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Thank you, Chairman Lee and Vice Chair Maloney, for inviting me to speak today. It’s an honor to be here.

My name is Gabriel Zucman and I am an Associate Professor of Economics at the University of California, Berkeley.

My work seeks to advance the measurement of inequality.

With my colleagues Facundo Alvaredo, Lucas Chancel, Thomas Piketty, and Emmanuel Saez, I am one of the co-directors of the World Inequality Database, an extensive database on the long-run evolution of income and wealth inequality.

One of our goals is to contribute to the creation of comprehensive, standardized, and internationally comparable inequality statistics that capture all forms of income contributing to GDP.

Concretely, when GDP grows 3% in a given year, we want to be able to know how income is growing for each social group, in a way that’s consistent with the official rate of GDP growth.

We call these statistics Distributional National Accounts.

To understand the ultimate goal and the value of this project, the following analogy is helpful.

According to the official National Accounts of the United States, real GDP grew 2.9% in 2018.

This number involves some uncertainty.

The measurement of GDP, after all, relies on many assumptions.

There are projections based on preliminary reports that can only be confirmed months or years down the road.

There are imputations, for example of the rents that homeowners pay to themselves.

There are assumptions about how much income is under-reported by taxpayers to the IRS.

Despite these uncertainties, most people trust official estimates of GDP.

These estimates are based on methods that have been improved over several decades.

They are based on internationally-agreed and constantly refined concepts and methods.

They are constructed by hundreds of highly qualified government statisticians.

My hope is that one day, we'll reach the point where statistics of inequality are constructed and regarded like GDP statistics.

With my colleagues, we try to contribute to this evolution.

We have created prototype Distributional National Accounts, that is, statistics that distribute the national account aggregates — such as national income, household wealth, tax revenue, and government spending — across the population.

These prototype Distributional National Accounts are based on a conceptual framework that we developed over several years.

They are based on harmonized guidelines, concepts, and estimation techniques that we have applied and are applying to many countries.

They are constantly updated when new data become available and refined estimation techniques are designed.

All the data series are made available in a user-friendly manner on the World Inequality Database WID.world.

All programs, computer code, and technical appendices are publicly available; all our results can be replicated using publicly available data.

Users are free to change our methodology and we constantly refine our methods as we receive new feedback and new knowledge emerges.

These prototype Distributional National Accounts show a large rise in income inequality.

In 1980, the top 1% earned 10% of total pre-tax national income.

Today it earns close to 20% of total pre-tax national income, according to these data.

In 1980, the average pre-tax income of adults in the bottom 50% of the income distribution was \$18,000, adjusted for inflation.

Today, it is almost the same number—\$18,500.

Although we put considerable effort in building this prototype, it remains a prototype. The methods underpinning our Distributional National Accounts are still in their infancy.

Much more work needs to be done.

Our hope is that these prototype Distributional National Accounts will eventually be taken over by government, improved, and published as part of the official toolkit of government statistics.

This is what happened for the national accounts in the first place.

The national accounts were developed in the first half and in the middle of the twentieth century by scholars in the United States (such as Simon Kuznets), the United Kingdom (such as James Meade and Richard Stone), France (such as Jacques de Bernonville), and many other countries.

Then governments agencies took them over, refined them, and still constantly improve them today.

We hope the same process will happen for Distributional National Accounts.

It may take years, even decades.

In the meantime, it is perfectly normal to have methodological discussions, debates, and disagreements.

This does not mean that we cannot know what is happening to inequality today.

A wide array of evidence shows high and rising inequality.

This includes survey data such as the Current Population Survey (for income) and the Survey of Consumer Finances (for wealth), company data on CEO pay (from Compustat), tabulations of tax returns by the IRS, and named lists of wealthy individuals (e.g., by Forbes magazine).

All these data show inequality rising markedly since the 1980s.

Each of these sources have limitations. All economic statistics are constructions, whose limitations must be understood.

But by working together, we can arrive at the best possible estimates and reach the stage where the publication of inequality statistics will be just like the publication of GDP.

I look forward to your questions. Thank you.