US wealth gap largest on record

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Wealth inequality in the United States is at its highest on record, according to a new report from the Pew Research Center. The analysis confirms previous reports documenting the immense transfer of wealth to the top during Obama administration's "economic recovery."

As a measure of wealth inequality, Pew compares the median net worth of upper-income families with the median net worth of middle-income and lower-income families. Upper-income families are defined as those with more than twice the overall median income, adjusted for family size.

In 2013, upper-income median net worth was 6.6 times more than median net worth for middle-income families, up from 6.2 times in 2010 and 3.4 times in 1983, when the Federal Reserve began keeping such records. It is nearly 70 times more than the median net worth for low-income families, also the highest on records going back to 1983.

The data on median household net worth documents a sharp diversion of fortunes over the past 30 years.

In 1983, the median net worth of lower-income families was $11,400 (in 2013 dollars). This had fallen to $9,300 in 2013—down nearly 20 percent. Between 2007 (just before the economic crash) and 2013, median net worth for this layer of the population fell nearly 50 percent, down from $18,000.

In contrast, the net worth of high-income families *more than doubled* between 1983 and today, rising from $318,100 to $639,400. Since 2007, the wealth of this layer has fallen slightly.

For middle-income families, median wealth is flat over the past 30 years, while it has fallen nearly 40 percent (from $158,400 to $96,500) since 2007.

By the definition used by the Pew report, 21 percent of families are categorized as upper-income. One third of families are categorized as low-income (those with less than two-thirds of the overall median net income), and about half of families are middle-income (between two-thirds and twice the median income).

Thus the Pew report actually underestimates the growth of wealth inequality, since the greatest concentration of wealth is actually accrued to the top one and even the top 0.1 percent of the population.

Earlier this year, a report from economists Emmanuel Saez and Gabriel Zucman found that "virtually all the increase in the top 10 percent and top 1 percent shares over the last three decades is due to the rise in the top 0.1 percent share, from 7 percent in the late 1970s to 22 percent in 2012."

A separate report from researchers at the University of Michigan found that wealth inequality had doubled since 2003, with households in the top 5 percent now having a wealth that is 426.5 times the average wealth of households in the bottom 25 percent.

The stock market has been a principal mechanism for the transfer of wealth from the working class to the corporate and financial aristocracy. Particularly since the crisis of 2008, Obama administration and Federal Reserve policy has been focused on bolstering the nominal value of shares, which are overwhelmingly owned by the richest segments of the population.

The rise in share prices has been accompanied (and is to be paid for) by the continual driving down of wages, along with the attack on social programs and other restraints on corporate profitability.

Fueled by trillions of dollars through "quantitative easing" programs and near-zero interest rates, the Dow Jones Industrial average has more than doubled since 2009 and has surged nearly 40 percent since the beginning of 2013.

On Thursday, encouraged by the statement from Chairman Janet Yellen that the Fed would be "patient" in considering interest rate increases, the Dow surged 421 points, its largest point gain in three years.

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