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Wealth and Wealth Concentration

This essay assesses the concentration of wealth in the United States. This essay avoids blame. Blaming is less useful than seeing what is going on and what to do. This essay does offer suggestions. The last third of this essay is optional. The optional sections are marked.

OUTSIDE KNOWLEDGE

This topic takes up more than can be put into one essay. You can find related essays on my website in the same place as this one. If you do not fully understand wealth and capital, and how they are managed, or you do not know why unequal wealth can be useful, see my other essays.

TERMS

These people are all “non-rich”, “not-rich”, “non-wealthy”, or “not-wealthy”: poor; lower class; working middle class, blue collar, pink collar, and other middle class; some professionals such as school teachers; most white collar workers such as clerks, civil servants, administrative assistants, and managers; many franchise owners and managers; and many small business owners and managers. Upper middle class people are between not-rich and rich: doctors, lawyers, dentists, tenured professors, some franchise owners and managers, and many business people. They classify themselves as “not rich” but their self-assessment is not accurate. They are more like rich people than not-rich people regardless of their declared politics. I focus on not-rich and rich, and I do not discuss the upper middle class here.

“Percentage”, “share”, and “ratio” mean the same. Rather than rely on exact numbers, I use general terms such as “more” and “less”. The term “state” means “big government unit”; usually a nation state such as Germany; most often it is the United States federal government. “State” can mean any level of government from town to nation state depending on context; it does not usually mean one particular state in the United States, such as Ohio, unless I make the specific reference clear. The term “welfare” does not usually mean the system by which the state gives money, benefits, and privileges to private people and to business firms unless I specify that idea, as with “corporate welfare”. The term “welfare” usually means “overall general benefit” as in “general welfare. This use is traditional in economics. “Real” income and “real” wealth mean what they can buy, not their dollar amounts. The wealth it took to buy groceries for a week is similar in 1975 as in 2016 even if the dollar amount was \$40 in 1975 versus \$140 in 2016.

THE RELEVANT FACTS

In America, beginning about with President Reagan in 1981, and consistently since, the rich got richer while the non-rich stayed about the same or went backwards:

(1A) The real incomes of already-rich people increased while (1B) the real incomes of non-rich people remained the same (stagnated) or decreased.

(2A) Already-wealthy people hold a bigger ratio of national wealth than they did since 1981 (likely since about 1900) while (2B) not-rich people hold a smaller ratio of national wealth.

(3A) Wealth-per-person among already-rich people consistently increased while (3B) wealth-per-person among non-rich people stayed steady (stagnated) or declined.

(4) All this happened despite the fact that America grew steadily wealthier as a whole. Already-rich people garnered most of the new wealth through their higher incomes while non-rich people gained little from new wealth.

(5) All this happened despite the fact that productivity grew consistently. Rich people gained from greater productivity while non-rich people did not.

(6) Economists say that wealth is “more concentrated” to mean that wealth is more-and-more in the hands of a few already-rich people.

(7) The growing gap in income between already-wealthy versus non-wealthy people is equivalent to saying that income is “more concentrated” as well.

(8) The concentration of wealth, the gap in income between already-rich versus not-rich people, and the gap in wealth between already-rich versus not-rich people, are far bigger than all-but-a-few Americans know, bigger than since World War One, likely since 1900, and bigger than nearly all other developed countries. A huge amount of American wealth is being gathered into the hands of a very small group of people. Less than 1% of Americans are getting almost all the new wealth. Often less than 1/10 of 1% of Americans are getting almost all the new wealth.

(9) The gap in wealth between the rich and not-rich is greater than the gap in income. This difference is typical of gaps in income and wealth all over the world, not just in America.

(10) The gaps in income and in wealth have grown steadily, and might have grown ever faster. There is no indication this trend is stopping or reversing. Likely, it is going faster.

(11) The chance to “better yourself and your children” is key to the American dream yet socio-economic mobility has gone backwards. People are not moving up. Too many people in the middle class have

sunk into the lower class. Too few climb out of poverty. Adult children now live at home with their parents. America has almost the lowest socio-economic mobility of all developed nations.

(12) Our current version of capitalism is not increasing the well-being of Americans generally. It is not serving us as well as (some other version of) capitalism should serve us.

(13) The usual response of people when they sense this situation is to try to “get mine” as fast as they can regardless of other people. People act this way regardless of their socio-economic class. This usual response makes everything worse.

(14) Mostly the response of the government (the state) has been to give already-wealthy people, and large business firms, more wealth in the hope that they will cure the problems of America automatically without Americans having to think. The state gives already-rich people more wealth so as to promote growth to solve problems automatically. The state uses “corporate welfare”: subsidies, tax breaks, tax reductions, write-offs, loopholes, depreciation, research support, farm aid, etc. The “Bush Tax Cuts” are an example. This approach has failed.

(15) With great wealth comes great power. “With great power comes great responsibility”. With great wealth and power come the duties (a) to learn how to use them for the greater good and then (b) really to use them for the greater good. The rich should be leading the country through: properly managing wealth; supporting good laws, regulations, agencies, and programs; ending bad programs etc. such as corporate welfare; backing good politicians; and supplying good politicians. This is not happening. Our system of rich people leading populist democracy has not done its proper job.

It is easy to find data on income and wealth on the Internet so I do not dwell on bare facts. All we need to know are the facts above. I give statistics in an optional section below. More important than bare facts is whether more concentration of wealth is bad or good. What does it mean? On this topic, I have found little reliable. Left wing writers say this turn is all horrible. Right wing writers would scoff it off or say it all is good because it came from the free market. I cannot take an easy ideological stance. I have to think about patterns of wealth. Then I have to guess which situations might best describe America, and what that means.

AMERICA AND THE REST OF THE WORLD

Much the same concentration of income and wealth has been going on not just in America but all over the world during the same period. Some reasons for concentration in America also apply to some of the rest of the world but not all the rest of the world, some reasons that apply to America do not apply much elsewhere, and some reasons that apply elsewhere do not apply much to America. Sorting out all this variation is too much for this essay. This essay deals with America only.

Although obvious reasons for wealth concentration might differ from place to place, the simple fact that wealth has been concentrating all over the world raises hackles. Something is going on. I doubt there is

an international conspiracy among the rich and powerful to pool their wealth and power, rob the poor, or enslave the middle class. International business now is too strong to be guided by any single nation state alone; not even the United States alone can fully control multi-national business firms. Nations cannot cooperate to control business; largely because they don't want to cooperate to do so; they think they gain more than they lose by letting their business firms have a free hand; and nations fear suffering disadvantage from any agreement to guide business. Again, I doubt a conspiracy. Business has found a "window" of neglect-inaction-and-freedom that it can take advantage of, and has, much like any self-interested group of agents would. The power of business and its effects are simply facts of life that we have not faced yet.

For all these reasons, this essay deals with America alone. Take from this essay what you can to apply to other countries but don't expect a perfect fit.

COMPLICATED MESS

Current wealth concentration arises partly from reasons intrinsic to the economy and that would exert force even without state intrusion, and partly from state intrusion. It does not matter here whether state intrusion is good or bad in principle. What matters is that we already have it, intrusion makes the situation hard to read, and the combination of state intrusion and intrinsic factors makes it hard to know what to do. Not all state intrusion is obvious.

(A) If the biggest reason for wealth concentration was state intrusion, and we could see so, then we could remove whatever state acts caused bad concentration and bad management, and so solve the problem well enough without much anguish. (B) If the biggest reason was something going on in the economy despite the state, and there was no state intrusion at all, then we could see what was going on, and likely we could use the state rationally to change. We would face more anguish but we could still act on the problem rationally. (C) When both forces act at once, especially because they interact, and interact in ways not obvious, we can't figure it out. It is risky to do anything when several strong forces act at once for fear of making the situation worse in ways that we can't easily foresee.

(D) If we could see the state intrusion clearly enough (like A) even with interaction, the best thing to do first would be to remove all the obvious intrusion that causes bad wealth concentration and bad wealth management, and then see what happens. (E) The most obvious intrusions that causes bad wealth concentration and bad management are state privileges for business firms and already-rich people, such as tax breaks, write-offs, subsidies, laws giving special status, etc. We need to remove these intrusions first, and then see. If wealth concentration does not reduce to tolerable levels, and rich people continue to manage wealth badly, then we can use other kinds of state intrusion.

I suspect, if we did remove this state intrusion, then wealth concentration and bad management would persist but at noticeably lower levels. At least for the problems of the middle class, those levels could be addressed by doing nothing or by minimal further state intrusion such as a mildly graduated income tax, without loopholes, vigorously enforced on all people including the rich. The resulting levels of wealth

concentration would be tolerable. This level of correction (mildly graduated income tax, no loopholes rigorously enforced) would not unfairly hurt rich people, firms, or the economy. In fact, it would help the economy and so eventually help rich people and firms.

Poor people, and people with bad jobs (the two overlap), are a different case. Reducing the privileges of rich people and business firms would help poor people and people with bad jobs but would not raise them out of poverty and make their lives secure. That task requires other tactics that are outside the scope of this essay. We can't deal with poverty and bad jobs until we do remove the privileges of rich people and business firms, at least not without other severe intrusions that are unproductive, strategically wrong, and morally wrong.

It would be useful to remove state intrusion so we can assess how much factors that are intrinsic to the economy cause wealth concentration and bad wealth management (like B). Likely we cannot see what factors are intrinsic to the economy if we don't remove state intrusion. It is worth the risk to remove state intrusion to see intrinsic factors even if intrusion does some good and even if we don't expect to reduce bad wealth concentration and bad management much. Take off the blinders so we can see what is going on before we cause even more harm by doing something rash.

Sadly, it is nearly impossible to remove privileges once the state gives them, even from business firms and already-rich people that condemn state privileges for others - especially from them. I do not in this essay offer practical realistic suggestions for how to remove state privileges, especially from rich people and business firms. Without removing state privileges, likely it is not possible to stop bad concentration and bad management. If so, then we all will suffer the bad effects, including loss of self-government and democracy for all people, and loss of freedom for business firms. Business firms and rich people should see they "shoot themselves in the feet" by getting and holding privileges, especially when they condemn state privileges.

Besides state privileges given to business firms and already-rich people, the state also gives support to poor people, people of low income but who are not out-and-out poor, old people, sick people, single parents, children without parents, etc. The state supports a big system of health insurance. The state provides welfare payments, Social Security, Medicare, Medicaid, Obama-Care, etc. Right wingers call these programs "entitlements". These too are an intrusion, and these too contribute to issues in the economy. I do not argue here whether they are overall good or bad, should be removed or kept, or should be changed if kept. It is not clear that these programs contribute to wealth concentration to the same degree that state privileges to already-rich people and business firms do. It is wrong to blame these programs for all ills of the economy including wealth concentration and bad wealth management. If anything, likely these programs reduce concentration. It is not clear that benefits gained from them by reducing wealth concentration, and in other ways, make up for the harm done through distorting the economy and by opening the way for the state. Although "entitlement" programs do not contribute as much to bad wealth concentration and bad wealth management as do programs for already-rich people and business firms, these programs do move wealth away from the middle class to poor people etc. and so they can contribute to some wealth concentration and bad wealth management. They do not move

much wealth away from already-rich people and business firms to the poor etc. Even given these issues, I do not think “entitlement” programs are an important enough to wealth concentration and bad wealth management so that I want to take them up here. For here, we can safely ignore them.

Very definitely, we should not blindly expand “entitlement” programs so as to redistribute wealth and to make up for bad wealth concentration and bad management. “Entitlement” programs are not a good way to cure problems of wealth concentration and bad management. Putting the middle class on its own “entitlement” programs (middle class welfare) will not make up for any comparative advantages that poor people gain and will not cure wealth concentration and bad wealth management. I take up “entitlement” programs in other essays.

I make these same points several times in this essay, so be patient.

Other nations that have bad wealth concentration and bad wealth management also have issues of state intrusion and of forces intrinsic to the economy apart from state intrusion. Both forces show up in most places. But particular cases differ enough so it is not easy to make simple generalizations.

In another essay, I will try to use data from around the world to figure out what is going on, and figure out the roles of state intrusion and intrinsic non-state economic factors in wealth concentration and bad wealth management. In another essay, I explain one way that state intrusion in business can be useful but the bad effects outweigh the good effects.

CONCLUSIONS

IF: (*) wealth had become somewhat more concentrated BUT: (a) the ratio of poor people had gone down, (b) poor people had been moving up into the middle class, (c) the middle class was richer and more secure, (d) incomes in general had gone up (people in general had shared increased wealth), (e) people in general had shared increased productivity, and (f) the increase in concentration was only modest, THEN we could worry less about a modest increase in concentration and a modest increase in inequality. It does not matter much if the rich get richer a bit as long as everybody else is better off too. That none of this happened is worrisome in itself, and it makes wealth concentration more worrisome. The rich got too much richer while everybody else stayed the same or got poorer.

Although our current style of capitalism is not working as well as we need, we should not rush to harsh action. We should not forcibly redistribute wealth. Capitalism can be adjusted. We got ourselves into this fix, and we can get ourselves out. Figure out what we did wrong. See what has changed since 1981, in how business is done, the rules for managing capital, and the place of America in the world economy. We don't have to go backwards to an imagined unreal idyllic past but we can revive what did work in the past. First make the changes that I suggest below. If those don't work well enough, we can make other changes. I will suggest other changes in other essays.

What matters is how wealth is managed. Wealth should help everybody. We need a system of wealth ownership and management that leads toward the best overall benefit (welfare). I strongly prefer that the system be based on private ownership and private enterprise even if they are not absolute. I do not like either socialism or fascist state-controlled capitalism as in China. Wealth need not help all people equally. We should not work toward some unreachable ideal. We should work toward a real practical system, one that leads toward the most benefit practically achievable, even if we don't reach even that much. We almost have that now. We need to adjust what we have rather than dream about something ideal, flare up irrationally against obvious problems, or irrationally defend what we do have.

Wealth is better managed in America toward public welfare than almost anywhere else in the world (sometimes Canada, parts of Europe, and maybe Australia, New Zealand, Japan, Korea, Kuwait, and some Middle Eastern nations do better than the U.S.). Still wealth here is not managed well enough. I do not mean wealth here is not managed up to some impossible ideal but that wealth is not managed well enough in ways that are practically achievable, keep our sense of private property, and are fair enough to rich people. We can do better while still keeping our sense of property and without "soaking" rich people. The fault for not making a good context for ownership and management is not in a plot by rich people. Americans in general, through democracy, have not made good rules and a good system. We need better rules. No rules can lead us to achieve perfect welfare.

We do need to adjust what we have now. What we have now really is not working as it should.

The best situation is not totally equal wealth among all people and classes. The best situation is to have: only a few poor people; a very large solid secure comfortable middle class; and a few rich people each with much more than average wealth; but not to have only a very few people each with gigantic wealth. We are not in that happy situation now. We have too much concentration.

Some inequality of wealth and concentration of wealth is useful because it helps implement change for the benefit of everybody. Without some concentration of wealth, we could not change as fast or well, and change would not benefit everybody as much. We want some inequality of wealth. We don't want too much inequality. Inequality of wealth makes the world more interesting and more adaptable. Rich people actually do some good. Big business firms actually do some good.

It is not possible to decide definitely, in advance, how much inequality of wealth, and in what pattern, is best for America now. I do not explain why it is not possible to decide definitely. The best we can do is guess. By my guess, and all reasonable guesses, we have too much concentration, even given the need for inequality to help change. My guess: 90% of the people should own 65% of the wealth, and 10% of the people should own 35% of the wealth. 1% of the people should never own more than 20% of the wealth. 90% of the people should get 65% of new wealth (income) while 10% of the people should get 35% of new wealth. Since 1981, this has not been the case in America.

It is not possible to eliminate poverty because: (1) some people are not able to earn a decent living in a modern economy; and (2) any capitalist economy has some intrinsic flaws that lead to some inevitable

unemployment and bad jobs, even an economy that is well-run efficient almost-fair with a nearly ideal pattern of wealth concentration. We cannot forcibly redistribute wealth in a well-intentioned but wrong desire to eliminate poverty and to make wealth more equally distributed.

ADVICE

It is useful to give my advice here. If what I say does not make sense, or does not seem harsh enough, see below and see other essays. My answer to bad unequal wealth is the same as to most economic problems.

We want to lessen concentration somewhat from what we have now but we don't want total equality of wealth. We need to decide: what concentration is not tolerable, why it is not tolerable, what level is good, what we can practically reach through good governing, what we can work toward without making worse problems, and what we have to accept because trying to fix it leads to worse problems. Then we need to make our goals accordingly and find the best methods.

Mostly what we need to do is get rid of the privileges that we have given wealthy people and business firms (in the wrong hope that they can save us without us having to think or to do politics).

(1) Revise the tax code so all socio-economic classes except the truly poor do pay taxes, pay fair taxes, and pay about the same ratio of income in ALL taxes combined. Have a mildly progressive income tax. Now, poor and middle class people pay a higher ratio of their income in taxes (all taxes combined) than do upper middle class and rich people. The lowest income people who make enough income to pay any taxes at all should pay from 1% to about 25% of their income in TOTAL in ALL taxes at ALL levels; the middle class should pay 30%, and the rich should pay 35% at most. We would almost achieve this goal now in our federal taxes but exceptions, loopholes, subsidies, allowances, write-offs, tax cuts for the wealthy, and added taxes such as the sales tax, distort the tax system. Eliminate the write-off of interest in mortgage payments from taxes. Eliminate all other tax benefits. Benefits to rich people and business firms I call "corporate welfare". They include subsidies, tax breaks, write-offs, depreciation allowance, loopholes, support for research, farm aid, aid to small business, etc. End all "corporate welfare" and all privileges for rich people. We should tax big business firms and small firms similarly. Limit income tax on all business firms, large and small, to what we can actually collect from large firms, and to what is about fair, about 15% to 20%. Eliminate all sales taxes at all levels of government. All levels of the state must get nearly all revenue from income taxes and land taxes, and only from those sources.

(2) Regulate the finance industry so financial firms (banks) cannot support fiascos such as the housing crash of 2007 and after. Enforce regulations.

(3) Centralize all retirement and health benefits in the federal government. Stop all private employers and all units of governments below the federal level from providing benefits. This action would not eliminate private insurance companies; they would be the instruments.

(4) End deficit spending and begin paying down the current deficit. Decide how much we can tax from the economy and still have a healthy economy, and then never tax more than that – set a budget limit, follow a balanced budget, and never spend more.

(5) Do something permanent, practical, and fair about unemployment and bad employment. This action does not mean expanding welfare and other entitlement programs.

(6) Reduce costs of living for non-rich people. See below.

It is unlikely we will do much of this in the near future.

A RED HERRING TO AVOID

American business executives, including such officers as university deans and presidents, get paid much more than do similar people in other countries, and more than they deserve, except for some unusual individual cases. They get paid more than the difference they make to their firm and the economy. (Every particular executive thinks he-she is the golden exception but he-she is not.) I don't here explain why this overpayment is so. The point is that taking away this overpayment would do nothing to cure wealth concentration and bad wealth management. If all the overpaid executives in America donated ALL their overpayment to a big fund to help the middle class, that total amount of wealth would not make the rent payment for every family for one week, likely not one day. American executive salaries are disgusting and likely immoral but they are not the cause of the problem. They are a drop in the swimming pool. Don't obsess about how much Jo Corporation makes or Jo Stockbroker makes. Obsess over how the corporation can make so much that it can afford to overpay Jo. Obsess over why stocks make so much that Jo can make a killing by touting stocks when a race track tout of greater ability and equal ethics goes broke.

WHY WEALTH GETS CONCENTRATED (WHY INCOMES ARE UNEQUAL), AND SOME DISCUSSION

The points here go beyond what I say in my essay on wages in capitalism.

For this paragraph, exclude what can only be done properly by the state, such as managing national forests and building large dams. Some enterprises can be run well only on a large scale, such as one computer operating system for most consumers (Microsoft Windows). In these cases, the owners will have a huge pile of wealth. That is unavoidable. What matters is not that owners are wealthy but that they manage their wealth for the public good; that their enterprise give people value for their money – not as a public service that bankrupts the owners but while the owners try to make a profit. To be successful, a mutual fund has to be large, and the managers of a successful mutual fund mostly deserve what they get paid. In the modern world, small advantages can lead to great wealth, at least for a while, as with a hit movie, hit product, ability to shoot a basketball, or ability to flip houses. There is no way to spread that wealth and there is no reason why people who have these advantages should not use them. If some business firm other than Microsoft ever develops a better operating system and better browser,

and people take to it, then that firm will be bigger than Microsoft. I will be happy to put up with that goliath as long as it really does deliver a better operating system and better browser. We have to set up the system so that, in most cases, people use skills and wealth for the greater benefit. Mostly we already do this. We do need to adjust what we have got because it is not working as well as it should but we need to adjust it slowly and carefully.

One aspect of setting up the system well is that there are ways for non-rich people, small business firms, and medium size business firms to compete with rich people and big business firms when the small players actually have a better product. If Firefox and Chrome are actually better browsers than Explorer, then there has to be a way to develop and market them. It is hard now for small and middle to compete with big.

I am just old enough to recall minor league sports and locally produced TV programs such as locally produced shows for kids. Today, these are almost gone. College sports replaced the “farm” system for nearly all professional athletics, and it is easier to buy a kiddie show from a national network than to make one locally. I know how few “students” actually go from college to pro sports but leave that issue aside for now. For the problems of making it from the locals to the big time on TV, see Robin in “How I Met Your Mother”. For the few athletes and actors who do make it to the big time, the pay is very good. Even if the career is short, the pay is very good. The point here is that there is no in-between level. You either make it big or not at all. There is no mid-level of income and wealth accumulation. There is no proper way for a person or business firm of intermediate size and ability to make it. In these situations, additional profits (income and wealth) are not shared among all deserving athletes and actors in some fair proportion, not even among athletes and actors who trained the stars, made the stars, and support the stars. The stars get nearly all. Production company owners (studio owners) get huge incomes from hit movies while their employees do benefit some but not nearly as much in proportion. Incomes in pro sports and in show business are highly concentrated. This is not the fault of the stars or the owners. It is not the result of a plot. It is how things work when we have mass sports, media, marketing, and mass almost everything. Something like this is happening now in many markets so that owners of the capital and the business are like the stars in athletics and entertainment while workers are like all the athletes and actors who don’t make it big.

America began deficit spending in earnest under President Reagan. Already-rich people benefit far more from deficit spending than non-rich people, in ways that I do not explain here. Deficit spending hurts non-rich people overall more than it helps them even while rich people benefit. If nothing else, deficit spending fuels inflation, and that hurts non-rich people even while rich people can profit from inflation. Non-rich people like the occasional “goody” and “pork” that deficit spending throws their way, such as a local project or the tax refund under President George W. Bush, but goodies do not come close to making up for the overall harm.

Despite all the laws that are supposed to help people buy houses (in part, due to those laws), Americans now rent more than they have since about World War Two, and likely this trend will increase. Especially the poor, lower class, and lower middle class, have become a separate nation of renters. Giant

apartment complexes are the norm in big cities. Non-rich people don't make anything from rental property because they don't often own rental property or own a share of rental property. Rich people do own rental property, and have benefitted greatly from the shift to rental life. Through rent, much (often half) of the income of working people now goes into the pockets of already-rich people, not to a house, what used to be the greatest wealth of working people. This shift is one of the biggest changes in American life and is a big cause of stagnation among the non-rich. This shift is not due to a plot.

It is hard to untangle the effects of wealth concentration from the effects of other forces. It is hard to know how much to blame wealth concentration for income stagnation and no mobility. It is hard to know for sure if wealth concentration is a cause or an effect. It is not likely that wealth concentration by itself is the biggest cause of stagnation. It is likely that both concentration and stagnation are the effects of deeper causes. We have to find the other forces. We have to find what leads to concentration and what to do about the deeper causes of concentration. We cannot merely attack symptoms. We have to do something about the deep forces at the same time. If we don't, then attacking concentration alone won't help much and likely will make things worse.

Think of "real income" as what income actually buys regardless of the dollar amount; and think of "real effective income" as real income minus necessary costs. Only real effective income can contribute to wealth accumulation. Only if non-rich people have higher real effective incomes (real incomes after necessary costs) can they accumulate wealth and so reduce the gap between themselves and already rich people, and so reduce wealth concentration. The phrase "real effective income" is not in general use in economics; I made it up here for convenience.

The real incomes and real effective incomes of not-rich people declined for four reasons that have little to do directly with concentration; mostly rising costs. It is possible that wealth has been flowing to non-rich people but their real incomes have stagnated anyway because of rising costs. The reasons below interact with wealth concentration but it is not clear how; it is not clear what is cause and what is effect. We need to do something about these forces too.

(1) The first reason hurts poor people and working middle class people most: sales tax. I don't dwell on that bad tax here; see other essays.

(2) The second reason: the United States had a privileged position as the single dominant nation in the world economy from 1945 to about 1975; but, since then, the world caught up, and the United States has been absorbed into the world economy and has lost its privileged position. Absorption led to a loss of manufacturing and manufacturing jobs. These losses hit the poor, lower, and middle classes more than other classes. American workers now are not much more productive than workers in China, Japan, or Europe, so they should not earn more. Yet, until recently, they did earn much more. Until recently, American incomes were too high compared to international incomes for the same kind of work. Current stagnation of American incomes is partly because incomes here are settling down to what they should be in the world economy. If the labor market were the stock market, this shift would be called an "adjustment". Because the incomes of not-rich people cannot rise much as America moves into the

world economy and “adjusts”, new wealth (income) goes to managers, owners, and other already-rich people but not to non-rich people. New wealth from increased productivity and from new enterprises goes more to owners than to not-rich people. An adjustment on the stock market usually lasts a few weeks; this adjustment has been going on for thirty five years and is not over. It might take American labor another twenty years to adjust to the world economy but it is not clear that democracy can survive the wait. See other essays. See below.

As long as (specific areas of) the rest of the world apart from America have not developed to the extent that resources, culture, society, political institutions, and economic institutions allow, then America will be “over valued” compared to the rest of the world. America has to dawdle compared to some parts of the world while those parts catch up – think of China, India, Mexico, and Brazil. While America dawdles, additional income and wealth will flow more to owners than workers (of all kinds), and non-rich America will stagnate somewhat.

Suppose this process had played out and the entire world is as developed as it should be. Then, would America see a better distribution of wealth? Would that be enough? As far as I can see, America will always be better off than most of the world (unless population balloons), for reasons that I go into elsewhere. If America survives the wait for the rest of the world to develop, then a better distribution of income and wealth would follow for America, and the better distribution would be enough. But the better distribution of income and wealth might not come fast enough to stave off political changes that would undermine the eventual economic benefits. We might slip into bad fascism before we get the wealth and equality that would stave off fascism.

As America integrates into the world economy, even if the American economy were perfectly healthy, the rates of unemployment and of people with bad jobs have to go up. Since the 1960s and 1970s, when economists and politicians considered only 2% to 3% unemployment “full employment”, we have grown used to 6% unemployment as full employment. Increases in the rates of unemployment and bad jobs put more stress on American lives and politics, and increase other causes of wealth concentration. We cannot deal with increases in the rates of unemployment and bad jobs until we acknowledge the fact that there is endemic unemployment and bad employment.

(3) The third reason is part of the fourth reason but deserves special mention. The cost of education rose faster than incomes for non-rich people but education no longer necessarily delivers expertise or character, it does not guarantee that a graduate will get a job, and it does not guarantee that a graduate will get a good job with high pay and benefits. Yet it is not possible to get a job without a degree.

(4) The fourth reason is the rising costs of food, housing, health care including dental care, education, transportation, and insurance. These rises are connected. They drain away whatever gains in income that not-already-wealthy people made due to increased productivity. Rising costs hurt middle class people but they devastate poor people and people with bad jobs. Rise in costs, and concentration of income and wealth, likely are related, but they do not simply cause each other, and concentration of wealth is not the simple cause of rise in costs. I do not go into their relation here. Forcibly redistributing

wealth from already-rich to not-rich would not lower these costs, and, in the long run, likely would raise these costs so that forcible redistribution of wealth would not make the incomes and wealth of not-rich people go up enough. We have to attack directly the reasons for the rise in costs, and that we have not been willing to do. See other essays.

(5) While the incomes and wealth of people in the middle class and below have stagnated or gone down, the incomes and wealth of upper middle class people have remained steady or gone up. The incomes and wealth of upper middle class people have not gone up as much as those of the upper 1% of already-rich people but upper middle class people have not suffered. Doctors, dentists, lawyers, professors, managers, corporate researchers, and many moderately-well-off business people can buffer themselves from erosion of wealth in ways that middle class people and below cannot. The incomes of doctors, dentists, tenured professors, and many high school teachers have gone up in the last thirty years faster than inflation. People of the middle class and below subsidize incomes of the upper middle class in the fees that they pay and in their contributions to the incomes of the upper middle class such as through increases in rent on property, tuition, and prices for car repair service. Upper middle class people share in the privileges of already-rich people and business firms because upper middle class people own stock in business firms. I don't know how much upper middle class wealth security contributed to bad wealth concentration and wealth management. To answer that question would take the kind of quantitative study that this essay is not. As a guess, this effect is not as big as the transfer of wealth to already-rich people and business firms through state privileges. This effect is worth looking into in another study but not here. So I ignore it here. If upper middle class wealth comes from state privileges, even indirectly, such as with tax breaks to themselves or to the business firms in which they own stocks, we should take away those privileges. Please do not resent your local doctor, dentist, high school teacher, or professor, but please do consider how they have managed to remain comfortable and successful when your family has not.

We cannot control rising costs until we face deep issues in how any capitalist system works, including endemic unemployment and bad employment, and how those interact with ethnicity, gender, religion, age, region, socio-economic class, etc. We will not do this. If we will not do this, then we can't control costs. If we can't control costs, then we will have chronic malaise about incomes, and the gap between rich and non-rich will get steadily bigger. See other essays.

(6) TWO BIG IMPORTANT EFFECTS

This section explains two problems that arise with wealth concentration and bad management. One of the problems also is a reason for wealth concentration and bad management.

(6 and A) The point here is much more important than I can convey in a short description. It is a key point for all my essays. Concentration of wealth and income distorts the economy, enough to shrink the economy and to result in less wealth for everybody, less wealth for non-rich people more than for rich people (rich people are not as harmed by the distortion and shrinkage), fewer jobs, less income for jobs, more concentration, and more bad management. Bad concentration and bad management feed on

themselves. This overall effect is the worst harm that concentration of wealth and incomes has. This effect does more harm to non-wealthy people than what non-wealthy people usually think of such as that rich people steal from them. This effect is a big reason why we are becoming a nation of renters. Concentrations of wealth create pools of wealth that have to be invested, and get invested in bad ways (less than nearly optimal ways) that distort and shrink the economy. I cannot describe in more detail how big concentrations of wealth distort and shrink the economy.

(B) Wealth concentration corrupts politics and the state. This political effect is serious but not as strong as I feared it might be before the elections of 2010, 2012, and 2014 when rich people did not succeed as well as they hoped in buying national offices. They did succeed quite well in buying local offices. This political effect is serious enough so it has to be faced but, really, we will not face it. The way to attack this political problem is not through forcible redistribution of wealth but through enacting the changes suggested above, through political reform, campaign reform, reform of how legislatures work, and a return to representative democracy rather than keeping on with the mass-populist-democracy-with-leadership-by-the rich that we have now. See other essays.

ON SHARING PRODUCTIVITY

The effects that I describe in this section and the next interact with the effects described in “CAUSES” above but I cannot describe the interactions here. The effects make each other worse.

Productivity in general has gone up but, among not-rich people, incomes in general have not gone up and wealth in general has not gone up. A worker-in-general is doing more but not getting more. All this is true but putting the issue in these terms biases any response. These terms confuse abstract averages with specific real processes. We have to be precise without using words to cover up in case workers are not getting something they deserve. In the long run, the truth helps workers more than ideology.

Saying “productivity in general went up” makes it seem like “productivity in general everywhere in every field by every worker consistently” went up. In that case, everybody makes more of a difference and everybody’s income and wealth should go up. But that is not the case. Productivity in general in this sense does not go up directly. Only productivity in some particular arena goes up directly, such as dairy farming or video games. Then, only after benefits from an increase in productivity in that arena have spread through the whole economy, might productivity, incomes, and wealth in general go up. More productivity in one arena need not lead to more productivity in EVERY arena and to more productivity in general. Some arenas stay less productive, so incomes in those arenas should not go up much. Not every arena that increases its productivity leads to gains equally for everyone in the arena including workers, managers, and owners. Not every arena that benefits from more productivity in other arenas shares benefits equally with everybody in the arena including workers, managers, and owners. Not all arenas gain in productivity from increased productivity in other arenas. Not all arenas that do gain in productivity from increases in other arenas gain equally; some arenas gain more in productivity from changes in other arenas while some arenas gain less. Of course, changes that raise the productivity in

one big arena do usually help productivity in other arenas and so do help general productivity; but, still, not in every arena and not in every arena equally.

Examples make this issue clearer. When computers get faster and cheaper, not everybody benefits right away and not everybody benefits equally. Those businesses that are most computer-intensive benefit the most and fastest, such as accounting, insurance, finance, some science, and Internet sales. Other industries that use computers benefit after a while but often not as much, such as health care, farming, chemical manufacture, and chain retail grocery sales. Some business benefits only a little or not at all such as fast food sales and janitorial services. When electricity first spread in the early 1900s, it did not benefit all business and workers equally and did not raise all incomes and wealth equally - or not at all. After decades, electricity was in almost every business, so we can say it did raise productivity in general, and did raise incomes and wages in general – but still not in every business equally. Bio-tech is likely to do the same. Bio-tech will change farming and medicine drastically but it won't affect computers and road building for a long time.

When change works its way through a particular industry first, then through some other particular industries, and then through most of the economy, it is NOT the case that all workers automatically reap all the benefits of increased productivity through increased wages. SOME increased productivity goes to workers, SOME goes to inventors, and SOME goes to owners. At first, owners get nearly all the benefits, and then the benefits cause some increase in income for workers. Over time, due to competition between firms in the field where the innovation began, much of the increase in productivity does tend to benefit workers in that field more. Then, again over time, some of the increase in productivity in this original field goes to benefit not only the workers and owners in this first field but generally through the economy; and much of that benefit eventually goes to workers. I don't explain here how these effects happen. How much goes to whom, when, and how is a big topic that I can't summarize here.

Productivity also works in reverse. Some industries become (comparatively) less productive, and so the profits and wages in those industries decline. The usual example is the horse-and-buggy industry after the automobile but more modern examples are the film industry or the land-line telephone industry.

So, what about changes in productivity since 1981? Where were they, who should get most benefit, do the benefits still remain primarily in the innovating industries or have they spread through the economy, which industries get more or which less as the benefits spread, what industries are left out, and so what industries should not have increased incomes and wealth? Again, these are topics too big for here. You can get a sense of the issue through some of the scenarios below.

The problems are that (1) we don't seem to be getting benefit even to the workers in particular fields with obvious innovations such as computers, plastics, and cell phones, and (2) we don't seem to be getting much general benefit even from changes that have spread through the economy and should have made for a general increase in incomes such as from plastics and computers. Owners do seem still to get most of the benefits. If electricity production were invented-and-implemented now instead of

1910, then J.P. Morgan would get all new wealth while workers get little; Henry Ford would get all the benefit from mass-producing cars while his workers and Americans in general get little.

It is hard to assess this situation accurately because of the background issues of increased costs, America entering the world economy, and the distorted domestic economy. Background problems could lead to higher money wages but not to increased real incomes for workers. These background problems would not affect owners as much, and so owners would still benefit. In this case, the gap is not due to a plot on the part of owners or corrupt politicians.

Recall that America once dominated the world economy but now is merely another large player. While America dominated, American business firms made unusual profits and American workers shared in the unusual profits. While not exact, it is fair enough to say American workers benefitted too much from an over-assertion of their productivity. Now, in enough cases, productivity of workers from other nations is growing faster than the productivity of Americans, has caught up to the productivity of Americans, or has surpassed us, as with Japanese and Germans in the 1970s and 1980s, and Chinese and Koreans after 2000. The productivity of American workers is increasing a bit if we compare American productivity now to before; but, even with small increases, the productivity of American workers might still lag behind increasing productivity elsewhere. Although American productivity now is somewhat more compared to America before, American productivity is still stagnant compared to the whole world. So real wages of American workers should not go up in the world arena and so should not go up here. If America had not increased productivity, we would have fallen more behind, like the Red Queen in "Alice in Wonderland" running faster just to stay put. Productivity gains in America are counteract a bit losses in comparative productivity in the world arena but maybe not enough so salaries should go up.

Although American workers are not gaining in real wages from increases in productivity, owners are gaining both from increases in productivity in America and the world. I don't explain here why.

Some kinds of labor will not be more productive and will not share much in productivity increases in other arenas, such as fast food work, janitorial work, general labor, and even some kinds of construction work. It would take a massive restructuring in how labor is used to make productivity gains with that kind of labor, and that kind of restructuring would result in huge losses of jobs. It is unlucky so many people now are in this kind of bad work, thus they are unable to share in gains in productivity and are so threatened by changes. It is unlucky that so many people now are incapable of finding more productive and better-paying work and so more able to share in increases in productivity.

The fact that so many Americans now do the kind of work that cannot increase its productivity much, and the kind of work that does not benefit from gains in productivity elsewhere, would lower the average gain from increases in productivity. They lower the average. That could make it seem as if Americans in general were not benefitting from increases in productivity, and American incomes in general were not going up, when, in fact, outside this group, workers were benefitting from increased productivity and incomes were going up. Is this the case? If we discounted all the people who can do only bad work and have only bad jobs, would the rest of the people be well-off enough? To answer this

question fairly would require dipping into numbers more than this essay wants to do. Briefly, I think we cannot explain away stagnation by blaming it on people with no skills and bad jobs. They do lower the average but enough stagnation is left over after considering them so the middle class in general is still not gaining from productivity and so incomes still have not gone up since 1981. The problem is bigger than the group of people who can do only crappy work and can get only crappy jobs.

All this about productivity might be sad, and even unfair, but it can't be helped for a while. I don't know how long. It has been going on since 1975 and it looks to go on for ten more years. To really get at this topic, we have to put numbers on effects, which I can't do here. We have to figure out how over-valued American workers were before, how quickly foreign workers are catching up, how foreign workers might have surpassed American workers, how much any recent gains in American productivity might counter the effects of losing out compared to other workers, how much owners gain from both domestic and world-wide industry, and how much owners gain from increases in domestic and foreign productivity. That task is a challenge.

Distortion of the economy, rising costs, and America merging into the world economy contribute both to stagnant incomes and to workers not sharing in productivity. Workers not sharing in productivity adds to stagnation and-or stagnation adds to workers not sharing in productivity. Other factors contribute to workers not sharing in productivity and to stagnant incomes: legal, strategic, and tax advantages held by business firms and rich people over citizens in general; politicians helping business firms but not workers; weakness of the American labor movement; the American labor movement and American workers are willfully ignorant about economics and about how real capitalism works; workers have little idea how productive their job is generally and they are individually; Rosie the riveter has little idea how productive riveting is generally (how much difference a riveting job makes and so how much it is worth) and has little idea how productive she is personally; and workers have outdated ideas of good relations between workers and owners. To sort this out would require an essay on its own and that essay would be an entirely different with lots of data and analysis. For here, we need to accept that: American salaries do not reflect productivity gains, incomes are stagnant, the two effects are related, and some of the stagnation comes because Americans are moving from privileged advantage over other workers of the world to parity in productivity with many world workers.

AMERICAN INCOMES VERSUS WORLD INCOMES

Because income depends on productivity, pretty much everything that applies to productivity applies to incomes. Until about 1975, American incomes were too high compared to world incomes for similar work, just as men's incomes are too high compared to women's incomes for similar work. Since 1975, we have adjusted to the gap between American and world incomes, mostly by not raising real American incomes while real incomes around the world have risen. Because real incomes in America could not rise as fast as incomes for similar work in other parts of the world, in effect, American incomes did not rise although America got richer. In fact, this is pretty much how women's incomes became more equal to men's incomes; because women's incomes rose a bit while men's incomes stagnated. Because new

wealth could not go to non-rich people while American incomes could not rise, the new wealth went to already-rich people.

The very many people now with bad jobs with low incomes do depress average income but they do not account for the total amount of stagnation. This effect is mathematical rather than real. The problem is much bigger than making averages that do include or don't include their bad jobs.

Again, this outcome might not be fair, but it is what it is. It is not clear when this particular adjustment will end. It is not clear if democracy can survive the wait. The adjustment would be a lot less harsh, and we would better preserve democracy, if we controlled rising costs, especially for health care, housing, education, and food.

SOME GUIDELINES FOR ASSESSING

Use these points to do your own assessment of what I say and others say.

-People respond too strongly to a few dramatic wealth differences (CEO salaries compared to worker salaries) and people overlook the far more important fact of wealth concentration and its effects on the economy. Practice focusing on what matters.

-KEY POINT: Wealth should be well-managed for the benefit of most people regardless of who owns it.

-KEY POINT CONTINUED: The best situation is when people who own wealth automatically use wealth for the greater benefit when they pursue their own self-interest, without too much direct control by state agencies but with some control. This happens when the country as a whole correctly frames the rules for gaining, having, and using wealth.

-KEY POINT CONTINUED: If wealth is being used for the benefit of the people, but it is concentrated and not owned equally, that situation might still be acceptable. If it is hard to move to another more equal pattern of wealth ownership (it is hard to get there from here), another pattern is not realistic, another more equal pattern gives little more benefit, and-or another pattern causes considerable problems that erode benefit and that we are not likely to foresee, then we ought to think seriously about the value of this existing pattern. We ought to think about how to modify this existing pattern so as to get the best out of this pattern rather than jump to another pattern.

KEY POINT CONTINUED: On the other hand, if this pattern of wealth concentration is not serving the greater good very well, we can easily see another realistic practical pattern (not just some "pie in the sky"), we can get there from here without too much damage, and the other pattern will not cause too many problems, then we might consider changing this pattern to get to the other pattern. I have not said if the other pattern is more "free" market, fascism, socialism, theocracy, or rule by PC (Political Correctness) of the left or right. We have to be clear-headed and open-minded about the alternatives. If you don't like them, don't ask for them. Be careful what you wish for.

-Usually strong wealth concentration is not good. Yet we can respond properly to our problems (such as stagnation) only if we know the effects of wealth concentration on the general welfare for our situation. Moderate concentration of wealth does not always mean wealth is managed poorly and so does not serve general welfare. Moderate concentration of wealth does not necessarily lead to bad effects. But strong concentration of wealth, as we have now, often does mean that wealth is not well-managed and the mismanagement leads to bad effects.

-Wealth concentration is an effect (symptom) as well as a cause. Find out what causes concentration. Find out what causes stagnation. Find out if wealth concentration directly causes stagnation (unlikely) or if both come from deeper causes (likely). Treat causes, not effects. Treat what causes stagnation among non-rich people to the extent that stagnation should be treated. If wealth concentration is an independent direct cause, then treat it directly; if wealth concentration is not an independent direct cause, then leave it alone for now and treat the direct causes first.

-Does the nation have the proper laws, rules, regulations, agencies, programs, and enforcement that lead to good wealth management? Proper laws etc. do not mean simply redistributing wealth from the rich to the non-rich. Proper laws etc. should not “fleece”, frighten, or oppress the rich. They should not hamper very much the use of wealth. They should not cause much wealth to leave the nation.

-Differences in wealth are more important than differences in income but differences in income are important in their own right.

-Is the middle class large, stable, and secure? Is it growing as a percentage of the population? Are there more solid stable middle class people now as a ratio of the people than before? Is the middle class large enough, strong enough, and educated enough, to support robust democracy?

-Does real middle class income go up with increased productivity? Is increased productivity shared among salary earners to the extent that they deserve it or does most of increased productivity go to supervisors and owners even if they don't deserve it?

-Is the ratio of poor people going up or down?

-Can most people get what they need to live decently well and so that their talented children can advance?

-Can smart children with a good attitude advance regardless of socio-economic class?

-Do smart children advance because the state provides programs or because the economy provides opportunities (including scholarships, internships, research grants, etc. from private firms)?

-Is the socio-economic class structure becoming more flexible or more rigid? How much mobility is there between classes? How much upward mobility is there?

-What form is most wealth? Is most wealth in land, houses, buildings, mines, farms, factories, ideas, movies, etc?

-To what extent can the wealth really be owned by middle class people? For example, if most of the wealth is in factories or ideas, middle class people cannot directly be the majority owners.

-If much of the wealth cannot be owned by middle class people, is the wealth still well-managed for the eventual benefit of most people?

-KEY POINT: Even if wealth is otherwise well-managed, does the concentration of income and wealth distort the economy, and so shrink the economy and result in fewer jobs and jobs with lower incomes? Does concentration of wealth in itself lead to mismanagement (not through incompetence but because of "the system")? I am certain it does in America now.

-Does mismanagement of wealth intensify distortion and shrinkage of the economy and intensify the bad effects of wealth concentration?

-Regardless of whether wealth is well-managed, does the concentration of income and wealth lead to other problems such as through investing in politics and so corrupting politics and the state?

-Even if much of the wealth cannot be owned by middle class people but wealth is still well-managed, does the concentration of wealth cause other problems anyway, such distortion of the economy and the corruption of politics?

The remainder of this essay is optional.

OPTIONAL: MORE USEFUL POINTS

Population has been growing, often faster than national wealth or national productivity. We should take account of the relation of population growth with productivity but I don't do that here. What I say here is still valid.

As mentioned above, after World War Two until about 1975, the United States almost owned the world economy. Americans grew accustomed to the privileged conditions then and have still not adjusted to merely being a dominant member of the real world economy. I tell more of this story elsewhere so here I only state the points relevant for this essay.

-American workers now are only about as productive as workers in other developed countries such as Germany, Japan, and China.

-Opportunities to invest in domestic industries (economic activities) have not been as varied and have not been as secure as in about 1965, and especially not after about 1981. We have not developed many large-scale really new industries although we have done interesting things with existing technologies, such as the computer and cell-phone industries.

-Already-rich people invested overseas. They have made wealth as residents of the United States but their gains are shared overseas rather than with Americans domestically. Non-rich Americans usually can't share in this kind of wealth-building from overseas investment.

-The lack of good investment opportunities domestically leads already-wealthy people and investment firms (such as mutual funds) to invest in ways that are not necessarily good for America, and sometimes are bad for America.

-We over-invest in a few domestic industries. We develop "bubbles" such as for "junk bonds" in the 1980s, "dot com" in the 1990s, the housing bubble from 1975 onwards, and the gold boom after the start of the Iraq war and yet more intense deficit spending. These bubbles burst.

-Over-investing in domestic industries does not increase productivity in those industries and does not increase long-lasting wealth - but people think it does. Bubbles do not make more real wealth but people think they do. The "phony" wealth from over-investing and bubbles goes mainly to already-rich people. They can turn it into real wealth where non-rich people cannot. Astute already-rich people get out before the crash, and move "phony" wealth to places where it is more likely to become real wealth.

OPTIONAL: FOCUS ON LAND

Rather than focus on the distribution of abstract wealth, it might be clearer to look at the distribution of equity in land and real property, and, even more fine-grained, equity in particular kinds of land and real property. Equity in a house is the biggest chunk of wealth that most Americans hold. One result of the bad distribution of incomes and wealth, and other causes described above, is that more people now rent, fewer people own a house or are buying a house, and fewer people can ever afford to buy or own a house. When house prices are high, banks (and other financial institutions) own more of the equity in the houses that people are buying; already-rich people own a greater share of banks than not-rich people; and so already-rich people automatically own more wealth. When more people rent, more of the national wealth is in apartment complexes and rental houses, and less wealth is in the hands of renters; less wealth is in the hands of house buyers; already-rich people own the banks, apartment complexes, and rental houses; and so more wealth is in the hands of already-rich people. State (federal) programs to subsidize interest payments on mortgages began after World War Two, and increased substantially under Presidents Reagan and Clinton when their administrations took away some of the regulation. This timing coincides with the growth in wealth concentration, the stagnation of the middle

class wealth, and the widening gap between the rich and everyone else. When people buy houses, the state pays a big share of the interest; as a result, interest is higher than it should be; rich people own the banks that collect payments from the state for interest, and collect the interest payments that the state does not make; so rich people get a lot of money from interest payments on over-priced houses; so rich people get much wealth even as people buy houses. When a person buys a house with an initial price of \$300,000, with a 30-year mortgage, the person pays at least \$300,000 in interest, maybe as much as \$600,000 in interest; already-rich people make a lot when a not-rich person buys a house, and, until recently, they made it at little risk.

We should have use fewer renters, more house buyers, and more house owners. We should have a lower initial price for houses. We should NOT help people buy houses through greater state subsidies. We have already made that mistake badly enough. Instead, we need the opposite: end all subsidies. See my essay on housing. We need to lower the initial price of houses. To do that, we need to make education better at all local schools. See my essay on education. After we have ended subsidies and improved local education, then we can see how much wealth-as-equity shifts from banks and already-rich people to non-rich people. Hopefully it will be a lot. Then we can look again at the distribution of income and wealth. It is not likely we will reform taxes, eliminate house buying subsidies, or improve the quality of all local schools in the near future.

As the price of houses went up, so did the price and rents of commercial land and buildings, especially for business offices in central urban areas or in satellite centers, for example Ann Arbor, MI. and Auburn, AL. Not-rich People rarely own any equity in these sites, so all the increase on both evaluation and rental income went to already-rich people. This effect accounts for some of the increase in wealth among already-rich people. It is hard to see how not-rich people could share in this increase in wealth, and I am not sure why they want to. For not-rich people to share in this wealth would not improve how it was managed. Some things we just have to give to already-rich people.

I have not been able to get fully reliable data on who owns how much of what kind of land, houses, and buildings; and how much this wealth contributes to the wealth of particular groups. As I get data, I will report it in updates to this essay or in other essays.

OPTIONAL: SOME DEFINITIONS NEEDED FOR THE STATISTICS

“Income distribution” refers to the comparative income of subgroups in a bigger group. It refers to what share of income particular subgroups in a bigger group make in a particular period such as a year. For example: poor people altogether make 1% of the income, lower class people altogether make 4%, laboring middle class people 20%, other middle class people 20%, upper middle class people 20%, and rich people 35%. (Ignore what ratio each subgroup population makes of the bigger group population). “Income concentration” refers to how much more (or less) of total income is made by one subgroup compared to other subgroups. “Income distribution” and “income concentration” allow us to see how equally or unequally income is distributed among subgroups. If all income were gained by one subgroup while all others got no income at all, income would be completely concentrated in that group. If all

income were divided equally between all subgroups, income would not be concentrated at all. In the figures above, rich people get 35% of all income, so income is somewhat concentrated but not awfully concentrated. "Wealth distribution" and "wealth concentration" refer to the same ideas as income but apply to all the wealth that subgroups already gained and still hold, not only to wealth that they get over one year. "Wealth concentration" refers to how much wealth has already collected into the hands of some subgroups such as already-rich people or middle class people. Usually statistics on these facts are given as ratios referring to the population as a whole, such as: "poor people make up 20% of the nation but hold only 1% of the wealth while rich people make up 1% of the nation but hold 50% of the wealth". This distribution of wealth is more concentrated than the distribution of income because wealthy people have 50% of the wealth but 35% of income. Wealth usually is more concentrated than income. Wealth distribution and wealth concentration are better indicators of economic health or disease than income distribution and concentration. Economists have "single index" measures that summarize distribution and concentration over a whole population, don't require a long list of ratios for each subgroup as in the examples above, and are more precise in describing concentration than terms such as "somewhat", "not awfully", and "more". I don't use them because I don't go into statistics enough here; no "GINI" etc.

OPTIONAL: SOME STATISTICS

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