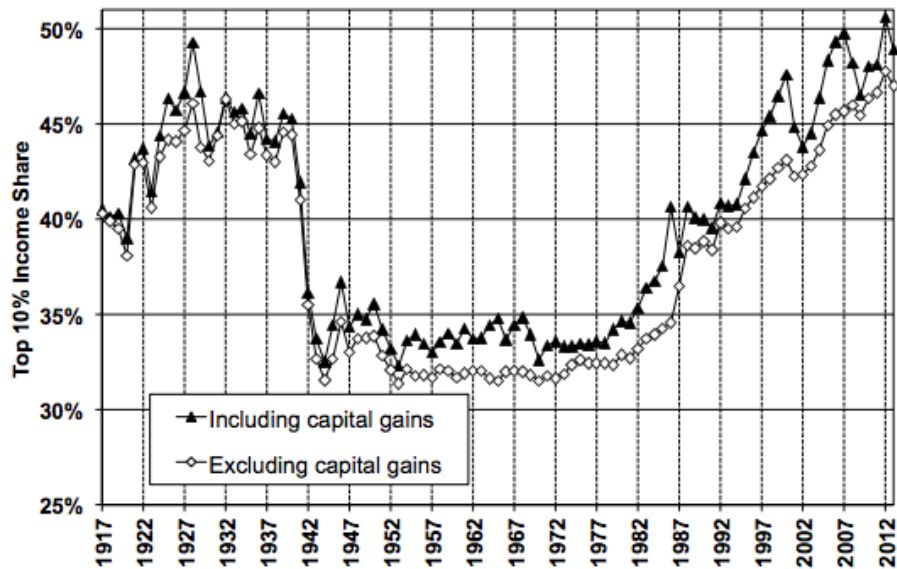


Pre-Section Exercise #9

The following figure shows the share of income that goes just to the richest 10%.

Figure 1: The Top Decile Income Share, 1917-2013



Source: [Saez and Piketty \(2013\)](#)

1. Describe the evolution in the share of income going to the top 10% over time. How does 2013 compare with the “roaring 1920s?”
2. Do you think the top income share is a good measure of “inequality”? Why or why not? In addition to the top income share, what other measures of inequality could you also look at?
3. Based on what you know about American history, what could be some of the causes for the large reduction in inequality in the 1940s and 1960s? How about the rise since the 1980s?

For the next two questions, refer to the following excel file on marginal tax rates put together by the Tax Foundation:

http://taxfoundation.org/sites/taxfoundation.org/files/docs/fed_individual_rate_history_nominal_adjusted-2013_0523.xls

4. What were the **highest** marginal tax rates in 1915, 1929, 1933, 1960, 1975, 1982, and 2003?

5. Based on your answer to number 4, what could be one cause for the rise and fall in inequality in the 20th century?