

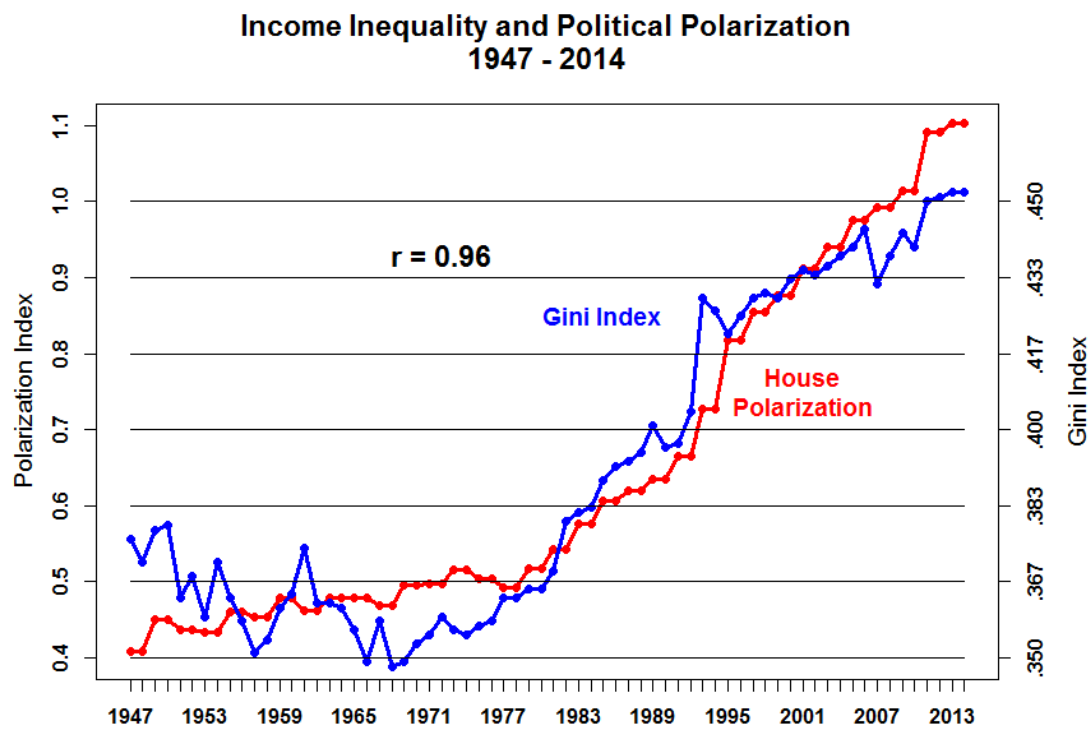
First Examination POLS 4635
The Politics of Income Inequality

23 September 2016

Professor Poole

**PLEASE KEEP YOUR ANSWERS *SHORT AND SPECIFIC* TO ALL
QUESTIONS**

1. What does the Gini Index measure and how is it computed?



2. What does this table tell us about income inequality over the past 20 years?

Table 1. Real Income Growth by Groups

	Average Income Real Growth	Top 1% Incomes Real Growth	Bottom 99% Incomes Real Growth	Fraction of total growth (or loss) captured by top 1%
	(1)	(2)	(3)	(4)
Full period 1993-2014	20.6%	80.0%	10.8%	55%
Clinton Expansion 1993-2000	31.5%	98.7%	20.3%	45%
2001 Recession 2000-2002	-11.7%	-30.8%	-6.5%	57%
Bush Expansion 2002-2007	16.1%	61.8%	6.8%	65%
Great Recession 2007- 2009	-17.4%	-36.3%	-11.6%	49%
Recovery 2009-2014	8.4%	27.1%	4.3%	58%

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

Incomes exclude government transfers (such as unemployment insurance and social security) and non-taxable fringe benefits.

Incomes are deflated using the Consumer Price Index.

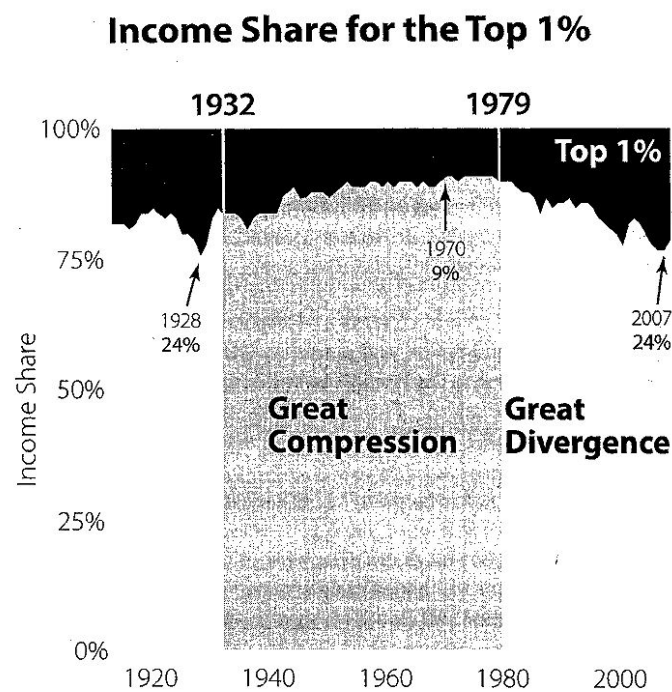
Column (4) reports the fraction of total real family income growth (or loss) captured by the top 1%.

For example, from 2002 to 2007, average real family incomes grew by 16.1% but 65% of that growth

accrued to the top 1% while only 35% of that growth accrued to the bottom 99% of US families.

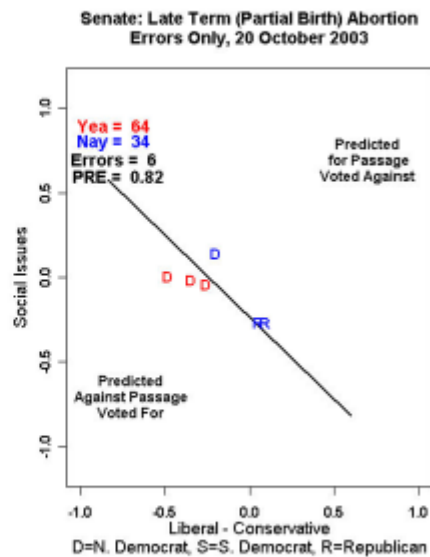
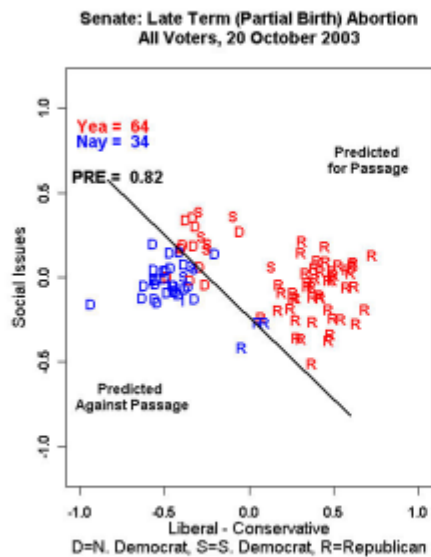
Source: Piketty and Saez (2003), series updated to 2014.

3. Below is a Figure from Chapter 1 of *The Great Divergence*. What is the importance of this figure?



Top 1 percent income share includes capital gains. Source: Facundo Alvaredo, Tony Atkinson, Thomas Piketty, and Emmanuel Saez, "The World Top Incomes Database."

4. Explain the spatial map below. What is shown in the panel on the left and the panel on the right?



5. Summarize the important changes in the Party System that this figure illustrates.

