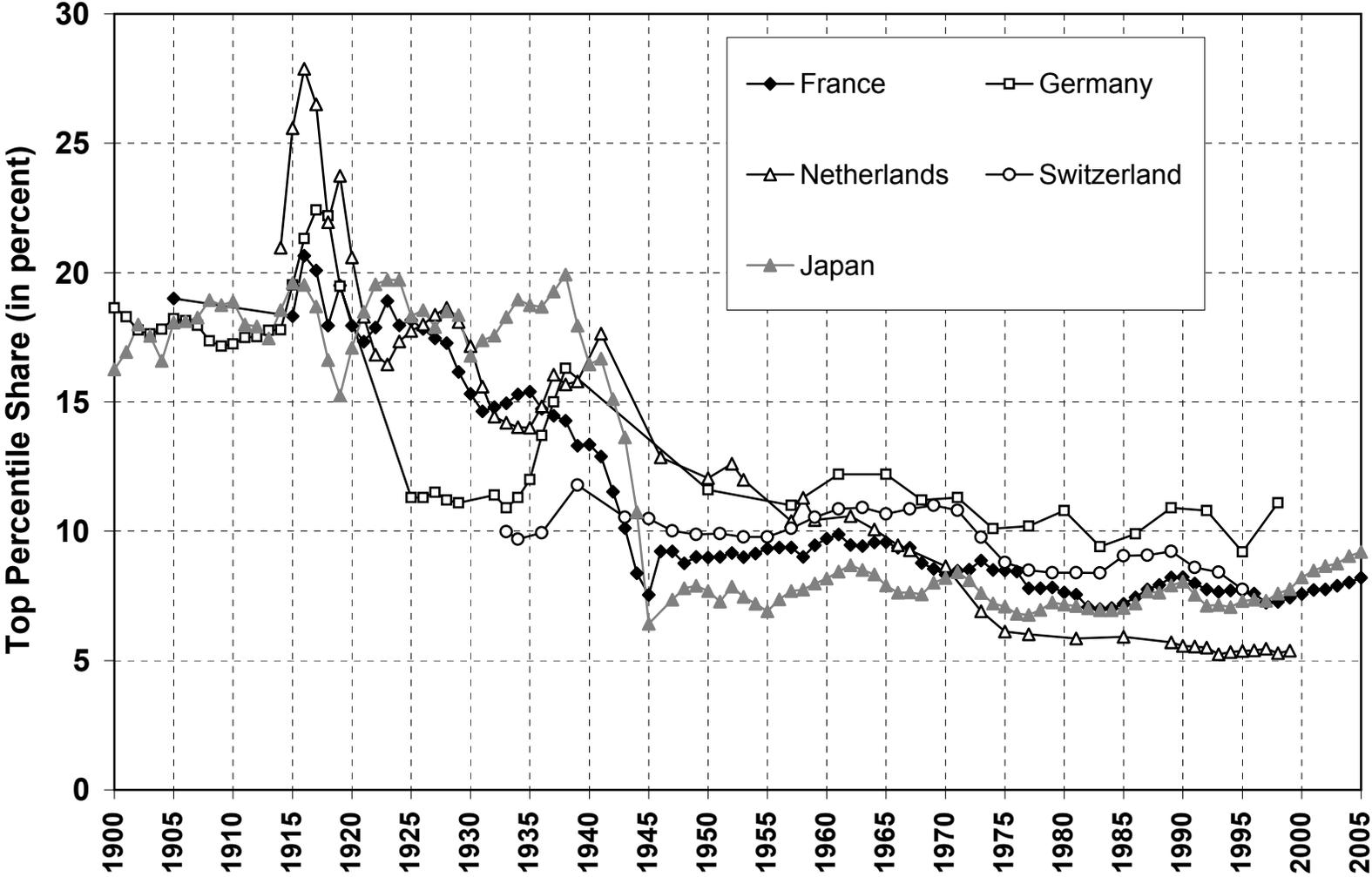


Figure 7B. Top 1% Share: Middle Europe and Japan (L-shaped), 1900-2005



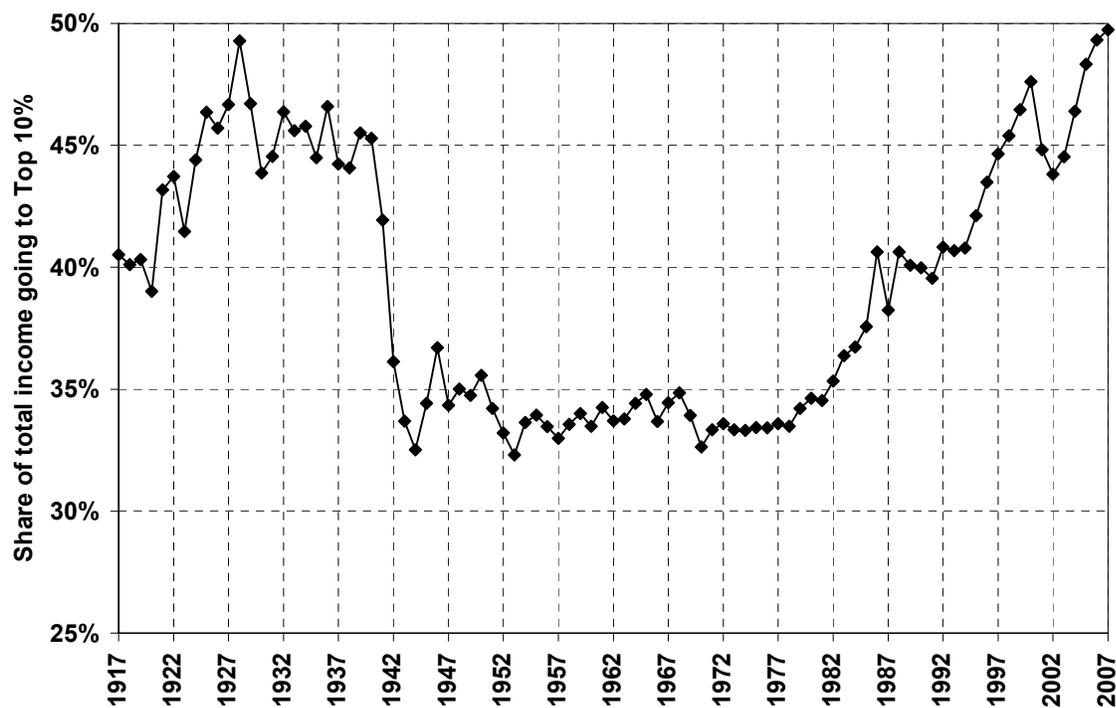


FIGURE 1

The Top Decile Income Share in the United States, 1917-2007

Source: Piketty and Saez (2003), series updated to 2007.

Income is defined as market income including realized capital gains (excludes government transfers).

In 2007, top decile includes all families with annual income above \$109,600.

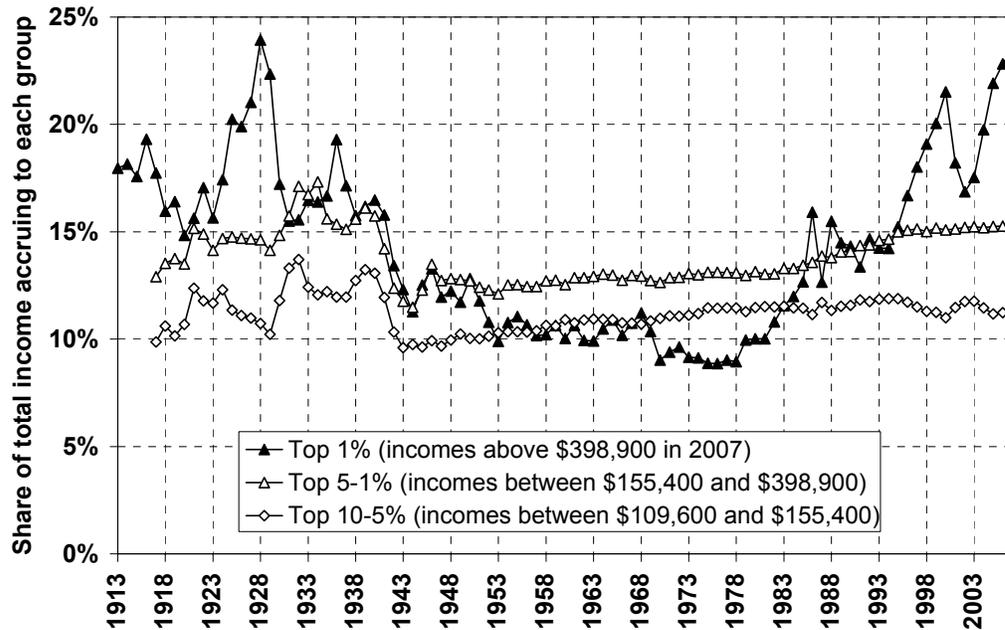


FIGURE 2

Decomposing the Top Decile US Income Share into 3 Groups, 1913-2007

Source: Piketty and Saez (2003), series updated to 2007.

Income is defined as market income including capital gains (excludes all government transfers).

Top 1% denotes the top percentile (families with annual income above \$398,900 in 2007)

Top 5-1% denotes the next 4% (families with annual income between \$155,400 and \$398,900 in 2007)

Top 10-5% denotes the next 5% (bottom half of the top decile, families with annual income between \$109,600 and \$155,400 in 2007).

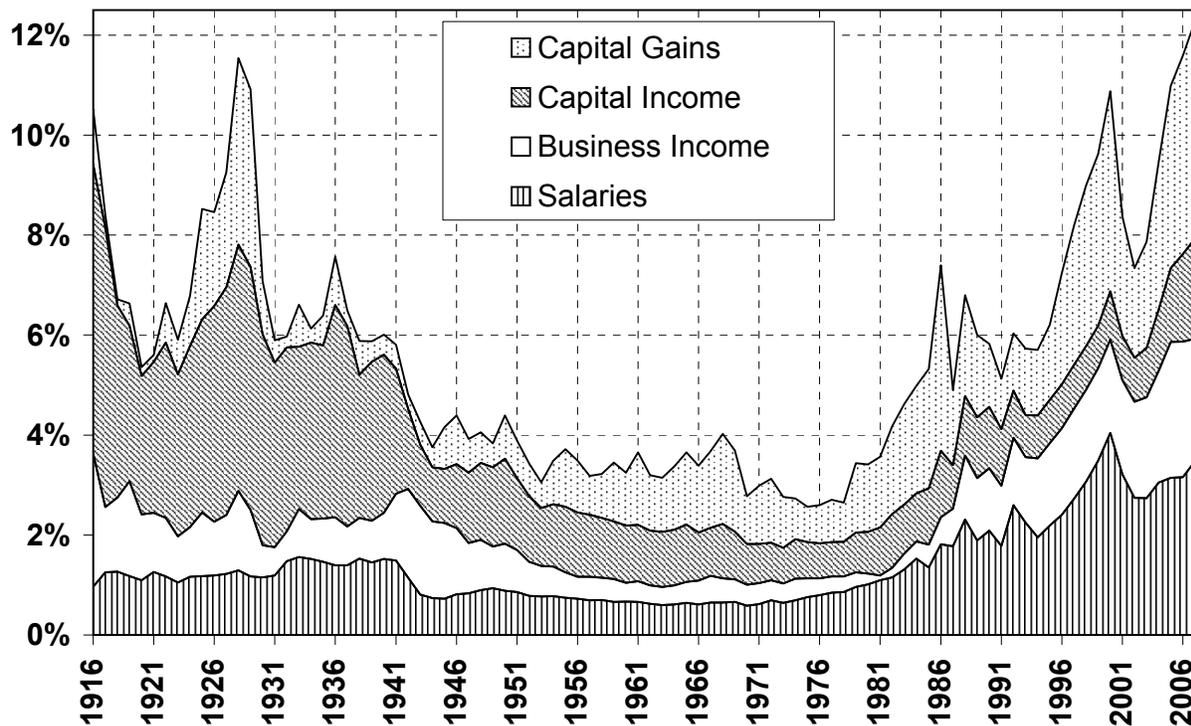


FIGURE 3
The Top 0.1% Income Share and Composition, 1916-2007

Source: Piketty and Saez (2003), series updated to 2007.

The Figure displays the top 0.1% income share and its composition.

Income is defined as market income including capital gains (excludes all government transfers).

Salaries include wages and salaries, bonus, exercised stock-options, and pensions.

Business income includes profits from sole proprietorships, partnerships, and S-corporations.

Capital income includes interest income, dividends, rents, royalties, and fiduciary income.

Capital gains includes realized capital gains net of losses.

Table 1. Top Percentile Share and Average Income Growth in the US

	Average Income Real Annual Growth	Top 1% Incomes Real Annual Growth	Bottom 99% Incomes Real Annual Growth	Fraction of total growth captured by top 1%
	(1)	(2)	(3)	(4)
Period 1976-2007	1.2%	4.4%	0.6%	58%
Clinton Expansion 1993-2000	4.0%	10.3%	2.7%	45%
Bush Expansion 2002-2007	3.0%	10.1%	1.3%	65%

Computations based on family market income including realized capital gains (before individual taxes).

Incomes are deflated using the Consumer Price Index (and using the CPI-U-RS before 1992).

Column (4) reports the fraction of total real family income growth captured by the top 1%.

For example, from 2002 to 2007, average real family incomes grew by 3.0% annually but 65% of that growth accrued to the top 1% while only 35% of that growth accrued to the bottom 99% of US families.

Source: Piketty and Saez (2003), series updated to 2007 in August 2009 using final IRS tax statistics.