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Inequality in the Distribution of Income from Labor and Income from Capital over the Recession

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Abstract

In this paper we document lost jobs and earnings and how they affect income distribution in the "Great Recession." We also assess the change in income from capital due to the financial and housing crises and bring the two together. We use the 2008 Current Population Survey (CPS), several waves of the Survey of Consumer Finances (SCF), and other data sources, and create a simulation for incomes from labor and from capital to bring us up to 2008–2009 (labeled 2009 below).

The Great Recession is having a much bigger negative impact on some Americans than others. Indeed, we have lost over 8 million jobs and unemployment rates are higher, and long-term unemployment higher still, than in any other recession since the Great Depression. Employment reports suggest that joblessness is especially widespread amongst young adults who are not in school, including those with children. This is especially true for young under-skilled men and women and their families (whether living together or not). Poverty is rising amongst the young and will continue to rise in coming years. Until the economy recovers

enough to lower unemployment to 5 percent levels (likely in 4 to 5 years, if then), the young and under skilled will continue to do poorly in employment and wages (Peck, 2010).

Standard measures of earnings, income, and wealth inequality show only small changes in 2008. This is because of two issues. First, 2009 (and 2010) is when the brunt of the distributional changes are occurring, and we have not observed these data. And second, vagaries of data collection (top coding, categories of capital income) and timing limit the extent to which we can see income and wealth inequality in any case.

In contrast to labor income's stagnation and decline, capital income has recovered most of its value for higher income stockholders and pensioners, though some not-quite-yet pensioners (workers nearing retirement age) have lost a portion of their retirement savings portfolio value. In contrast, housing wealth either continues to fall, or at best has flattened out, with housing prices and the flow value of housing income falling with it. This drop is particularly felt by middle-income owners whose home is their major asset. Older owners have lost equity since the 2006 housing peak. But younger owners, especially those who bought at or near the peak, are most likely to be "underwater"

For the well-to-do, the flow value of capital income is surely below its 2007 peak, but portfolios have recovered at the end of 2009, so that inequality in income from capital is at least as high as it was in 2004. Further recovery in 2010 in capital but not labor markets will bring the inequality of labor and capital income closer to its 2007 peak. Other research cited here suggests that the high-income rich generally do well during, and especially right after, recessions and so far, this recession is not liable to be any different in this regard.

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Introduction

This paper is an attempt to capture the effects of secular and cyclical forces on the income inequality and economic well-being of Americans who are suffering through the "Great Recession" starting in December 2007 and still ongoing (NBER, 2010). The most recent non-consumption microdata we have on this phenomenon is from calendar year (CY) 2008 (Current Population Survey [CPS] income or poverty), or CY 2007 (Survey of Consumer Finances [SCF] wealth). The employment data from end of 2009 suggest that the full impacts of the recession will continue to deepen for workers and that we will need to await 2009 and 2010 data at the very least before a more full evaluation can be made. Therefore, we are not able to capture the full impact of the recession in this paper. Based on 2009 employment and food stamp data, we do have some strong reasons to believe that poverty will rise in 2009 and 2010 (and beyond). Expected changes in inequality through 2009 are not as clear because all parts of the income distribution have suffered losses of income and wealth

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in 2008. Moving beyond 2009, as unemployment remains high and housing values remain low, but the stock market recovers, the long-term trends toward greater inequality are expected to resume.

We open with emerging data on depths of the recession and its effects on employment, especially for the young and the undereducated. We also review trends in the occupational employment patterns of workers and their likely wages, suggesting both cyclical effects as well as a secular trend in the types of jobs that will be available in the future. We then move into income distribution using the 2008 CPS (and very briefly refer to the 2008 data on poverty and poverty forecasts). We end the analytic part of the paper with a major section on income from labor and capital with 2006–2007 SCF incomes for both, projected to 2009. In the last section we point to implications of our findings for political inequality and as an opening venue for the papers presented later in the conference.

Openers: Changes in Employment

The Great Recession is having a large negative impact on many families and workers, but more so on some types of unemployed workers than on others. With over 8.4 million jobs lost in the recession (see Figure 6), unemployment rates are in the 9 percent to 10 percent range and in double digits and higher for young and undereducated workers. Long-term unemployment is at its all-time high (41 percent of the unemployed had been in that state for more than 29 weeks at the end of 2009). The current recession's impacts on overall earnings, household incomes, and their distribution are therefore likely to be stark when fully realized (Burtless, 2009; Rampall, 2010).

The effects are likely to be largest for young under-skilled men (and women) and their families (whether living together or not), whose earnings and job prospects are growing ever dimmer. They are liable to suffer not only joblessness without unemployment benefits, but are more susceptible to incarceration as well, which also has significant longer-term scarring effects on incomes and employment (Smeeding, Garfinkel, and Mincy, 2010; Smeeding Thompson, Levanon, and Burak, 2010).

Our labor market analyses are focused mostly on the issue of job loss (and job gain), not unemployment as defined by the Bureau of Labor Statistics (BLS). We do this because unemployment is affected by discouraged workers, by dropping out of or entering the labor force,

and by other changes. This is especially true for older workers, whose employment has risen but among whom unemployment is also rising substantially (Mossaad, 2010).

Youth and the Undereducated

The data in Figures 1-3 show changes in employment for various demographic groups from the fourth quarter of 2007 through the third quarter of 2009 (Engemann and Wall, 2010). Overall employment fell by 4.7 percentage points over this period. But for men, the drop was 6.4 (percentage points); for single people, 6.3; and for blacks, 7.0 (Figure 1). Employment fell most precipitously for the youngest workers (aged 16 to 24, the majority of whom were not in school), while employment actually *rose* by 4.0 percent for those over age 55 (no doubt a reaction to the capital market recession). Employment also fell most for workers who were high school dropouts (7.5 percentage point drop) and those with a high school diploma only (6.8 percentage point drop). Employment for college graduates and those with higher degrees actually ticked up by 0.4 percentage points over this period. Thus, the recession has been especially hard on young undereducated men, especially minorities. Over 40 percent of black teens and over 30 percent of young black men ages 16 to 24 are unemployed, and that doesn't count those who have given up on finding work and dropped out of the labor force (Sum et al., 2010).

By age 30, 73 percent of undereducated men (high school, GED, or less) are fathers, and most of them have more than one child out of wedlock, and also are not living with their children (Smeeding, Garfinkel, and Mincy, 2010). By age 30, over 50 percent of African American men will have been at one time or another incarcerated (Western and Wildeman, 2010) and will therefore be forever scarred by these experiences. With very limited work histories, many do not qualify for unemployment insurance. In fact, unemployed men under age 30 represent 39 percent of all unemployed individuals, but are only 20 percent of all Unemployment Insurance (UI) recipients. Therefore 2/3 of all young unemployed men missed out on the $120b and more spent on UI in 2009 (USDOL, 2010a; 2010b; Burtless, 2009). And, without custody of their children, low-income men are much less likely than poor mothers to receive welfare, the Earned Income Tax Credit or food stamps (SNAP).

Occupational Change

David Autor (2010a; 2010b) has constructed a figure, which we have amended slightly to show changes in full-time annual employment from 2000 to 2005 and from 2005 to 2009 (Figure 4). Over this period, the labor market enjoyed an overall 2 percent increase in full-time employment from 2000 to 2005, but then experienced a 6 percent decline from 2005 to 2009. The experiences across occupations show wide differences. Moreover, many of these trends are secular, not only cyclical. Employment rose and continues to increase for managers, financiers and businessmen, for professionals and for health care workers (most of whom are very highly paid). A glance at Figure 5 suggests that pay levels at middle age for those with more than a bachelor's degree (BA) are far above the BA level. And of course the BA level is far above the rest as demand for educated workers outstrips supply (Goldin and Katz, 2008).

Cyclical professions such as construction, transportation, sales, and office workers have shown the greatest losses. Production (manufacturing) workers have experienced the largest job losses since 2005, but these drops are only reinforcing secular trends apparent since 2000. Personal service workers, security workers, janitors, and landscapers have held their own with employment declines of less than 2 percentage points. Both secular and cyclical patterns of employment suggest that high-skill, high-education, and high-pay jobs are increasing—even in recessions—while production and construction jobs held by the middle-class and the lesser-educated are falling precipitously. Construction may come back, though not for a long time. The building boom of the early 2000s has produced a surplus of housing and office space, and few younger workers who can purchase them (Glaeser, 2010). There are a limited number of new construction jobs created by the American Recovery and Reinvestment Act (ARRA; Burtless, 2009) and most workers in these sectors are older and hanging on until retirement (Autor and Dorn, 2009a). Lower-skill manufacturing is likely to decline even more in future years along with related clerical and office work. There is already some steadying and likely some significant future increase, in the low-skill, low-education "non-routine" service sector as we emerge from the recession (Autor and Dorn, 2009a, 2009b; Autor, 2010b). But these jobs are unlikely to pay enough to support a family with children in middle-class lifestyle ($60,000 to $80,000 annual income; see also, U.S. Department of Commerce, 2010), even if both low-skill adults work full time.

Summary

In short, there appears to be a hollowing out of the middle in occupations, with growth at the high- and lower-skill segments of the labor market. Autor and Dorn (2009b) and Autor (2010b) show strong evidence that aggregate employment has shifted over the last several years and surely over the last decade against middle-skill, routine, task-intensive work (jobs disproportionately held by older workers) and toward the tails of the occupational skill distribution. They argue that both tails of the distribution are made up of service sector jobs, which they describe as "non-routine" and therefore not easily mechanized or exported. But these service jobs differ greatly in necessary skills, chances for job advancement, and pay and benefits. Others (notably Holzer and Lerman, 2007; Holzer 2010, in response to Autor 2010b) argue that good middle-skill jobs (for instance, in welding and plumbing) will emerge as the economy moves out of the recession. If so, these jobs will be found in the service sectors on the right side of Figure 4. But in any case, the longer-term trends described in detail by Autor (2010b and Figure 4) are worrying.

Some even are talking of a new "jobless underclass," given the number of unemployed who have been out of work 27 weeks or longer (46 percent of all unemployed workers according to Murray, 2010). These jobless effects are liable to most greatly affect young workers with low skills (Sum et al., 2010; Smeeding, Garfinkel, and Mincy, 2010; Peck, 2010). Many argue that young people aged 16 to 25 have been particularly hard hit during the current recession, especially in the United States and the United Kingdom. Further, there is convincing evidence that the young are particularly susceptible to the negative effects of spells of unemployment well after their initial experience of joblessness (Bell and Blanchflower, 2010). Economists calculate that we need 12 to 14 million more jobs over the next five years to both re-employ the jobless and meet labor force growth. And we hope that we have (barely and very slowly) turned the corner on the largest number of job losses since the Great Depression (see Figure 6). The data available for the nine quarters since the start of the Great Recession indicate that the nation had recovered a smaller percentage of jobs than at a corresponding time after the start of any of the previous three recessions (Wial and Shearer, 2010).

It is our job to ask, what affects are these labor market changes having on earnings and income inequality? We turn to these answers recognizing that the data on the full impact of the recession on earnings and household incomes are not yet fully visible. And recognizing that we are not dealing at all with the rising volatility in earnings and incomes now taking place in the economy (Dynan, 2010). One thing that is clear is that the rise in poverty witnessed in 2008 is liable to be much larger in 2009, even with the favorable impact of the 2009 ARRA.

Income Inequality Changes: The Census Data View

Past recessions (excepting the Great Depression of the 1930s) tended to hurt people at the bottom of the distribution to a greater extent than people at the top. These effects are and were tempered by the safety net, and are driven by the loss of labor market earnings, which recovers when employment recovers. However, a major aspect of the current recession has been the drop in property income values, financial assets, and home prices, as well as employment losses. In 2009, stocks and bonds recovered from their 2008 nadir. Housing values continued to fall through 2009, and though they might have stabilized in recent months, they are clearly below 2006 values.

Will this financial recession lead to greater income losses at the top of the distribution? Or, alternatively, will this drop lead to compression of the income distribution in the United States? According to the Census Bureau income measures through 2008, the drops in income are higher at the top and were of greater absolute magnitude, mostly driven by the loss of property income. However, in proportional terms the major losses are concentrated at the bottom and the middle of the distribution affecting the increase in poverty noted below. Inequality may therefore have actually increased during the recession (see also Heathcote et al., 2010b).

Looking at absolute income losses during the recession using census pre-tax but post-transfer income, it seems that the recession has had a compressive effect on income distributions in 2008. Specifically, income losses for the 80th percentile and the 95th percentiles were about $3,000, while for the 50th percentile it was less than $2,000, and for the 20th it was less than $1,000. A look at income trends by type of income seems to corroborate this interpretation. The major source of income loss during the recession through 2008 have been in property income (though the data for 2009 will show a larger drop in employment income). Further investigation of these trends revealed

that most of the losses in property income were incurred by whites and Asians. The lowest income percentiles (excepting the elderly) have little property income, and labor market earnings were countered by increases in unemployment compensation and other benefits, at least in 2008.

In contrast to the compression story, however, a look at aggregate measures of income inequality in 2008 suggests a very small increase in inequality during the first part of the recession (from 2007 to 2008). The 90/50 ratio (i.e., the ratio of income for the 90th percentile and 50th percentile), the 50/10 ratio, and the Gini Index all show a very modest and statistically insignificant increase from 2007 to 2008 (Figure 8).

Indeed, a look at income losses in relative terms provides further evidence that the great recession is not likely to compress income in a substantial way once we see the 2009 and 2010 estimates. The major losses in income, in proportional terms, were experienced by the 80th and 10 percentiles. The 80th percentile in 2008 was 5 percentage points from the pre-recession 2006 high; the 10th percentile was down 6 percentage points from 2006. Both groups lost 3 percentage points from 2007 to 2008. In contrast, income losses for the 90th percentile were relatively smaller (less than 5 percentage points since 2007 and less than 2 percentage points from 2007 to 2008).

These findings are fully consistent with those of Dirk Kreuger et al. (2010) and Jonathan Heathcote et al. (2010a, 2010b), who also find earnings and disposable income inequality rising secularly in rich countries and also in recessions, including this recession (Heathcote et al., 2010b) and especially for bottom income units. Heathcote et al. (2010a, 2010b) and Jonathan Parker and Annette Vissing (2009), also find consumption inequality declining substantially up to the end of 2008, attributable mainly to a notable drop in consumption at the 90th percentile in that year. But consumption expenditures for the rich especially, but for others too, have recovered to some extent in 2009 (Petev, Pistaferri, and Saporta, 2010). These changes are in part due to the Obama ARRA plan (which affected durables spending) and in part due to the recovery of the stock market and an increasing belief in the recovery being underway. Overall consumption still fell in 2008 and 2009 combined, but the change in inequality is less certain once we look at the 2009 data.

Other, more inclusive time series for income and earnings inequality (e.g., the Congressional Budget Office [CBO] 2007 tax burden series) are available only up to 2006 or 2007. Burkhauser, et al.

(2009) using non-top coded Census Income data also find that most of the change in income inequality over the past decade has been amongst the rich. However, even these data exclude the vast majority of capital income—the issue we turn to after a brief look at poverty and how it has changed and is expected to change.

Poverty

The dramatic increase in unemployment during the Great Recession can be expected to lead to a big increase in poverty. The main question is: Which groups will suffer the most from the increase in poverty? Will poverty soar mainly for disadvantaged groups, like blacks, elderly people, and female-headed households? Or will the brunt of the income declines be experienced by every low-income group in the Great Recession?

The official poverty definition takes money income before taxes and adds in cash transfers but does not subtract taxes or add in tax credit or noncash incomes. The poverty line is adjusted annually only for prices, so in 1963 it was exactly half of median income, but by 2004 had fallen to 26 percent of median income (Smeeding, 2006) where it has more or less remained. Despite the falling level of the poverty line compared to national income growth, poverty has not been eliminated. Poverty increases in recessions and, at 13.2 percent in 2008 was far lower than the 15 percent peaks experienced during the recessions in the 1980s and 1990s (Census Bureau, 2009). But the poverty rate we observe in 2008 is still rising. We know that employment and incomes were worse in 2009, and poverty is forecast to increase well beyond 14 percent and even 15 percent in the next two years (Monea and Sawhill, 2009). So far, following the employment trends and especially the decline in manufacturing and construction employment, poverty rates increased most in the Midwest (11.1 percent in 2007 to 12.4 percent in 2008) and the West (12.0 percent in 2007 to 13.5 percent in 2008). Indeed, poverty has risen relentlessly in the Midwest, increasing from 9.0 percent in 2000 to 12.4 percent in 2008, reflecting the continual sectoral decline in well-paid manufacturing work (especially in automobiles) shown above in Figure 4.

So far, the recession does not seem to have increased the poverty rates proportionally among all disadvantaged groups. Upward trends were experienced by almost all racial groups in 2008, except for blacks, for whom poverty increased only in the Midwest. Children especially saw their poverty

rates rise to nearly 20 percent in 2008. Most especially, poverty rates among young unrelated (i.e., single) males have increased during the recession, while rates for their female counterparts slightly decreased. This trend closely corresponds with the employment trends for men vs. women shown in section 1. The increases were greatest amongst those who were not high school graduates, reflecting the joblessness figures and drop in employment noted in above (Figures1, 2, and 3).

If we turn to poverty rates after taxes and noncash benefits, such as those modeled on the National Academy of Sciences (NAS) report (Citro and Michael, 1995), poverty measures are unambiguously above the official poverty measure and rising faster since 2000 (Smeeding, Thompson, Levanon, and Burak, 2010). NAS poverty rates in 2008 were between 15.7 percent and 17.0 percent using the lines with various medical cost and cost-of-living adjustors (compared to the official rate of 13.2 percent). The bottom line is that using improved measures that reflect recent public antipoverty policy and the cost of earning incomes leads to higher poverty rates, not lower ones.

We know that unemployment skyrocketed in 2009, leading to severe drops in employment in most states and double-digit unemployment in 36 of the 50 states at the end of 2009 (USDOL, 2010b). These should increase poverty substantially in 2009. We also know that in 2009, $128 billion in unemployment benefits and related policies (e.g., health co-insurance subsidies for the unemployed) was paid out along with more help in food stamps (Supplemental Nutrition Assistance Program [SNAP]) and refundable tax credit increases. Food stamps are as close to a universal safety net as we come in this nation. In order to be eligible, unit income has to be less than 130 percent of the official poverty line. We also know that food stamp rolls shot up by 24 percent from 2008 to 2009, to the point where 1 in 8 adults and 1 in 4 children were benefitting from this program in October of 2009 (DeParle and Gebeloff, 2009; Isaacs, 2009). Even in the face of the ARRA and the benefit increases outlined above, according to most analysts, poverty will rise in 2009 and we expect again in 2010. But by how much will it rise?

Julia Isaacs (2009) uses trends in food stamp enrollments to forecast poverty. Thirteen million children (18.5 percent of all kids) were poor in 2008 according to the official poverty measure. But an additional 3.5 million children were receiving SNAP in 2009 than in 2008. If all of the 3.5 million were poor in 2009, child poverty would increase by 27 percent from 2008 to 2009. Even if 2 out of 3 were poor, the child poverty rate would go up by 18 percent to 21.8 percent poor in 2009.

Emily Monea and Isabel Sawhill (2009), using a methodology developed by Rebecca Blank (2009), forecast poverty by looking at recent and projected unemployment rates, in conjunction with economic and unemployment forecasts. They predict that the recession will increase the number of people in poverty by about 8 million, or 22 percent. Estimates for the increase in poverty amongst children are even more dramatic. There were about 13 million children living in poverty in 2007, and we estimate that the number of poor children could increase by at least 5 million, or 38 percent (Monea and Sawhill, 2009).

Income from Wealth and Income from Labor: Stocks, Flows and More Complete Measures of Well-Being

There is a widespread concern about growing inequality in the distribution of household income in America and its behavior over the business cycle. Most income gains went to the top 2 percent to 5 percent of households in the 2000 to 2007 period, according to papers by Richard Burkhauser et al. (2009) and others using CPS incomes that were not top-coded. But these incomes include only cash property income actually received in the form of interest rent and dividends. In a recent paper, Smeeding and Thompson (2010) addressed these issues using the Survey of Consumer Finances (SCF) from 1988–1989 to 2006–2007 and simulations to adjust for property and employment income losses in 2008–2009. This section of the paper summarizes and extends their findings.

Over the past several years, the income distribution as normally measured by the Census Bureau has shown almost no significant change in incomes below the 90th percentile (U.S. Census Bureau, 2009; and see Figure 8 above) and a declining cash median income for non-elderly households. As mentioned above, several analysts have suggested that most, if not all, of the gains in incomes over this period of rapidly expanding productivity have accrued to the richest 1 percent to 5 percent of Americans (e.g., Burkhauser et al., 2009). Labor economists also point to the growing inequality in the U.S. earnings distribution, also at the very top, and to conventional household microdata showing earned incomes are more or less 70 percent to 75 percent of total income in most years (e.g., Kreuger et al., 2009). Earnings are the key determinant of changes in the distribution of income according to these sources. However, it seems to us that these studies all ignore the major source of growing income inequality in America: income from accumulated wealth. Wealth is more

permanent and more durable than traditionally measured annual cash income. It offers a buffer against income downturns and provides a source of consumption, private security, and power, especially amongst top wealth and income holders.

At the same time that micro-oriented labor economists suggest labor income is the major determinant of household incomes and concentrate on its effect on inequality, macroeconomists and national income accountants find that labor income in the form of wages and salaries has now declined to 51.9 percent of national income, a 50-year low (Glynn, 2009; Aron-Dine and Shapiro, 2006). Macro analysts point to the rising share of corporate profits in national income, now 13.6 percent of total national income. But adding together labor income (even including supplements or employee benefits) and corporate profits still misses more than a fifth of the nation's economic pie. Other uncounted components such as net interest, proprietor's income, and imputed rents for owner occupiers are largely missing from census and other income distribution calculations (Appendix Table 1).

Methods

The key question is, to whom did this income from wealth accrue? We employ the 1989–2007 Surveys of Consumer Finances (SCF) to develop new estimates of "More Complete Income" (MCI), meaning income accrued from the ownership of wealth as well as labor income. Many decades ago, Haig and Simons defined income as one's ability to consume without drawing down their stock of wealth. We use their identity to impute long-term returns to capital income and to construct a measure of MCI. We then compare these distributions in a given period to those from traditional income measures such as Survey of Consumer Finance (SCF) income. The SCF measures wealth at the point of the interview in the latest year and incomes for the year before. Hence, 2006 incomes and 2007 property values are combined to give 2006–2007 MCI. Moreover, we update these income measures to 2008–2009, taking account of changes in asset values from 2007 through 2009. Some details are in the Appendix.

Background

In a "financial recession," like the 2008 collapse, wealth values for housing and financial instruments, especially stocks, did significantly recede (as shown in Appendix Table 3), and so we reduced the capital values from their 2007 peak to end 2008 values to reflect this decline. Our method is to first subtract out reported property income, then systematically add back the returns on financial wealth, retirement assets, housing, other investments (including real estate) and finally business income for owners and proprietors over the 1988–1989 to 2006–2007. We apply long-term average rates of return from 1977–2007 to make these calculations. Our long-run average rates of return are shown in Appendix Table 2. Note that the assumption is a 7 percent real return for stocks (roughly the same rate as assumed by the Social Security Administration), a 6 percent return for housing, and 5 percent for bonds. These rates are also used for our forecast for 2008 to 2009. Updates from 2005 to 2008 suggest that longer-term stock returns are about right on the nose; bond returns are low, and housing returns may now be closer to 2 percent than to 3 percent overall and negative for certain groups (see below). Thus we may actually overstate the flow value of housing by using the 1977–2005 rates. The lower the flow value of housing, the more that the income from the wealth of the middle-class declines (Wolff, et al., 2010; Smeeding and Thompson 2010). In fact, taking these all into account and using rough forecast for 2009, Edward Wolff (2010) estimates that the Gini coefficient for wealth increased from 2007 to 2009. Hence, our estimates below probably underestimate the extent of changes between 2006–2007 and 2008–2009.

Greater detail about how housing prices are changing by age groups is also relevant recent paper by Wolff et al. (2010) suggests that the share of households underwater in terms of home equity rises from about 2 percent in 2006 to over 16 percent by mid-2009. He finds housing wealth has been hard hit amongst young families (especially lower-income and less-educated families), minorities, and, surprisingly, even middle-class households (in the $50,000 to $75,000 range in terms of annual income). Many such families have become delinquent in paying off their mortgages and, indeed, have been forced into foreclosure on their homes.

Wolff et al. (2010) also show that older workers nearing retirement have been hit as well, by declines in pension wealth. The early and later baby boomers (ages 50 and 40, respectively, in 1999) were

adversely affected by declines in their pension wealth, particularly 401(k)s through the middle of 2009. But Alicia Munnell and Jean-Pierre Aubry (2010) also find that most older boomers have already recovered at least half of these losses with the ensuing rebound in the equities markets since March 2009, and those with balanced portfolios may have recovered fully. Over their careers, most baby boomers have been treated well by stock markets, and so they have enjoyed 9 percent annual returns on equities; and they have fared better than either late boomers or younger cohorts. The elderly who were already retired in 2008 lost some home value but were generally invested in relatively safe portfolios, which protected their assets and income flows (Gustman, Steinmeier, and Tabatabai, 2010).

Hence, we feel our assumptions are reasonable and that they reflect the current recovery, with 2008 losses also taken into account. We argue that our measures are more durable and permanent than those of others based on annual "high-income" flows or annuitized wealth distributions. They reflect the full value of assets, which have both fueled higher consumption in the early 2000s and also led to the consumption collapse (with some recovery in 2009–2010) and to the ongoing housing crisis.

Results

We start with the 2006–2007 estimates and note that imputing income flows to assets increased the real incomes of almost all households, and most by a substantial amount: a 31 percent increase at the mean, and 16 percent at the median in 2006–2007. Of course, the top percentiles of the MCI distribution saw larger income from wealth gains of 32 percent and 49 percent at the 90th and 99th percentiles, respectively, in that year (Figure 9; actual figures in Appendix Table 4).

But by 2009 these increases had shrunk to 22 percent at the mean and 13 percent at the median. In 2008–2009, our simulated MCI at higher percentiles also fell, but still they increased by 22 percent at the 90th percentile and by 34 percent at the 99th (Figure 10). Changes for the non-elderly (shown in Appendix Table 5) were more or less the same as those of the entire distribution. The major source of income from wealth gains at the median are those due to homeownership. Of course, homeowners suffered major losses in 2008 reducing the flow value of their housing incomes by at least 10 percent (Appendix Table 3 ; and Carson and Dastrup, 2009). Ownership of financial assets, other investments, and the value of businesses increased income from wealth for the top income

groups relative to the median in the 2006–2007 expansion. But these same sources led to the 2008–2009 declines.

At the end of the day, the 2008–2009 values for incomes and the resulting inequality has receded from the 2006–2007, but only to about 2003–2004 levels, as we observe below (see Appendix Table 4 for MCI details).

Trends in MCI Income Inequality

The effects of the financial crisis of 2008 reveal themselves in our 2008–2009 income results. With a near 0 percent change at P10, compared to a 6.5 percent fall at the median, and a 10.7 percent decline at the mean, P90 dropped 10.7 percent and the P99 share fell by 17.9 percent relative to 2006–2007 (Appendix Table 4). Indeed, there was a compression in inequality in 2008–2009, but only back to 2003–2004 levels.

The summary chart, Figure 11 below, shows the trend in both MCI and pre-tax, post-transfer cash income inequality (SCF income) as conventionally measured by the SCF. The trend in Ginis from 1988–1989 to 2008–2009 suggests increasing inequality in both measures, with inequality highest in 2006–2007, but with 2008–2009 higher than 2003–2004 using either income measure. Inequality using MCI declined more in the recessions of the early 1990s and 2009, but rose faster between 1992 and 2007, than it did using SCF income.

The normal SCF income measure (defined in the Appendix) captures more income from wealth than does the CPS. The MCI measure gets even more capital income and both show a rising trend toward greater inequality. These trends are also fully consistent with the long-run trends in higher incomes used by Anthony Atkinson, Thomas Piketty, and Emmanuel Saez (2009); Piketty and Saez (2006); and more recently Atkinson (2009). We are already seeing that losses at the top of the distribution are quickly recovering, and based on historic experience, they rise again rapidly in the recovery, moving beyond their previous peak (Atkinson, 2009).

Political Economy: Labor and Capital Shares

We also assess the level and trend in the functional distribution of income between capital and labor as we have defined it, and find a steadily rising share of income accruing to capital or wealth from 1988–1989 to 2006–2007, and then our 2008–2009 predictions of a modest decline in the capital share (Figure 12). In 2008–2009, the labor share surged higher compared to 2006–2007, as the capital share receded, but only to 2003–2004 levels. Even in 2008–2009, income from capital was more than a third of total income and the labor share was less than 58 percent. The capital share is concentrated amongst the richest segments of the population; those who can make their voices heard in Washington, including those who are serving in any presidential administration and those who can influence important groups of voters, like the elderly. Moreover, the capital class can more easily affect policy than the labor class, which is unlike Europe, where there is a labor party in most nations. Labor has become relatively powerless in the United States (Levy and Temin, 2007), with the manufacturing labor unions ageing out and only public employee unions (including teachers) left to carry on. In its stead powerful interests in the medical and pharmaceutical care industry have increasingly exerted their influence, witnessed for instance, by the generous treatment of pharmaceuticals and prescription drugs in the 2010 Health Care Reform bill.

Since the financial collapse in 2007, there has been extreme scrutiny of CEO or "executive" pay. But much less attention has been paid to stock options or other non-salary elements of corporate remuneration. This is a mystery to us, as longer-term (one-year) stock option gains are taxed only at 15 percent when realized, and CEO pay, which is both highly public and increasingly under pressure for reduction, is taxed at 40 percent. There is a large elasticity of substitution for one form of pay compared to the other, and especially when tax rates differ by 25 percentage points (Gruber and Saez, 2002; Kaplan and Rauh, 2006). In the current era of recovering capital markets, stock options become even more valuable.

Summary

We find that our measure of income from labor and from wealth, MCI, shows a more pronounced trend toward greater income inequality over the long-run than that found in the "high-income"

series of Piketty and Saez (2006), or in other expanded definitions of income such as that used by the CBO to assess tax effects on income distribution (only through 2007 so far), or by the Wolff and Zacharias (2006) "combined income net worth" approach. We do our best to identify high MCI households and find they are a varied lot, which loosely identify with most definitions of "entrepreneurs" based on education, profession, and occupation/industry. These high (95th to 99th percentile) MCI units are not especially the aged and almost half of high MCI families still have children under age 18. For further details, see Smeeding and Thompson (2010).

We conclude that one cannot fully understand the distribution of income, or the political economy of economic policy, and the way it affects key social and economic institutions, without also understanding how income from wealth affects economic power, consumption, tax revenues, living standards, the growth of nonprofits, fundraising at educational institutions, socioeconomic mobility, and well-being more generally. Indeed, we believe that despite recent crises in the financial sector, the twenty-first century may well become the century of wealth, as pension funds and other investors increasingly find high yield investments in capital-hungry middle-income countries and in globalizing firms.

Policy Implications

There is a strong case for policy intervention now to address the difficulties that the current lower-skill cohorts are having in finding access to steady employment. Rising poverty, especially amongst young, jobless adults and families, is permanently scarring the futures of millions of unemployed workers and their children, a full 48 percent of whom are growing up in households headed by a mother with a high school education or less (Smeeding, Garfinkel, and Mincy, 2010). In response, there should be strong support for congressional and administration action to improve employment prospects, especially for these workers, and to support the incomes of their families as we come out of the recession and as manufacturing jobs continue to disappear.

We do not recommend that policy be so overtly progressive so as to dissuade entrepreneurship. Vigorous economic growth is needed to get the nation back to unemployment rates of a decade ago, to a place where both rich and poor shared in income gains, primarily through the growth of labor incomes for the poor and middle class. While we do not recommend tax and spend programs

primarily to redistribute wealth (except, of course, in a long and deep recession), we do believe that higher marginal tax rates on capital gains as well as other capital income would reduce inequality and generate the funds to promote work and to allow the nation's poor to share in the fruits of growth and recovery from the recession. One such package that achieves this aim in an indirect way is the Health Care Reform Act of 2010, which marginally raises taxes at the top of the distribution of earnings and incomes, while subsidizing health insurance purchases for those with $88,000 a year or less in income (Leonhardt, 2010).

Everyone amongst policy pundits suggests that we increase our stock of human capital (as suggested by Goldin and Katz, 2008). But the trouble is that we are not very effective at reaching this goal (consistent with the polarization in occupations seen in Figure 4 and the returns to higher education in Figure 5). Graduation rates from high school are now below 1980s rates and college completion by males, especially by lower SES children, are abysmally low (Fiske, 2008). The 2009–2010 Education Bill has now passed and will help increase college completion (including at two-year technical colleges). Although the early childhood education segments of the bill were cut, this legislation is fully funded by taking away the huge college loan subsidies to the banking industry (Lichtblau, 2010). Larger future increases in human capital are therefore hoped for.

But, given our results above, and based on the belief in a balanced portfolio of human and non-human wealth, we suggest policymakers help younger homeowners to recover the lost value of their homes, and also consider options to broaden and deepen the ownership of non-human capital or wealth through policies that will reap their rewards for a wider share of Americans.

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Figures 1-3. Employment Changes, 2007:Q4 – 2009:Q3

Figure 1

Employment Changes by Selected Demographic Categories (2007:Q4–2009:Q3)

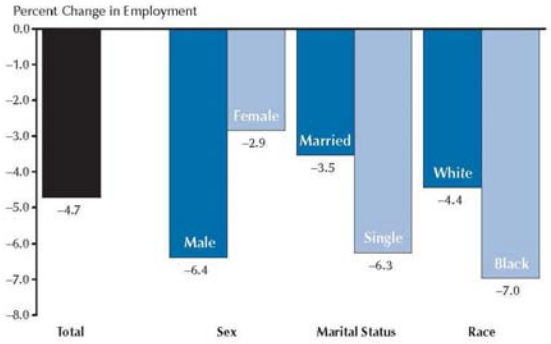


Figure 2

Employment Changes by Age Groups (2007:Q4–2009:Q3)

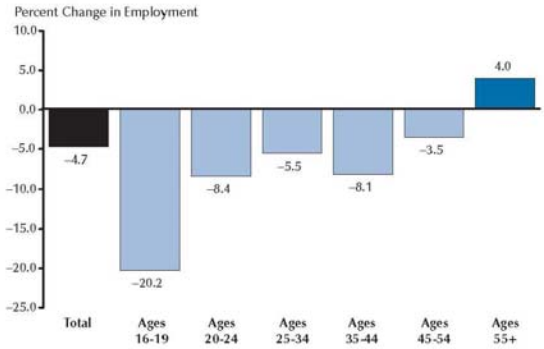
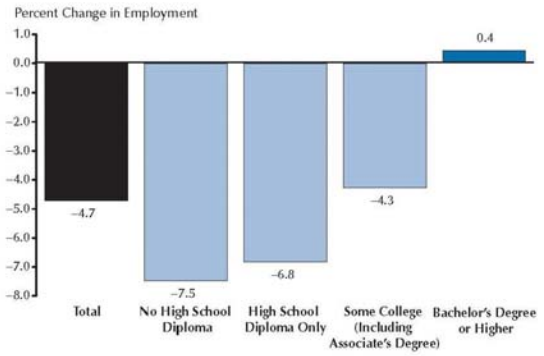


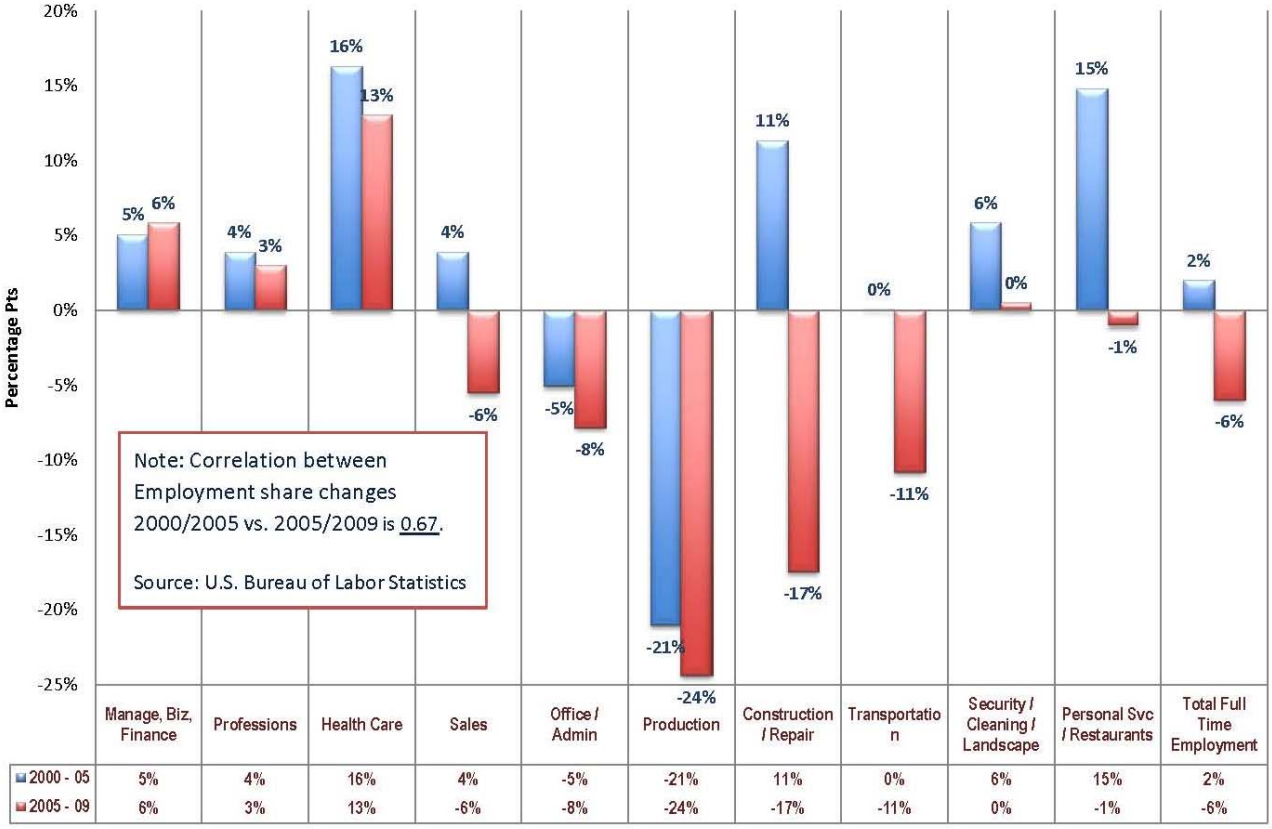
Figure 3

Employment Changes by Education Levels (2007:Q4–2009:Q3)



Source: Engemann and Wall, 2010.

Figure 4. Changes in U.S. Full-Time Employment by Occupation: 2000–2005 and 2005–2009 (Pct Points)



Source: Autor 2010a.

Figure 5. Earnings by Age and Education, 2007

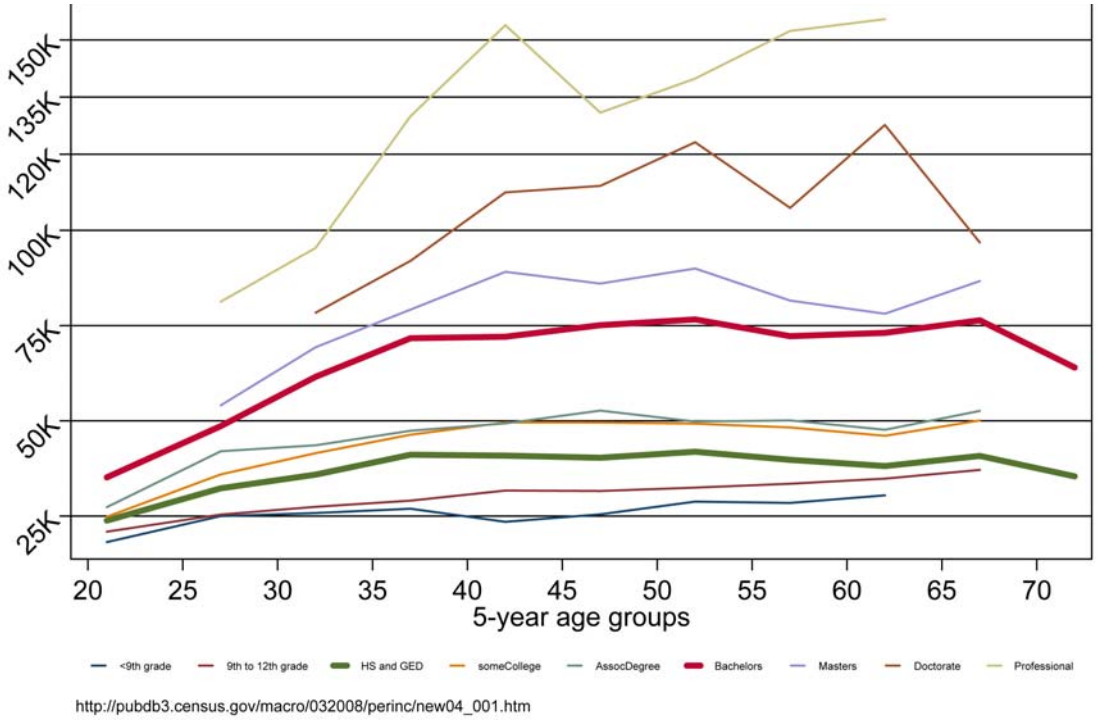
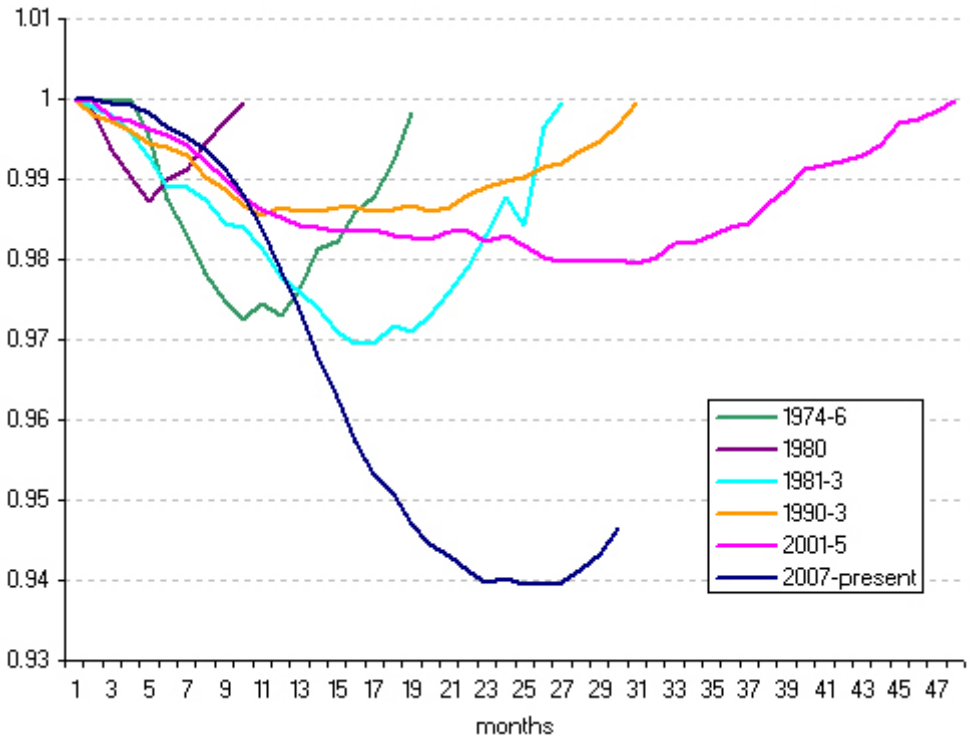


Figure 6. Employment Changes since the Recession Began



Sources: U.S. DOL (2010b) and NY Times (2010)

Figure 7. Census Pre-Tax Income Change at the Mean and for Selected Percentiles: 2000-2008

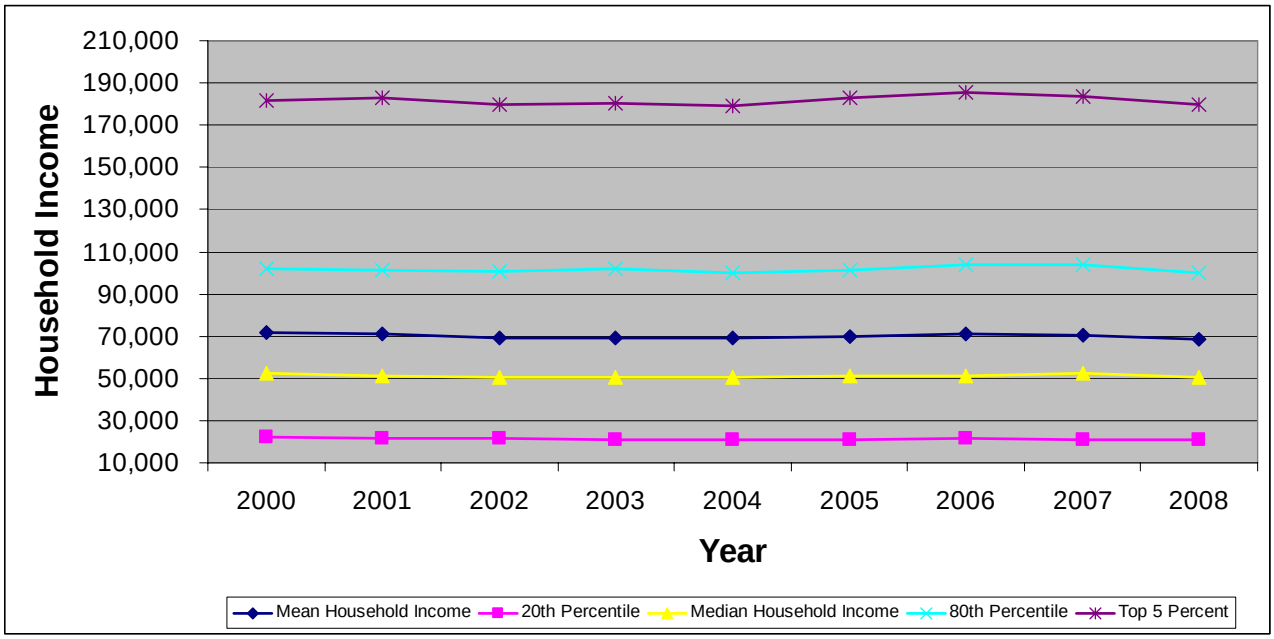


Figure 8. Census Pre-Tax Income Inequality: 2000 to 2008

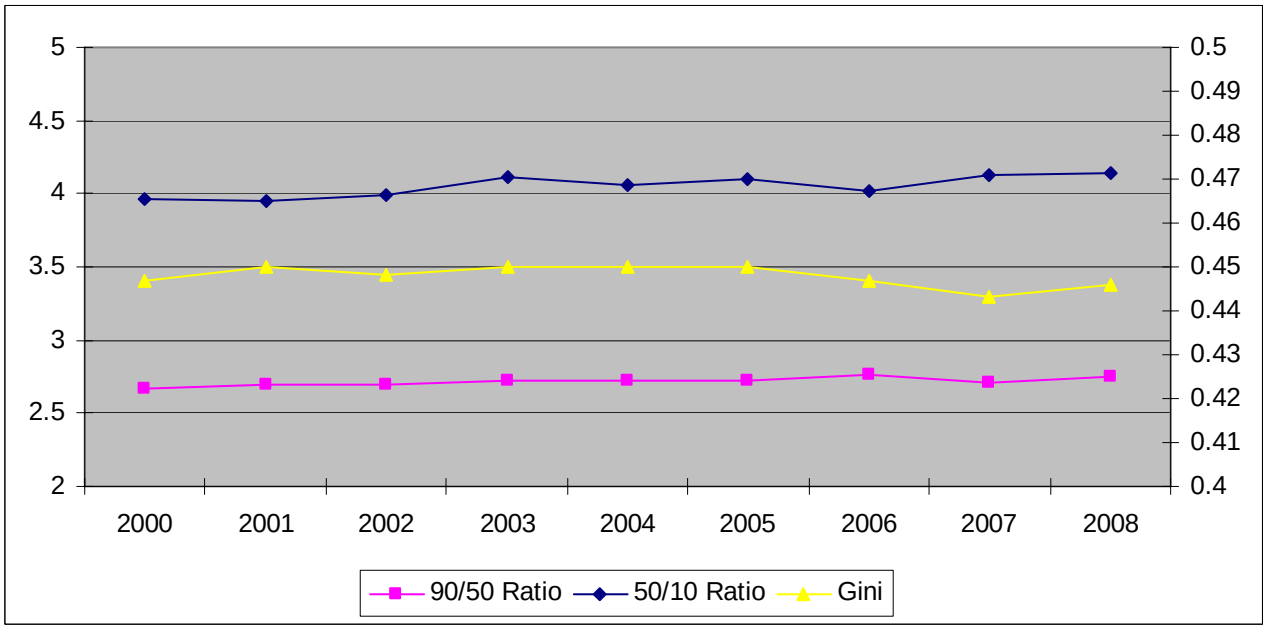


Figure 9. Full-Income 2006-07 SCF-Long-Run Returns

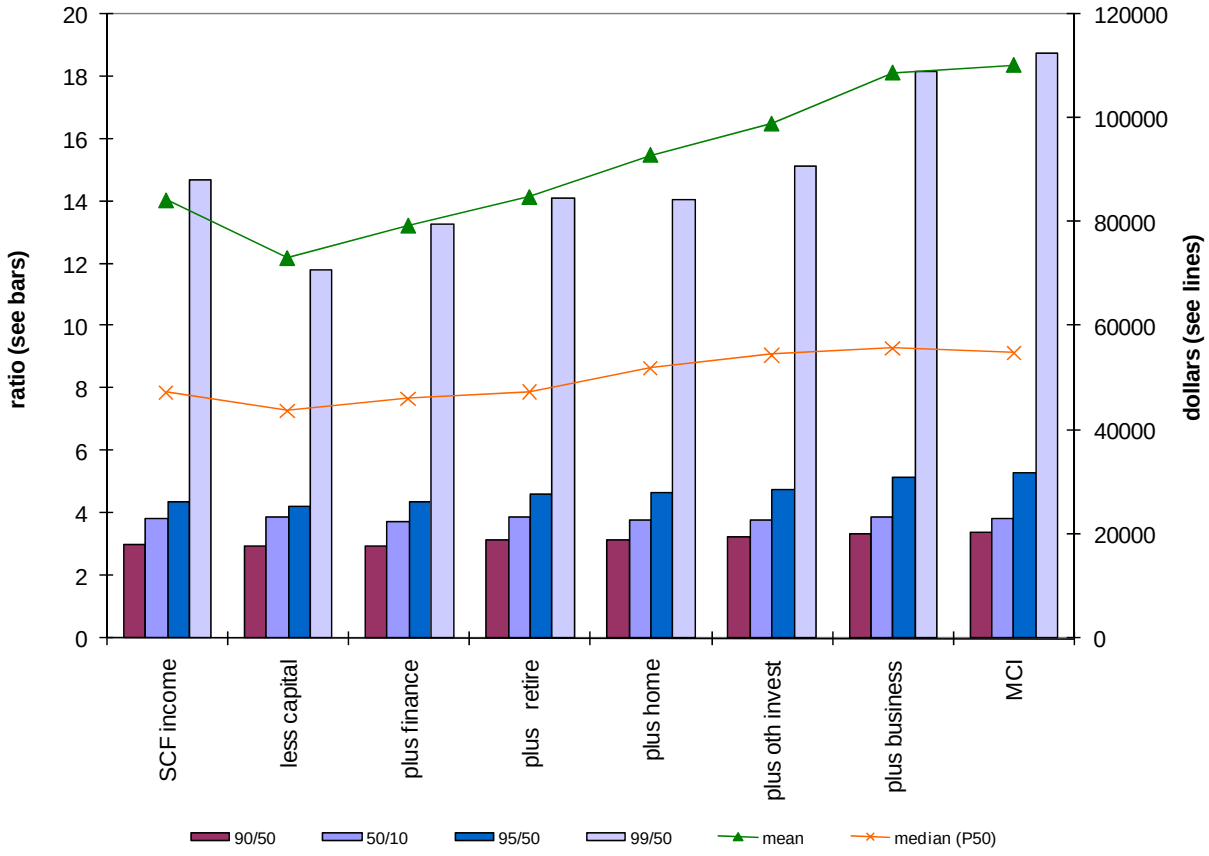


Figure 10. Full-Income 2008-09 SCF – Long-Run Returns

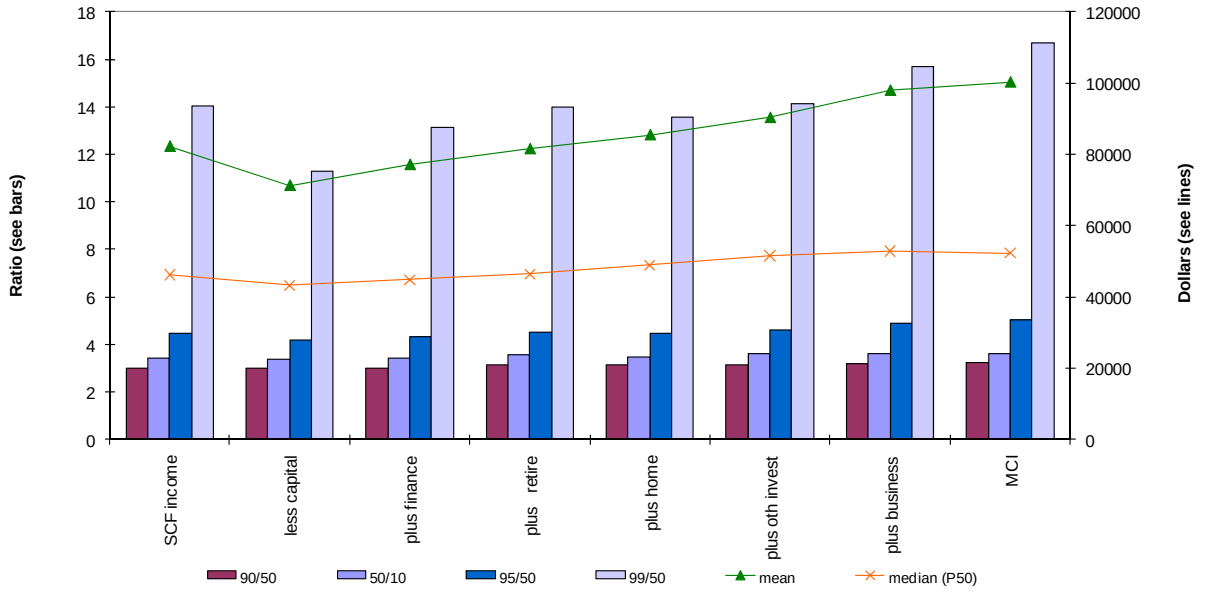


Figure 11. Gini Index with SCF Income and MCI

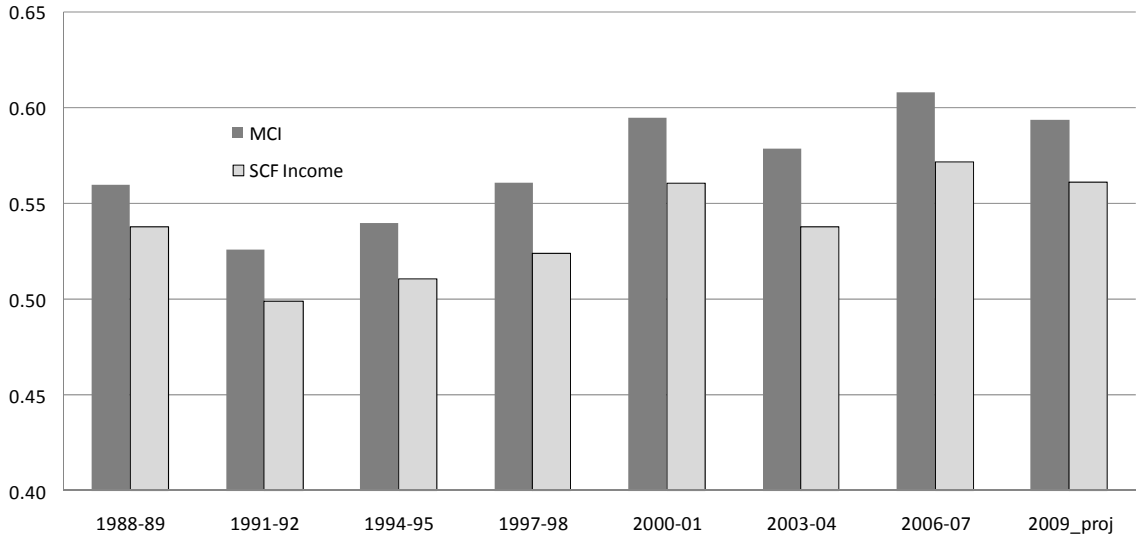
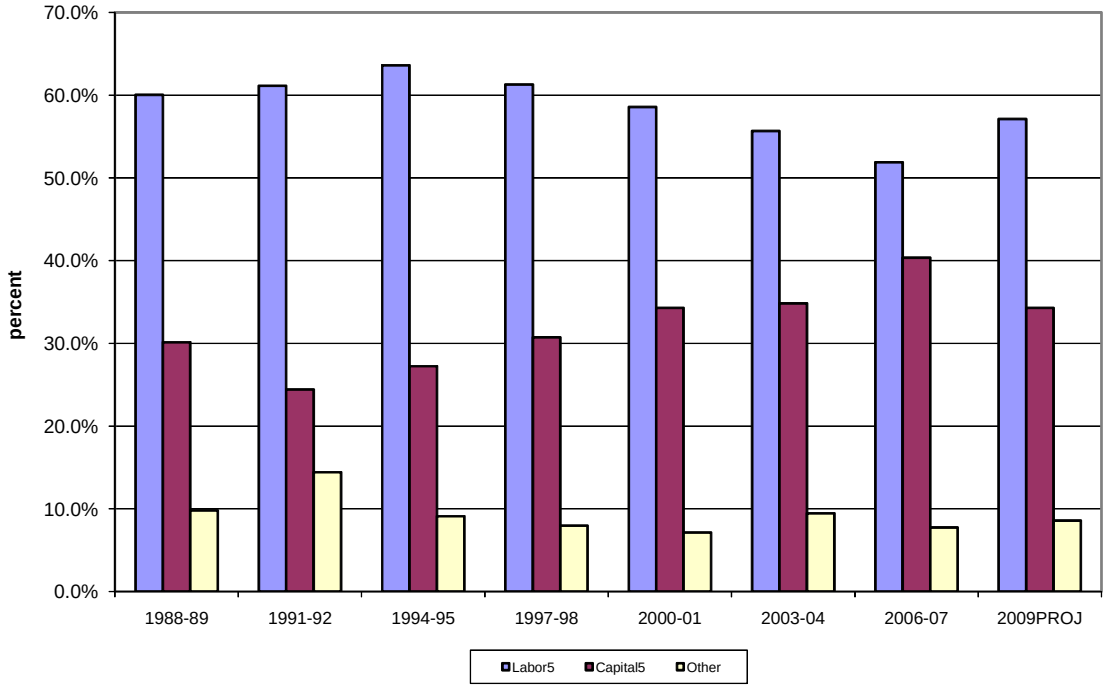


Figure 12. Labor and Capital Shares (MCI Long-Run Rates)



APPENDIX: SCF Income and Wealth

The Federal Reserve Board defines household income for previous calendar year and dates wealth at the time of the survey. Thus, the 2007 wealth estimates in the 2007 SCF are matched with 2006 incomes to produce 2006–2007 MCI. SCF income includes wages, self-employment, and business income, taxable and tax-exempt interest, dividends, realized capital gains, food stamps and other support programs provided by the government, pension income and withdrawals from retirement accounts, Social Security income, alimony and other support payments, and miscellaneous sources of income. The disposable personal income (DPI) measure we calculate does take out federal taxes, using the NBER tax simulator developed by Dan Feenberg. The following tables contain key information we used in altering the SCF to derive MCI, and are presented as a supplement to the text.

Appendix Table 1. Relation of Gross Domestic Product, Gross National Product, and National Income – Including Those Accounted for in This Paper (shaded)

[Billions of dollars; quarters seasonally adjusted at annual rates]

	2006-III	Share	2009-III	Share
National income	12,093.0	100%	12,349.7	100%
Compensation of employees	7,484.1	61.9%	7,841.5	63.5%
Wage and salary accruals	6,075.4	50.2%	6,333.2	51.3%
Supplements to wages and salaries	1,408.7	11.6%	1,508.3	12.2%
Proprietors' income with inventory valuation and capital consumption adjustments	1,131.2	9.4%	1,037.9	8.4%
Rental income of persons with capital consumption adjustment	140.3	1.2%	277.9	2.3%
Corporate profits with inventory valuation and capital consumption adjustments	1,655.1	13.7%	1,358.9	11.0%
Net interest and miscellaneous payments	661.6	5.5%	759.7	6.2%
Taxes on production and imports less subsidies	991.6	8.2%	1,023.1	8.3%
Business current transfer payments	83.6	0.7%	124.8	1.0%
Current surplus of government enterprises	-4.7	0.0%	-6.3	-0.1%

Source: BEA NIPA Table 1.12, Available at www.bea.gov.

1. We account for supplements to wages and salaries only in so far as they appear as part of defined contribution pension plans. Health care and other employer subsidies are not counted.

Appendix Table 2: Short Run (three-year average) and Long Run (1988–2007) Rates of Return

	Housing Index (HI)	Stock Indices (SI)	Bond Indices (BI)	Inflation (CPI)
A. "Short-Run"				
1989	6.0%	14.7%	8.6%	4.3%
1992	2.3	7.0	7.8	4.0
1995	2.5	15.2	6.5	2.6
1998	4.1	21.0	6.0	2.1
2001	6.4	4.4	5.5	2.5
2004	7.4	3.6	4.3	2.6
2007	7.0	7.3	4.5	3.5
B. "Long-Run"	6.0%	7.0%	5.0%	3.0%

*Rates used in simulation for all years, see Smeeding and Thompson (2010) for additional detail.

Appendix Table 3. Adjustments Made to SCF Income and Asset Categories for 2009 Projection

Income - SCF	Source. Table (Row Number)	Source title	Percent Change - 2007 Q1-Q3 to 2009 Q1-Q3
Interest	NIPA. 2.1 (14)	personal interest income	-0.6%
Dividends	NIPA. 2.1 (15)	personal dividend income	-28.1%
Non-taxable Investment Income	NIPA. 2.1 (14)	*SCF detail refers to bonds*	-0.6%
Other business/investment/rent/trust	NIPA. 1.12 (39), 2.1(9)	Combined rental and proprietor	5.0%
Earnings	Analysis of CPS ORG, Jan. to Nov.		varies by industry, education
Proprietors income	NIPA. 2.1(9)	proprietor income	-5.5%
Capital gains	CBO forecast	Anticipated tax revenue decline of 50%	-50.0%
Public Transfers (excluding Soc. Sec.)	NIPA. 2.1(17 less 18)	Government social benefits to people	33.5%
Retirement Income (including Soc. Sec.)	NIPA. 2.1(18)	Social Security	15.2%
Assets - SCF			
CDs	FOF. B.100(12)	time and savings deposits	6.4%
Stocks	FOF. B.100(24)	corporate equities	-37.5%
Stock mutual funds	FOF. B.100(25)	mutual fund shares	-22.2%
Bonds	FOF. B.100(18)	treasury securities	139.2%
Other bond mutual funds	FOF. B.100(21)	corporate and foreign bonds	45.1%
Savings bonds	FOF. B.100(17)	savings bonds	-2.7%
Govt. Bond Mutual Funds	FOF. B.100(19)	agency and GSE-backed securities	-59.1%
Tax-free bond mutual funds	FOF. B.100(20)	municipal securities	7.3%
Combination and other mutual funds	FOF. B.100(25)	mutual fund shares	-22.2%
Other (trusts, annuities, etc.)	FOF. B.100(30)	miscellaneous	13.6%
Home equity	FOF. B.100(49)	owner's equity in household real estate	-51.6%
Quasi-liquid retirement	Urban Institute Analysis of FOF	www.urban.org/retirement_policy/url.cfm?ID=411976	-18.6%
Transaction accounts	FOF. B.100(11)	(checkable deposits)	63.8%
Life Insurance	FOF. B.100(27)	life insurance reserves asset	1.4%
Nonresidential real estate	FOF. B.100(49)	owner's equity in household real estate	-51.6%
Other residential real estate	FOF. B.100(4)	modify in same way as residential real estate	-26.9%
Debt for other residential property	FOF. B.100(33)	home mortgages	1.8%
Other financial assets	FOF. B.100(30)	miscellaneous assets	13.6%
Other nonfinancial assets	FOF. B.100(7) and (30) combined	consumer durables or miscellaneous assets	6.5%
Business with active or nonactive hh interest	FOF. B.100(29)	equity in non-corporate bus.	-25.1%
Vehicles	FOF. B.100(7)	consumer durables or miscellaneous assets	5.4%
Total debt	FOF. B.100(31)	total liabilities	1.7%
Mortgages and home equity loans	FOF. B.100(33)	home mortgages	1.8%
Home equity lines of credit	FOF. B.100(33)	home mortgages	1.8%

Appendix Table 4

Appendix Table 4

Panel A. Change in MCI Components between 2007 and 2009

	mean			median			P10			P90			P99		
	2007	2009	change	2007	2009	change	2007	2009	change	2007	2009	change	2007	2009	change
SCF income	84,144	82,245	-2.3%	47,305	46,178	-2.4%	12,340	13,411	8.7%	140,887	139,013	-1.3%	693,121	649,137	-6.3%
-capital	73,058	71,234	-2.5%	43,808	43,266	-1.2%	11,369	12,871	13.2%	128,546	129,558	0.8%	516,327	489,283	-5.2%
+finance	79,475	77,084	-3.0%	46,214	44,829	-3.0%	12,340	13,027	5.6%	135,625	135,255	-0.3%	613,923	588,466	-4.1%
+retire	85,181	81,536	-4.3%	47,602	46,367	-2.6%	12,340	13,027	5.6%	149,259	144,970	-2.9%	679,215	648,676	-4.5%
+home	94,645	85,465	-9.7%	53,070	48,932	-7.8%	14,234	14,017	-1.5%	167,868	153,143	-8.8%	754,758	664,913	-11.9%
+oth invest	100,908	90,353	-10.5%	55,196	51,522	-6.7%	14,402	14,272	-0.9%	179,678	161,733	-10.0%	842,751	729,307	-13.5%
+business	111,131	98,022	-11.8%	56,858	52,834	-7.1%	14,503	14,611	0.7%	189,333	167,590	-11.5%	1,040,259	830,361	-20.2%
MCI	112,384	100,358	-10.7%	55,917	52,279	-6.5%	14,398	14,428	0.2%	189,740	169,504	-10.7%	1,062,867	872,411	-17.9%

Panel B. Change in the Contribution to MCI

	mean			median			P10			P90			P99		
Impact of:	2007	2009	change	2007	2009	change	2007	2009	change	2007	2009	change	2007	2009	change
subtracting capital income	-13.2%	-13.4%	-0.2%	-7.4%	-6.3%	1.1%	-7.9%	-4.0%	3.8%	-8.8%	-6.8%	2.0%	-25.5%	-24.6%	0.9%
adding imputed flows to:															
finance	8.8%	8.2%	-0.6%	5.5%	3.6%	-1.9%	8.5%	1.2%	-7.3%	5.5%	4.4%	-1.1%	18.9%	20.3%	1.4%
retirement	7.2%	5.8%	-1.4%	3.0%	3.4%	0.4%	0.0%	0.0%	0.0%	10.1%	7.2%	-2.9%	10.6%	10.2%	-0.4%
home	11.1%	4.8%	-6.3%	11.5%	5.5%	-6.0%	15.3%	7.6%	-7.7%	12.5%	5.6%	-6.8%	11.1%	2.5%	-8.6%
oth invest	6.6%	5.7%	-0.9%	4.0%	5.3%	1.3%	1.2%	1.8%	0.6%	7.0%	5.6%	-1.4%	11.7%	9.7%	-2.0%
business	10.1%	8.5%	-1.6%	3.0%	2.5%	-0.5%	0.7%	2.4%	1.7%	5.4%	3.6%	-1.8%	23.4%	13.9%	-9.6%
debt/ adjustments	1.1%	2.4%	1.3%	-1.7%	-1.0%	0.6%	-0.7%	-1.3%	-0.5%	0.2%	1.1%	0.9%	2.2%	5.1%	2.9%

Panel C. Change in the composition of MCI between 2007 and 2009

	mean			median			P10			P90			P99		
share of MCI	2007	2009	change	2007	2009	change	2007	2009	change	2007	2009	change	2007	2009	change
income less capital	65.0%	71.0%	6.0%	78.3%	82.8%	4.4%	79.0%	89.2%	10.2%	67.7%	76.4%	8.7%	48.6%	56.1%	7.5%
finance	5.7%	5.8%	0.1%	4.3%	3.0%	-1.3%	6.7%	1.1%	-5.7%	3.7%	3.4%	-0.4%	9.2%	11.4%	2.2%
retirement	5.1%	4.4%	-0.6%	2.5%	2.9%	0.5%	0.0%	0.0%	0.0%	7.2%	5.7%	-1.5%	6.1%	6.9%	0.8%
home	8.4%	3.9%	-4.5%	9.8%	4.9%	-4.9%	13.2%	6.9%	-6.3%	9.8%	4.8%	-5.0%	7.1%	1.9%	-5.2%
oth invest	5.6%	4.9%	-0.7%	3.8%	5.0%	1.2%	1.2%	1.8%	0.6%	6.2%	5.1%	-1.2%	8.3%	7.4%	-0.9%
business	9.1%	7.6%	-1.5%	3.0%	2.5%	-0.5%	0.7%	2.4%	1.6%	5.1%	3.5%	-1.6%	18.6%	11.6%	-7.0%
debt/ adjustments	1.1%	2.3%	1.2%	-1.7%	-1.1%	0.6%	-0.7%	-1.3%	-0.5%	0.2%	1.1%	0.9%	2.1%	4.8%	2.7%
Total	100.0%	100.0%		100.0%	100.0%		100.0%	100.0%		100.0%	100.0%		100.0%	100.0%	

Appendix Table 5

Panel A. Change in MCI Components between 2007 and 2009 - NON-ELDERLY

	mean			median			P10			P90			P99		
	2007	2009	%change	2007	2009	%change	2007	2009	%change	2007	2009	%change	2007	2009	%change
SCF income	88,258	85,916	-2.7%	52,447	51,562	-1.7%	13,369	14,211	6.3%	149,114	147,019	-1.4%	692,092	656,443	-5.2%
-capital	78,018	75,637	-3.1%	50,390	49,026	-2.7%	12,340	13,384	8.5%	135,245	135,650	0.3%	538,340	518,986	-3.6%
+finance	82,805	79,957	-3.4%	51,418	49,500	-3.7%	13,369	13,497	1.0%	140,867	140,429	-0.3%	609,989	585,151	-4.1%
+retire	88,156	84,311	-4.4%	52,797	51,238	-3.0%	13,369	13,525	1.2%	154,516	150,541	-2.6%	666,878	645,224	-3.2%
+home	94,963	87,607	-7.7%	56,763	53,313	-6.1%	14,397	14,211	-1.3%	168,435	158,402	-6.0%	714,213	660,913	-7.5%
+oth invest	100,093	91,774	-8.3%	58,462	54,774	-6.3%	14,691	14,578	-0.8%	179,994	165,866	-7.8%	782,711	701,876	-10.3%
+business	109,404	99,034	-9.5%	59,960	56,134	-6.4%	15,426	14,943	-3.1%	189,364	171,805	-9.3%	965,767	826,478	-14.4%
MCI	110,934	101,493	-8.5%	58,837	55,042	-6.4%	15,207	14,765	-2.9%	188,935	173,846	-8.0%	1,015,622	847,932	-16.5%

Panel B. Change in the Contribution to MCI - NON-ELDERLY

	mean			median			P10			P90			P99		
Impact of:	2007	2009	change	2007	2009	change	2007	2009	change	2007	2009	change	2007	2009	change
subtracting capital income	-11.6%	-12.0%	-0.4%	-3.9%	-4.9%	-1.0%	-7.7%	-5.8%	1.9%	-9.3%	-7.7%	1.6%	-22.2%	-20.9%	1.3%
adding imputed flows to:															
finance	6.1%	5.7%	-0.4%	2.0%	1.0%	-1.1%	8.3%	0.8%	-7.5%	4.2%	3.5%	-0.6%	13.3%	12.7%	-0.6%
retirement	6.5%	5.4%	-1.0%	2.7%	3.5%	0.8%	0.0%	0.2%	0.2%	9.7%	7.2%	-2.5%	9.3%	10.3%	0.9%
home	7.7%	3.9%	-3.8%	7.5%	4.1%	-3.5%	7.7%	5.1%	-2.6%	9.0%	5.2%	-3.8%	7.1%	2.4%	-4.7%
oth invest	5.4%	4.8%	-0.6%	3.0%	2.7%	-0.3%	2.0%	2.6%	0.5%	6.9%	4.7%	-2.2%	9.6%	6.2%	-3.4%
business	9.3%	7.9%	-1.4%	2.6%	2.5%	-0.1%	5.0%	2.5%	-2.5%	5.2%	3.6%	-1.6%	23.4%	17.8%	-5.6%
debt/ adjustments	1.4%	2.5%	1.1%	-1.9%	-1.9%	-0.1%	-1.4%	-1.2%	0.2%	-0.2%	1.2%	1.4%	5.2%	2.6%	-2.6%

Panel C. Change in the composition of MCI between 2007 and 2009 - NON-ELDERLY

	mean			median			P10			P90			P99		
share of MCI	2007	2009	change	2007	2009	change	2007	2009	change	2007	2009	change	2007	2009	change
income less capital	70.3%	74.5%	4.2%	85.6%	89.1%	3.4%	81.1%	90.6%	9.5%	71.6%	78.0%	6.4%	53.0%	61.2%	8.2%
finance	4.3%	4.3%	-0.1%	1.7%	0.9%	-0.9%	6.8%	0.8%	-6.0%	3.0%	2.7%	-0.2%	7.1%	7.8%	0.7%
retirement	4.8%	4.3%	-0.5%	2.3%	3.2%	0.8%	0.0%	0.2%	0.2%	7.2%	5.8%	-1.4%	5.6%	7.1%	1.5%
home	6.1%	3.2%	-2.9%	6.7%	3.8%	-3.0%	6.8%	4.6%	-2.1%	7.4%	4.5%	-2.8%	4.7%	1.9%	-2.8%
oth invest	4.6%	4.1%	-0.5%	2.9%	2.7%	-0.2%	1.9%	2.5%	0.6%	6.1%	4.3%	-1.8%	6.7%	4.8%	-1.9%
business	8.4%	7.2%	-1.2%	2.5%	2.5%	-0.1%	4.8%	2.5%	-2.4%	5.0%	3.4%	-1.5%	18.0%	14.7%	-3.3%
debt/ adjustments	1.4%	2.4%	1.0%	-1.9%	-2.0%	-0.1%	-1.4%	-1.2%	0.2%	-0.2%	1.2%	1.4%	4.9%	2.5%	-2.4%
Total	100.0%	100.0%		100.0%	100.0%		100.0%	100.0%		100.0%	100.0%		100.0%	100.0%	