

Perspectives on Distributional Analysis

Presentation at NTA Spring Symposium

May 18, 2017

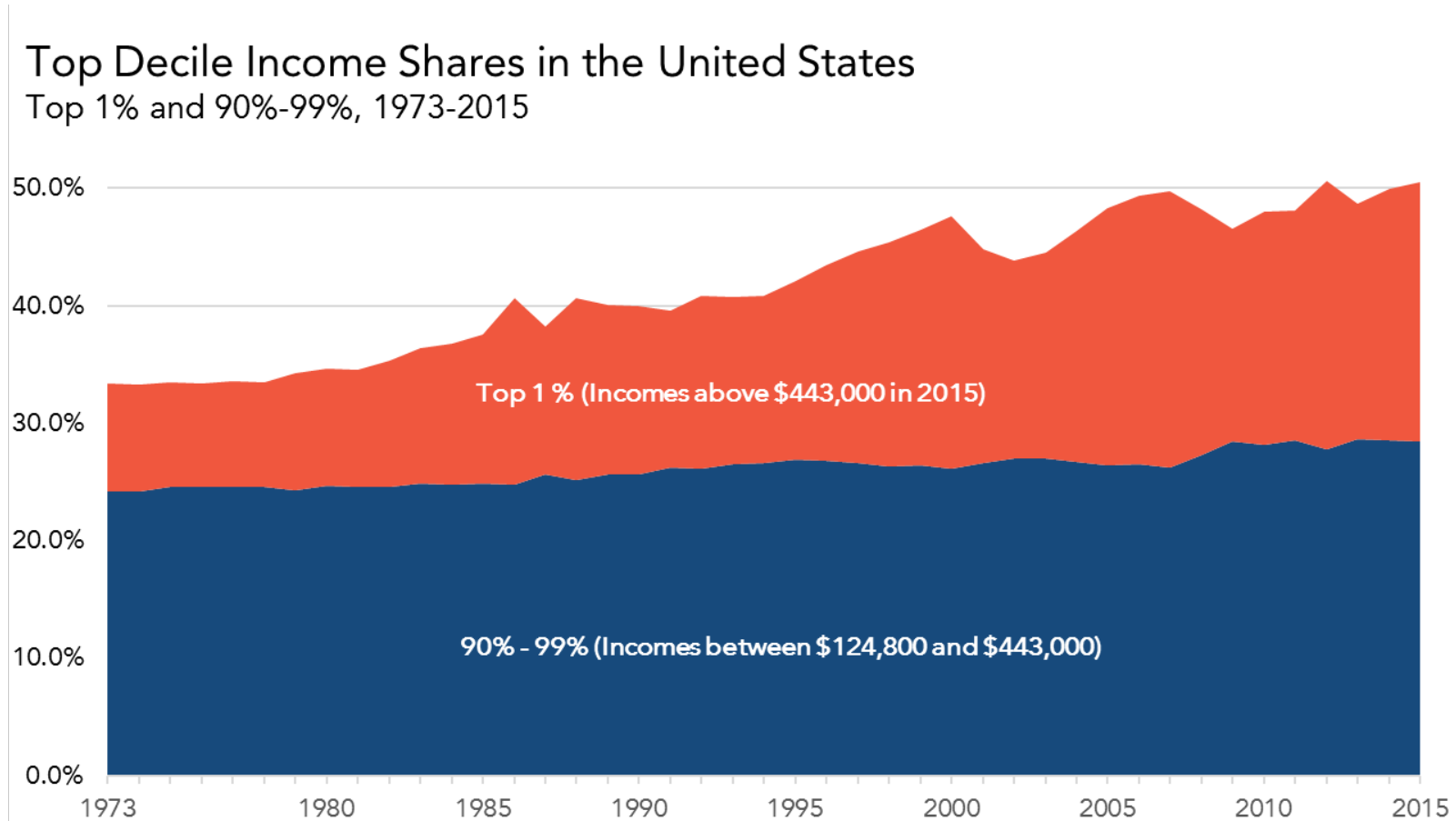
Eric Toder



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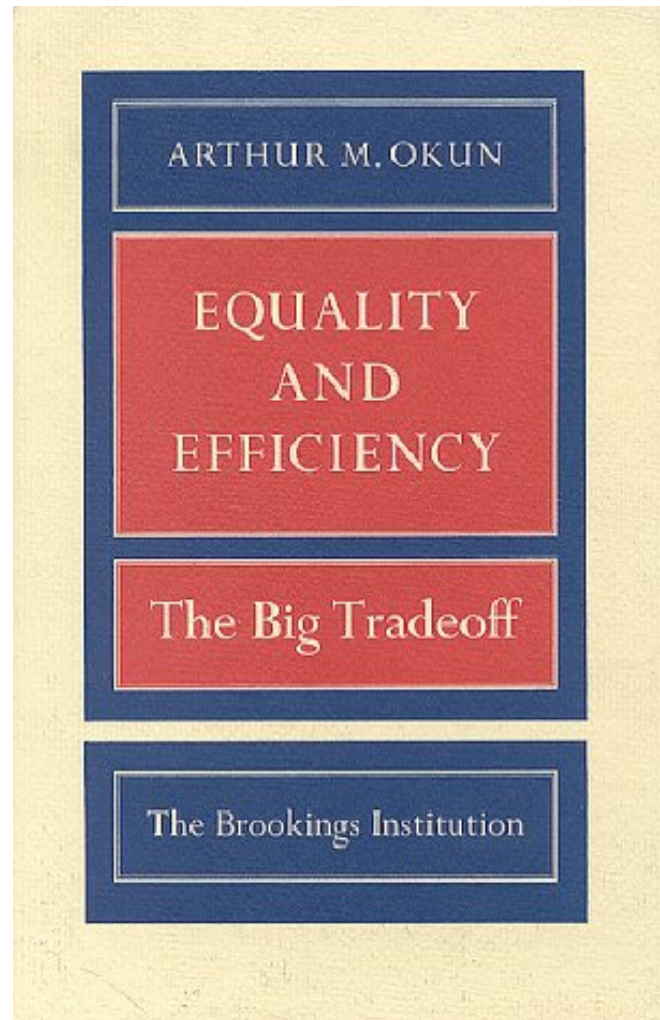
Income Inequality has Grown Since 1973

Figure 1



Source: Saez E. Striking it richer: The evolution of top incomes in the United States (update with 2015 estimates)[J]. 2009. (Data available in excel format at <http://elsa.berkeley.edu/~saez/TabFig2015prel.xls> (tbl. A3)).

Does More Equality Mean Less Efficiency?



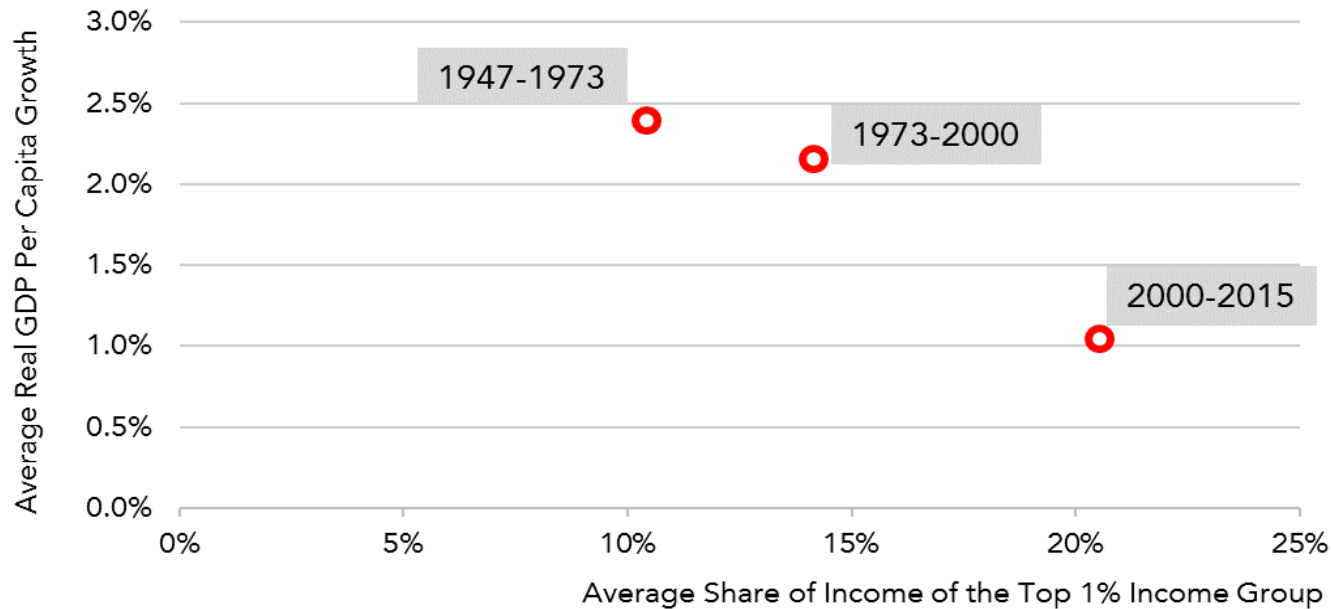
Picture Source: <https://www.amazon.com/Equality-Efficiency-Tradeoff-Arthur-Okun/dp/0815764758>

Top 1% Share has Grown as Growth has Shrunk

Figure 2

Average U.S. Economic Growth Rate and Share of Income of the Top 1%

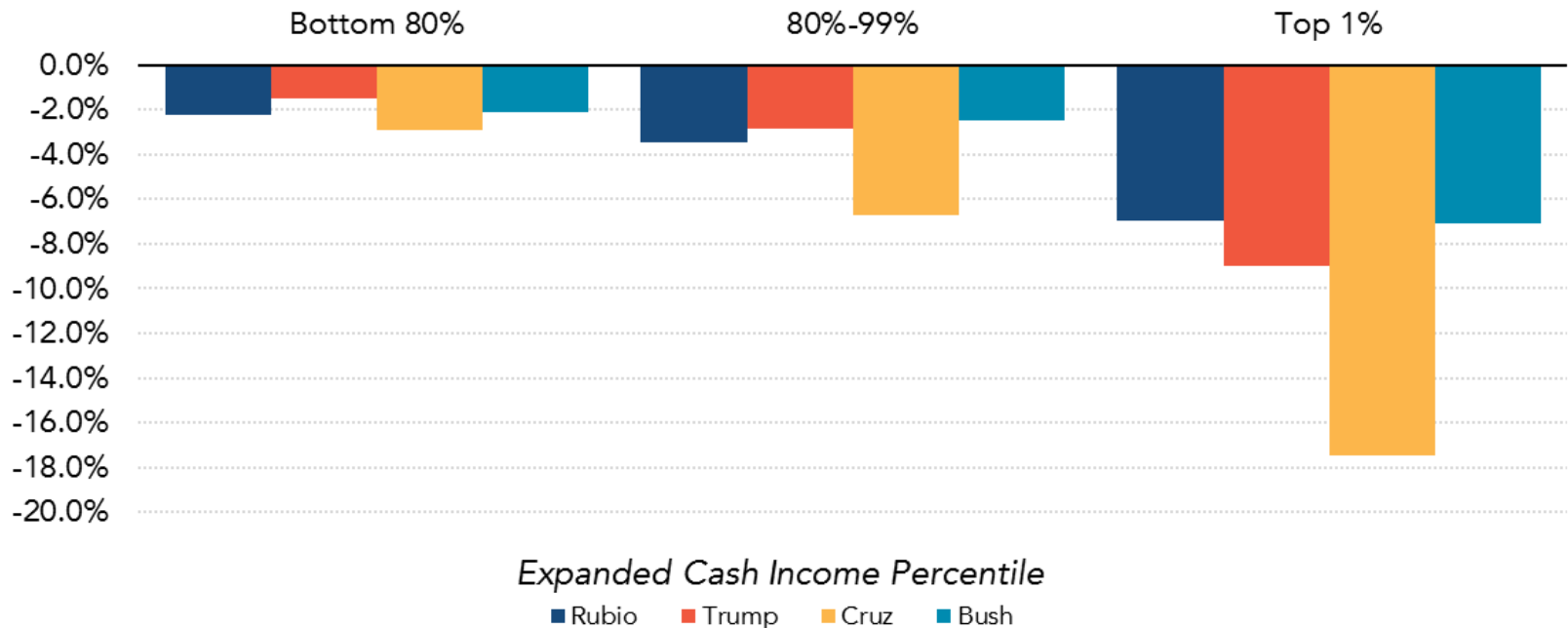
Three Periods: 1947-1973, 1973-2000, 2000-2015



Source: Author's calculation based on: (1) Federal Reserve Bank of St. Louis: Federal Reserve Economic Data, <https://fred.stlouisfed.org>; and (2) Saez E. Striking it richer: The evolution of top incomes in the United States (update with 2015 estimates)[J]. 2009. (Data available in excel format at <http://elsa.berkeley.edu/~saez/TabFig2015prel.xls> (tbl. A3))

Figure 3

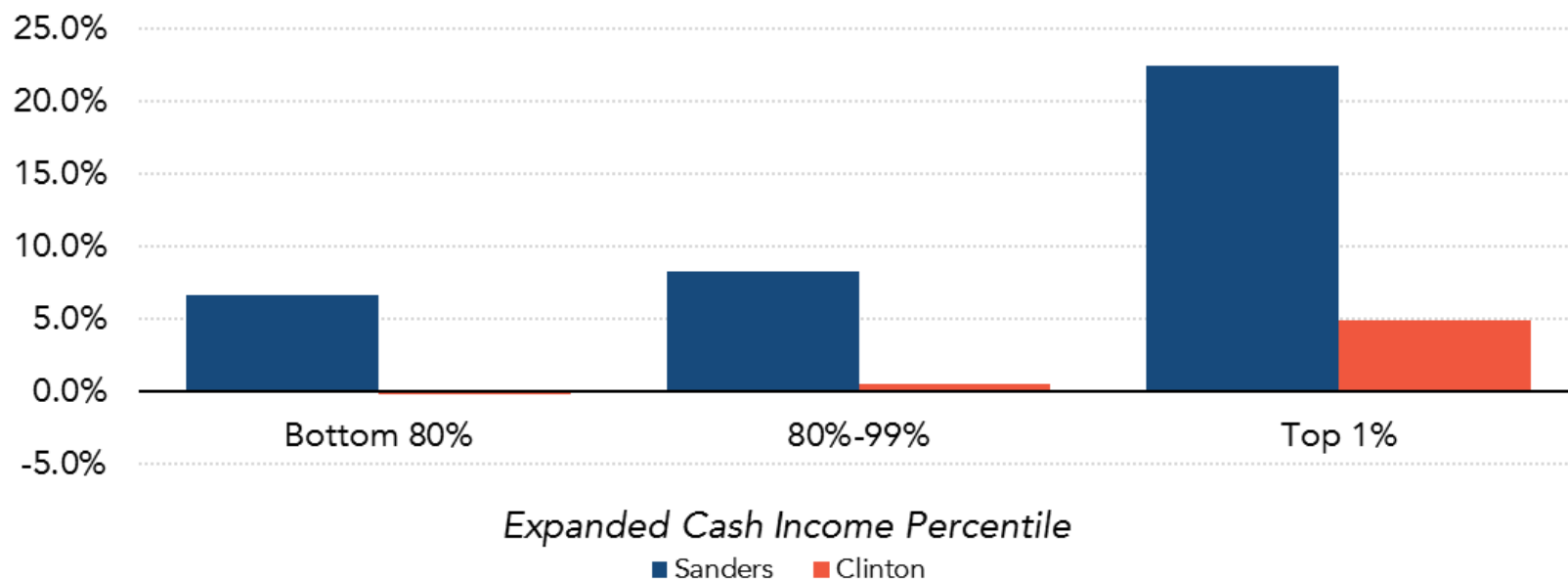
Distribution of Republican Tax Plans Tax Change as a Percent of Pre-Tax Income, 2017



Source: Urban-Brookings Tax Policy Center Microsimulation Model.

Figure 4

Distribution of Democratic Tax Plans Tax Change as a Percent of Pre-Tax Income, 2017

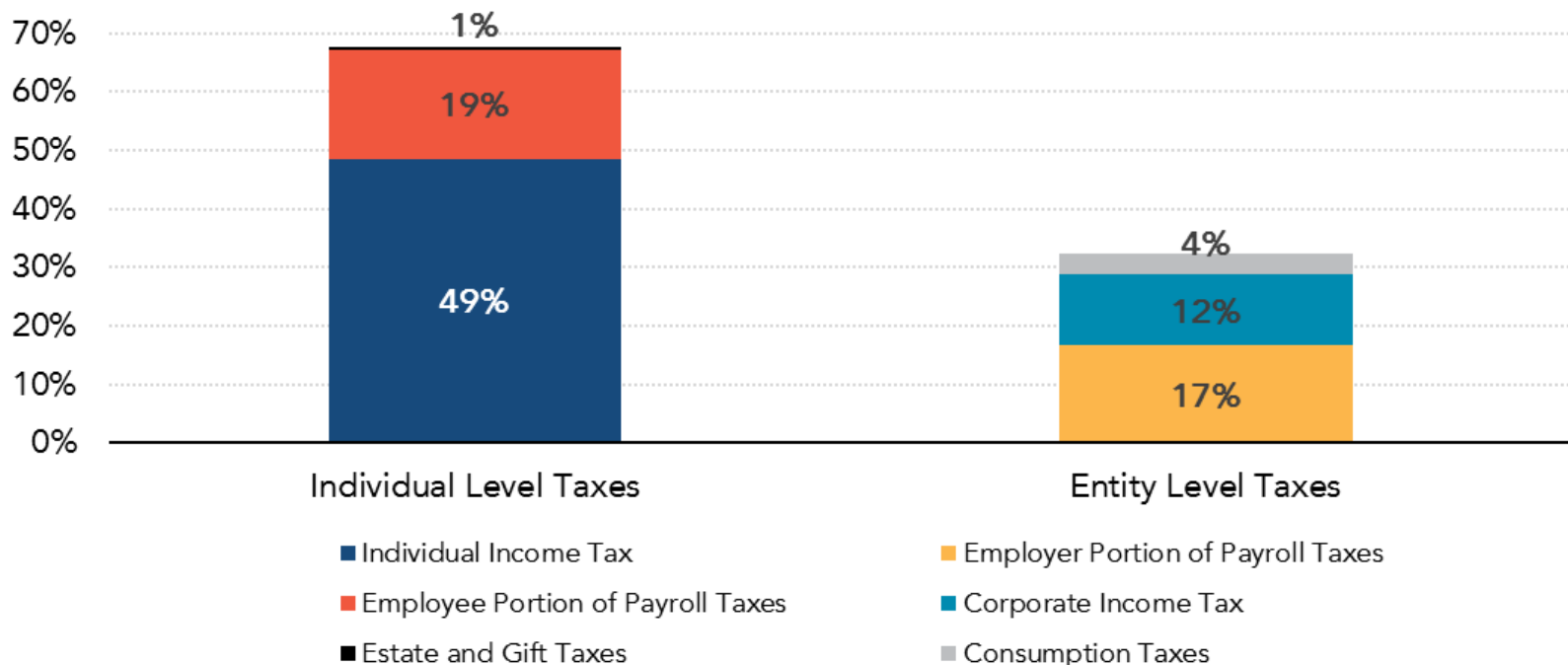


Source: Urban-Brookings Tax Policy Center Microsimulation Model.

Most Taxes are Paid Directly by Individuals

Figure 5

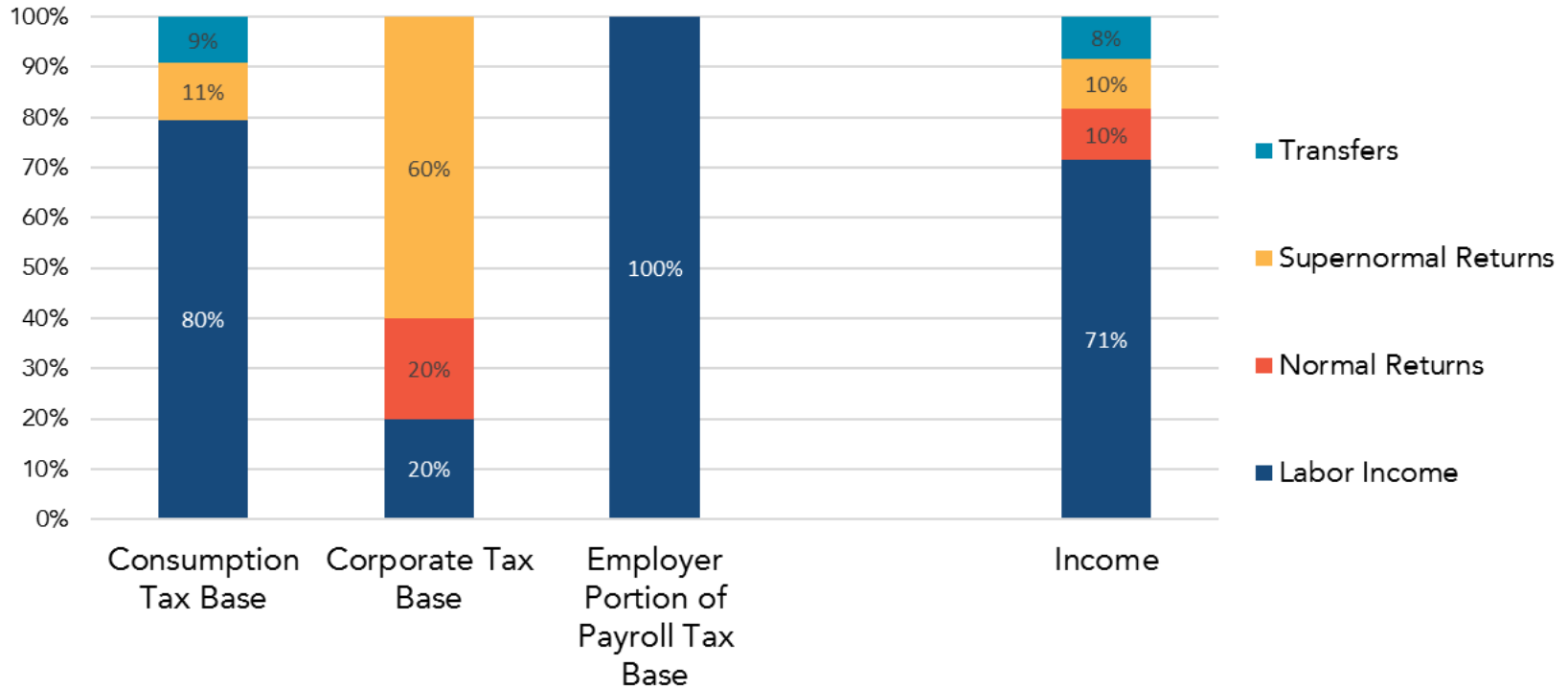
Total Taxes on Individuals and Entities Share of Total Federal Taxes, By Tax Type, 2017



Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0217-1).

Figure 6

Distributions of Different Tax Bases and Income
By Income Type, 2017



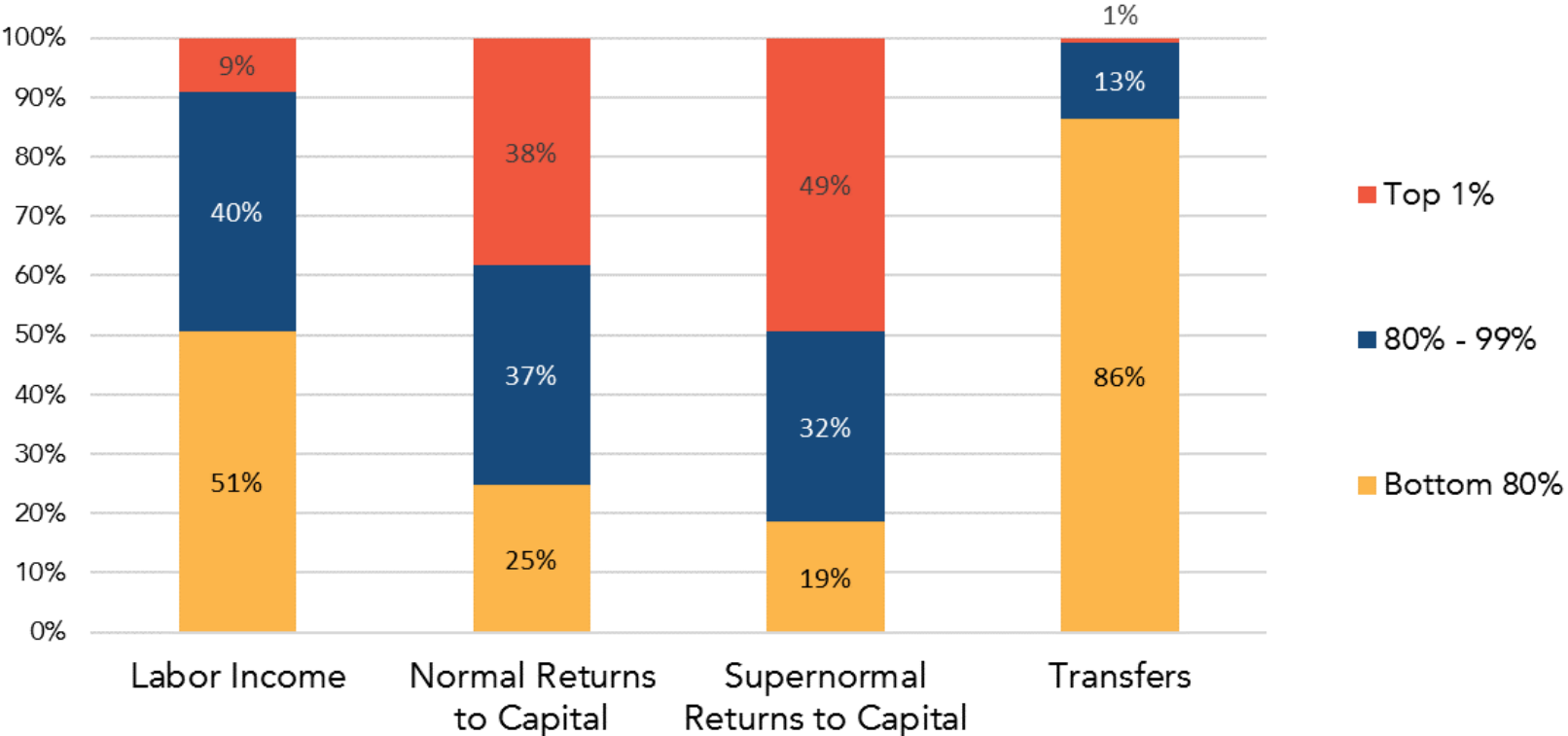
Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0217-1).

Top 1% are Different from the Rest of US



Figure 7

Distribution of Four Types of Income By Income Percentile, 2017



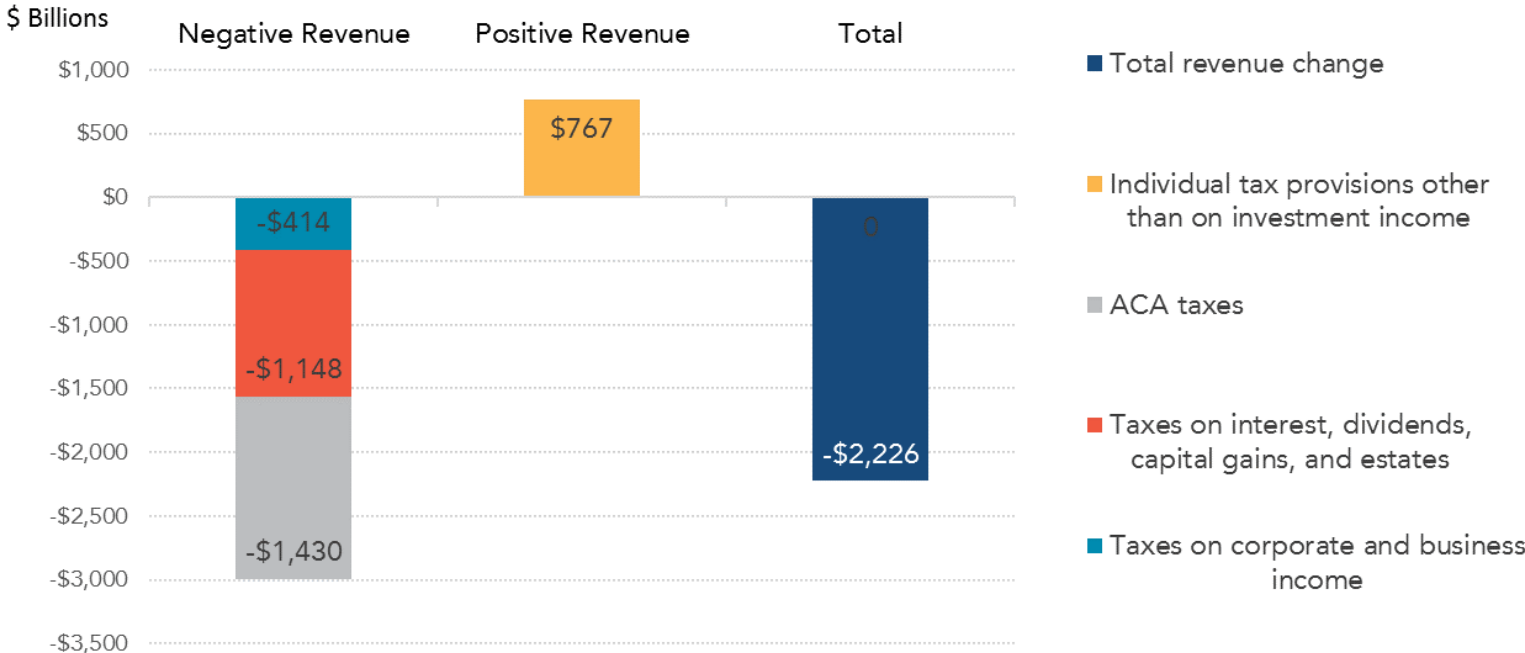
Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0217-1).

The House GOP Blueprint Cuts Taxes on Business and Capital Income



Figure 8

Total Tax Change House GOP Blueprint, 2027-2036



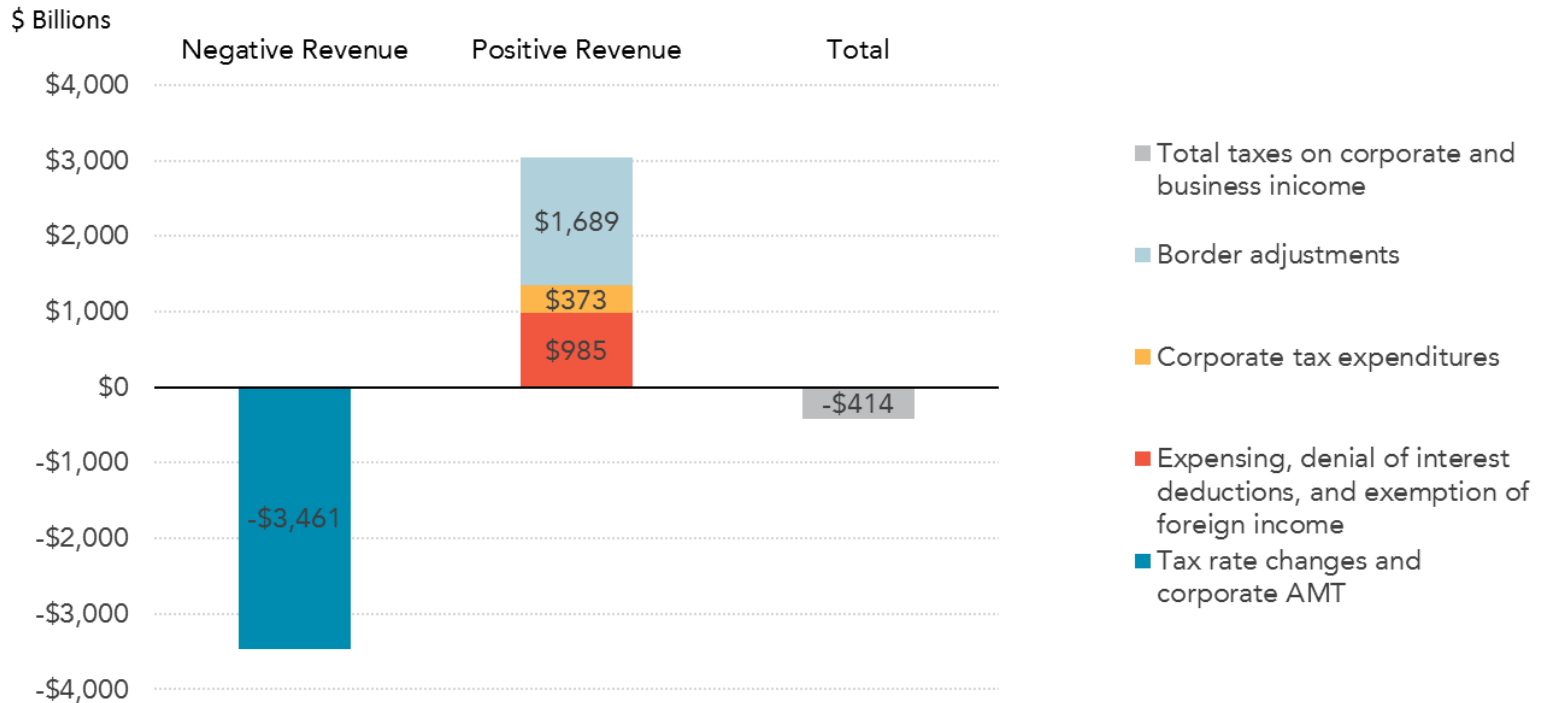
Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0516-1).

Rates Cuts for Businesses Outweigh Tax Base Increases



Figure 9

Total Tax Change on Corporate and Business Income House GOP Blueprint, 2027-2036



Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0516-1).

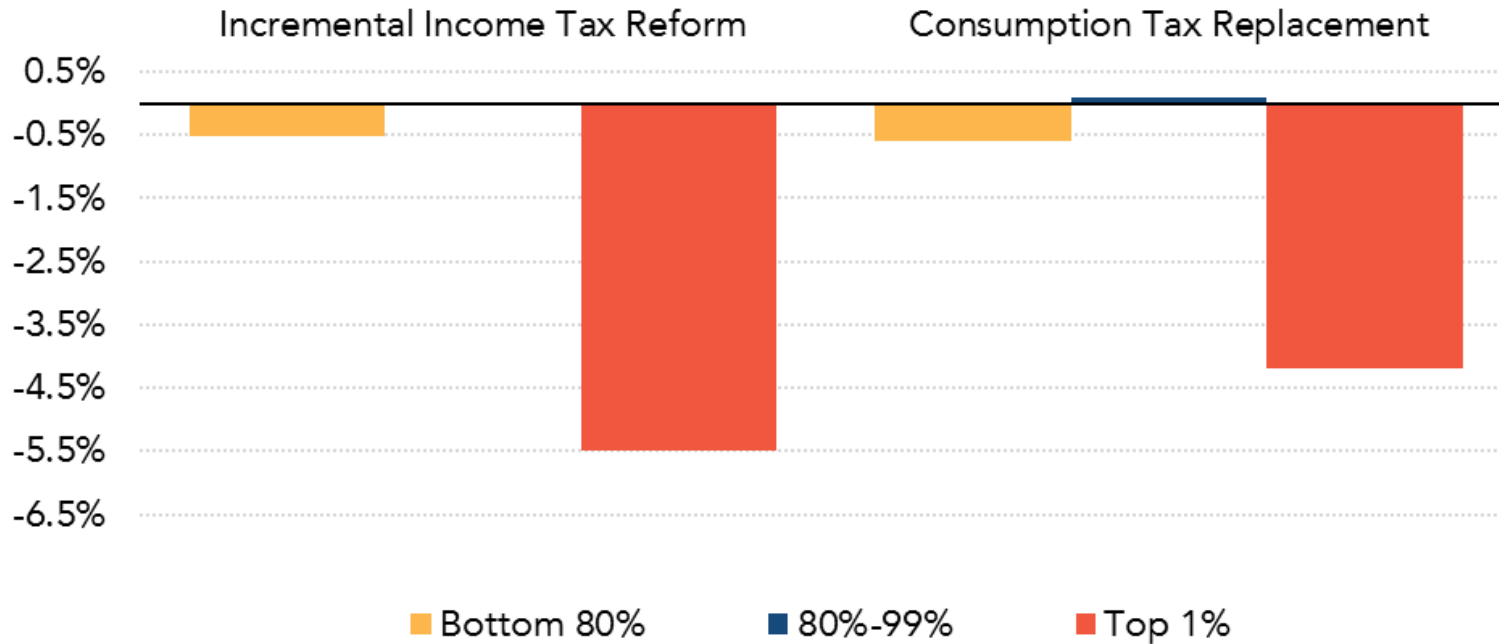
Overall, the House GOP Blueprint Favors Top 1%



Figure 10

Tax Changes as Percent of Pretax Income

House GOP Blueprint under Alternative Assumptions, 2025



Source: : Urban-Brookings Tax Policy Center Microsimulation Model (version 0516-1).

THANK YOU

For more information please contact:

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View more studies on tax policies at:
www.taxpolicycenter.org

