

Jonathan Gruber  
*Massachusetts Institute of Technology*

# Public Finance and Public Policy

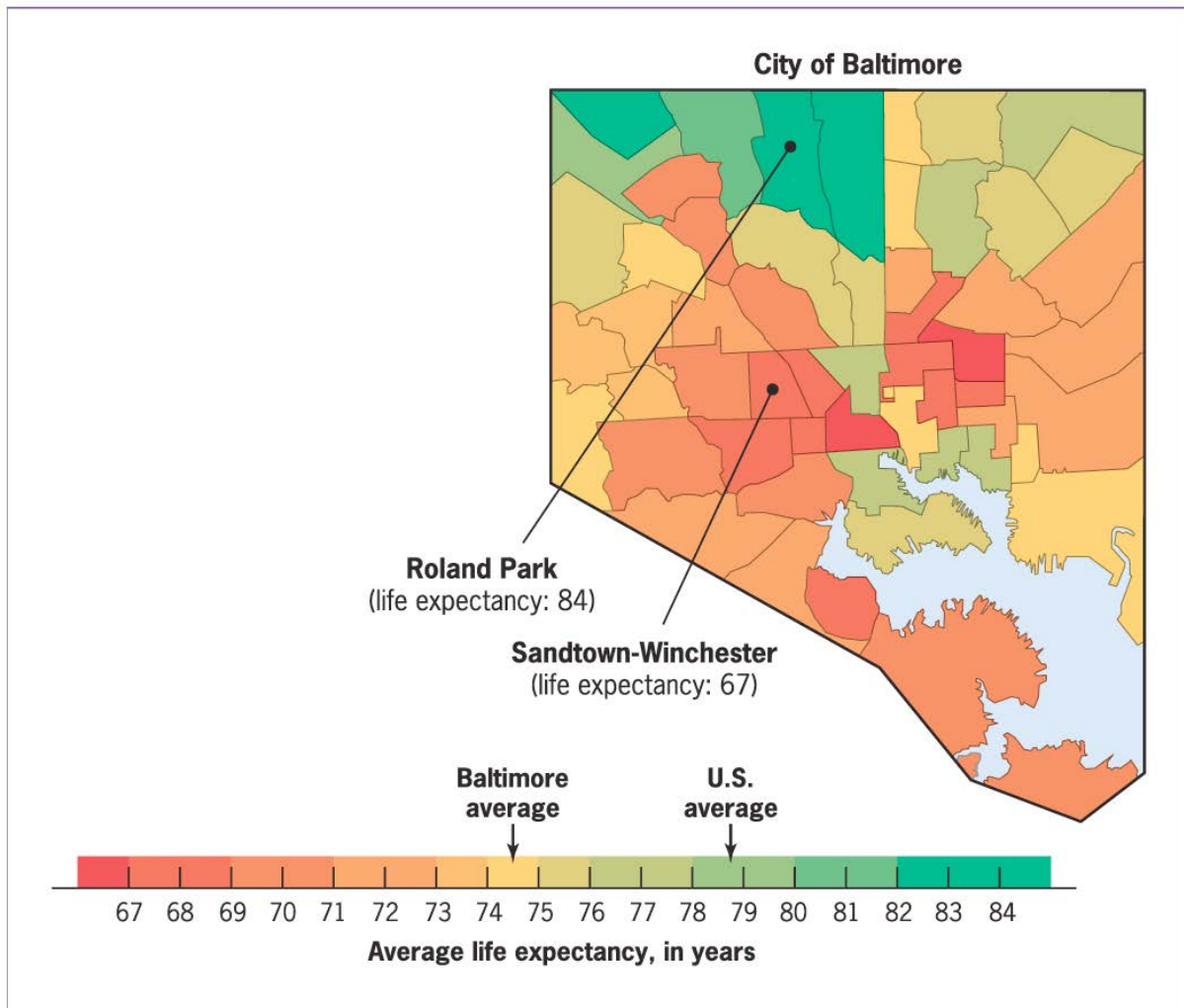
Seventh Edition

## Chapter 17

### Income Inequality and Government Transfer Programs

Copyright © 2022 Worth Publishers

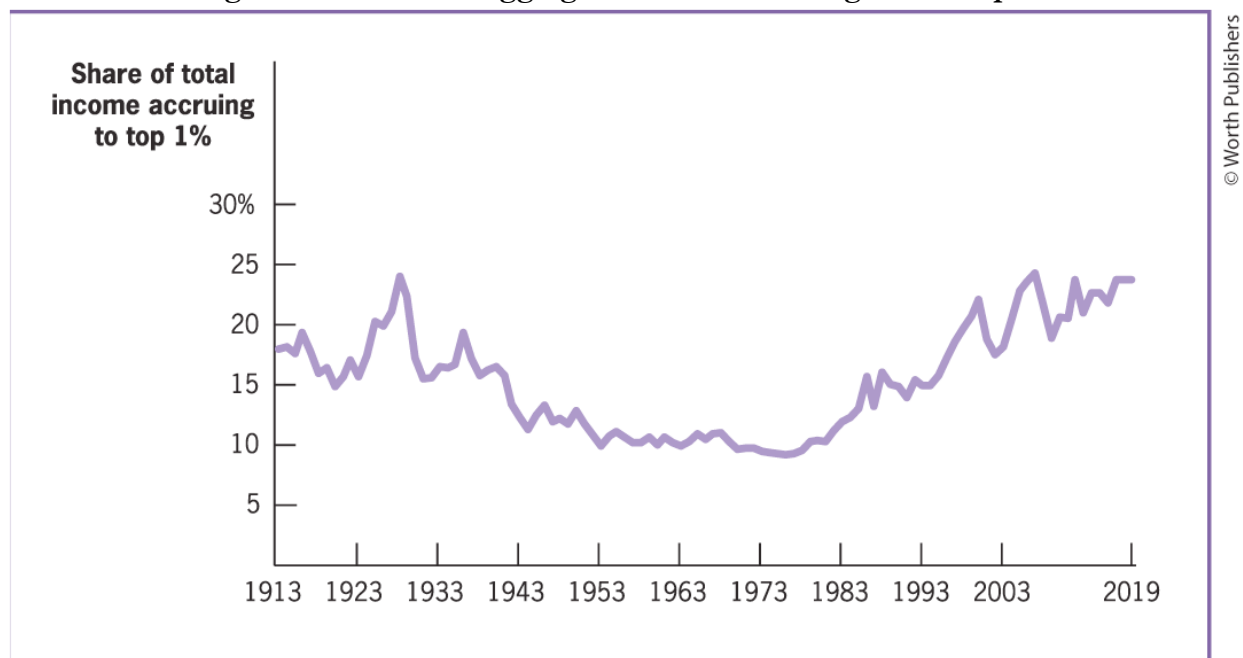
Figure 17.1: Life Expectancies in Baltimore, 2015



**Table 17.1: Share of Aggregate Income Received by Quintile of Household**

Income Quintile	1967	1980	1990	2000	2010	2019
Lowest	4.0	4.2	3.8	3.6	3.3	3.1
Second	10.8	10.2	9.6	8.9	8.5	8.3
Third	17.3	16.8	15.9	14.8	14.6	14.1
Fourth	24.2	24.7	24.0	23.0	23.4	22.7
Highest	43.6	44.1	46.6	49.8	50.3	51.9

**Figure 17.2: Share of Aggregate Income Accruing to the Top 1%**



**Table 17.2: Income Share in Total Income for OECD Nations**

	<b>Income Share in Total Income</b>					
<b>Country (2018)</b>	<b>Bottom 10%</b>	<b>Bottom 20%</b>	<b>Bottom 40%</b>	<b>Top 40%</b>	<b>Top 20%</b>	<b>Top 10%</b>
Austria	3.1	8.5	22.7	59.4	36.6	22.3
Belgium	3.8	9.2	23.3	58.1	34.8	20.7
Canada	2.9	7.8	21.0	61.1	37.8	22.9
Czech Republic	4.1	9.9	24.3	57.5	34.7	20.5
Denmark	3.8	9.5	23.6	58.3	35.7	21.9
Finland	3.9	9.4	23.4	58.8	36.3	22.3
France	3.4	8.6	21.9	60.8	39.0	25.0
Germany	3.3	8.5	22.1	60.1	37.5	23.2
Greece	2.9	7.7	20.9	61.5	38.2	23.4
Hungary	3.2	8.5	22.2	60.2	37.5	23.1
Italy	2.0	6.6	19.4	63.0	39.7	24.5
Korea	2.2	6.2	18.4	64.4	40.7	25.0
Luxembourg	2.7	7.6	20.5	62.2	39.5	24.6
Mexico	2.0	5.6	15.9	69.4	47.9	32.3
New Zealand	2.9	7.3	19.2	64.5	42.2	27.5
Norway	3.3	8.9	23.6	57.9	35.2	21.4
Poland	3.2	8.5	22.3	59.6	36.6	22.2
Portugal	3.0	7.8	20.7	62.2	39.8	25.1
Slovak Republic	3.5	9.4	24.5	56.5	32.8	18.5
Sweden	3.5	8.7	22.6	59.4	36.6	22.7
Turkey	2.4	6.2	17.1	67.7	46.3	31.3
United Kingdom	2.4	6.7	18.5	65.4	43.6	29.0
OECD	2.9	7.7	20.6	62.3	39.6	24.8
United States	1.6	5.3	16.2	67.6	44.5	28.5

**Table 17.3: Poverty Lines by Family Size (2020)**

Size of Family Unit	Poverty Line
1	\$12,760
2	17,240
3	21,720
4	26,200
5	30,680
6	35,160
7	39,640
8	44,120
For each additional person, add	4,480

**Figure 17.3: Poverty Rates over Time in the United States**

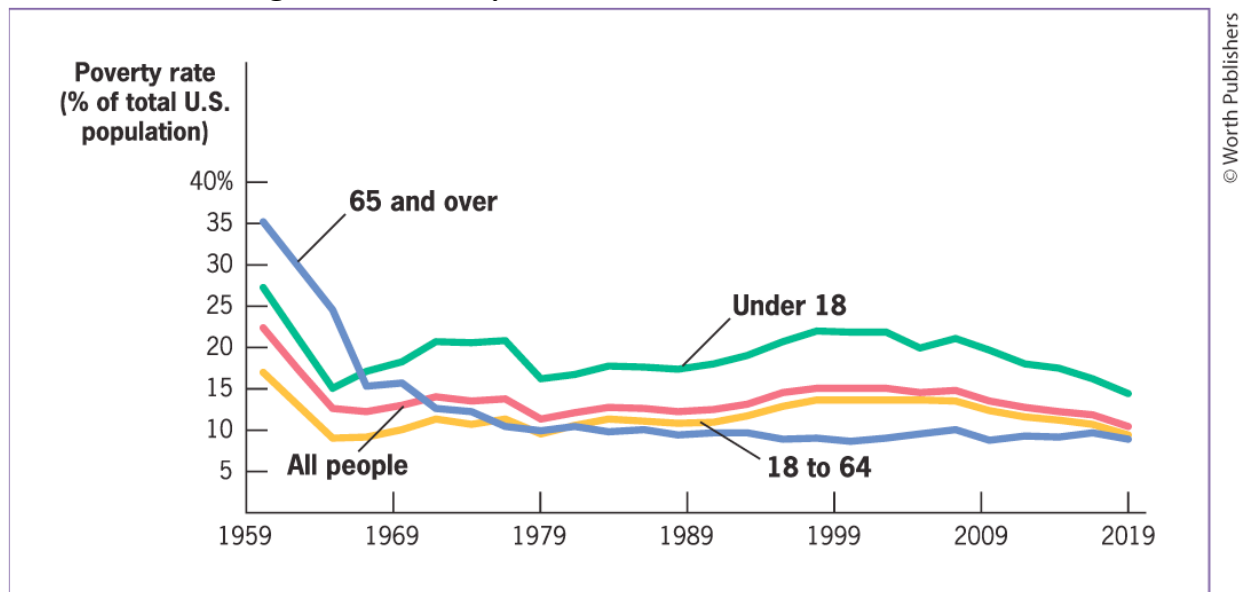


Figure 17.4: Labor Supply Decisions with a 100% Benefit Reduction Rate (BRR)

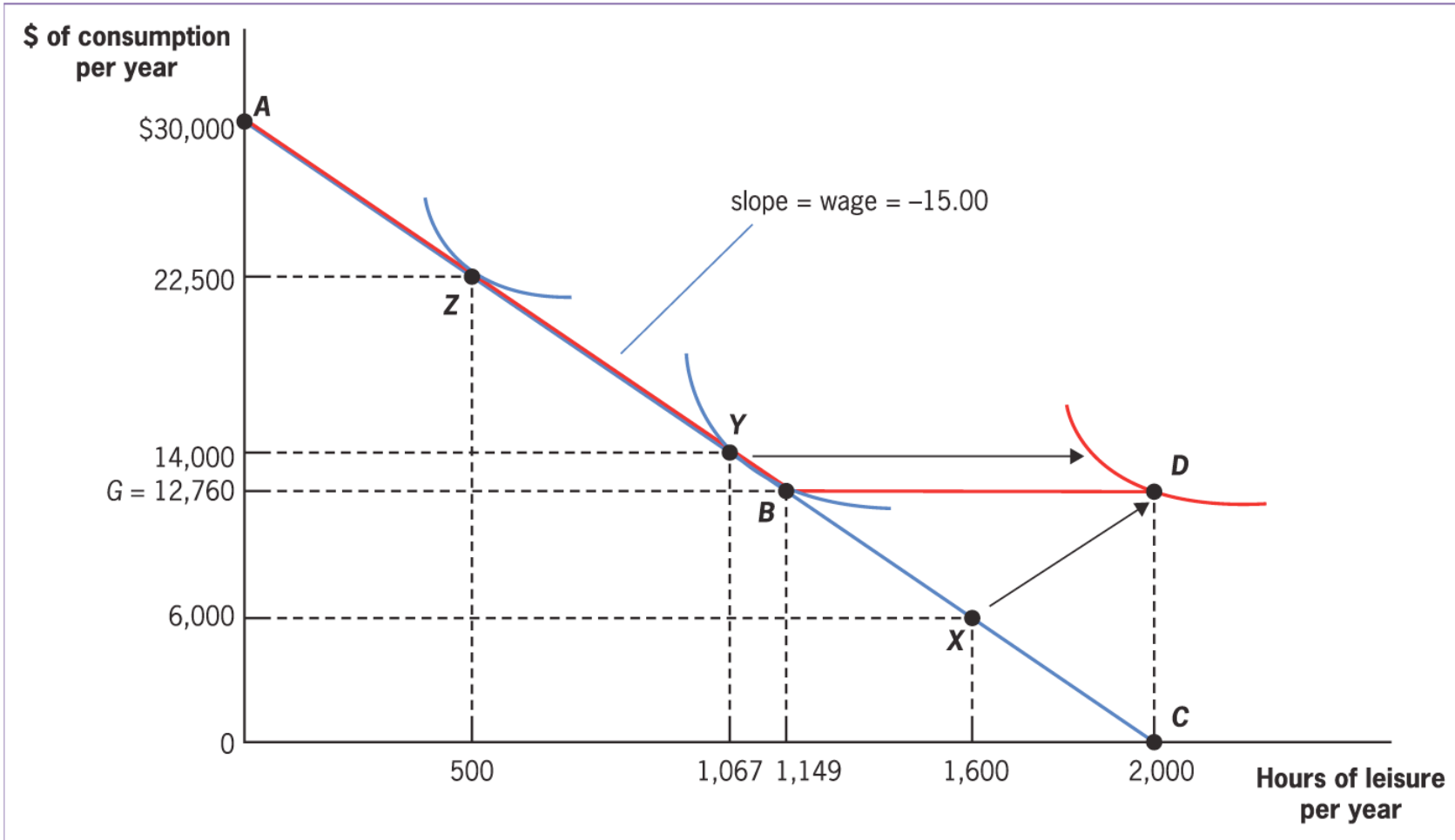


Figure 17.5: Labor Supply Decisions with a 50% Benefit Reduction Rate (BRR)

© Worth Publishers

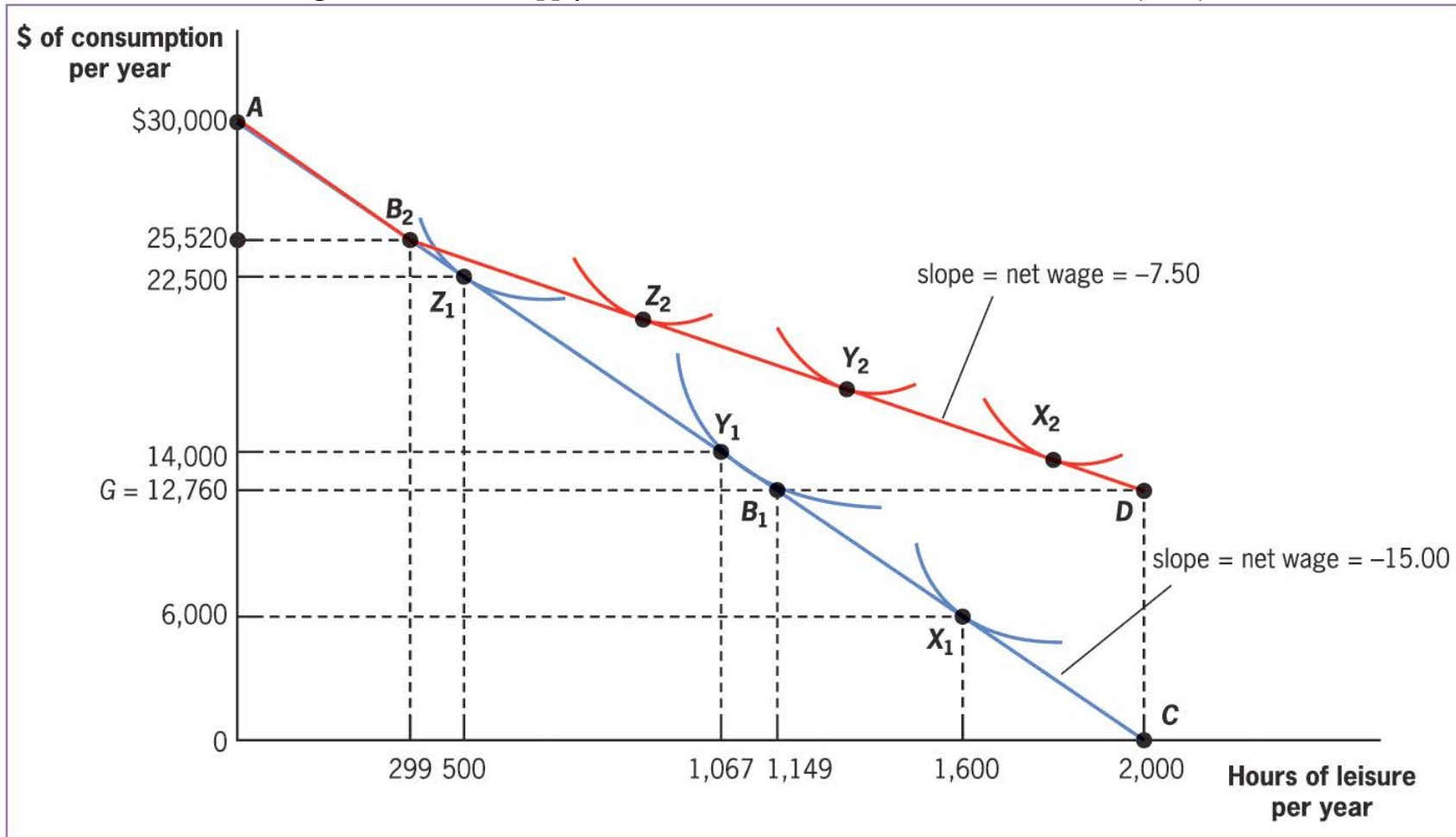


Figure 17.6: Transfer Benefits and Single Motherhood, 1970—2019

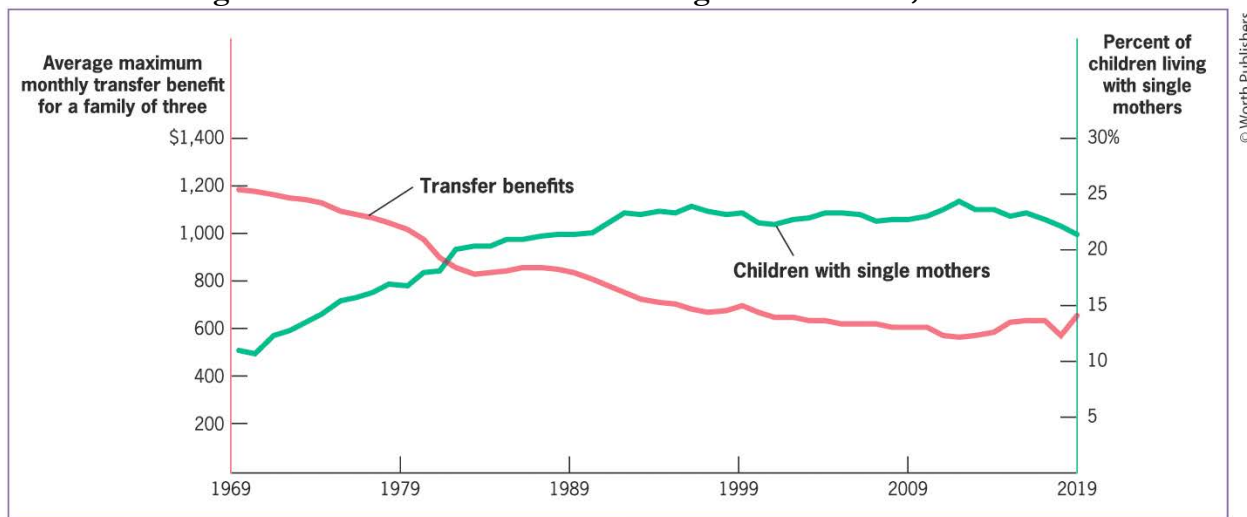


Figure 17.7: Distribution of Formal Care Consumption for Near Cash and In-Kind Benefits Groups

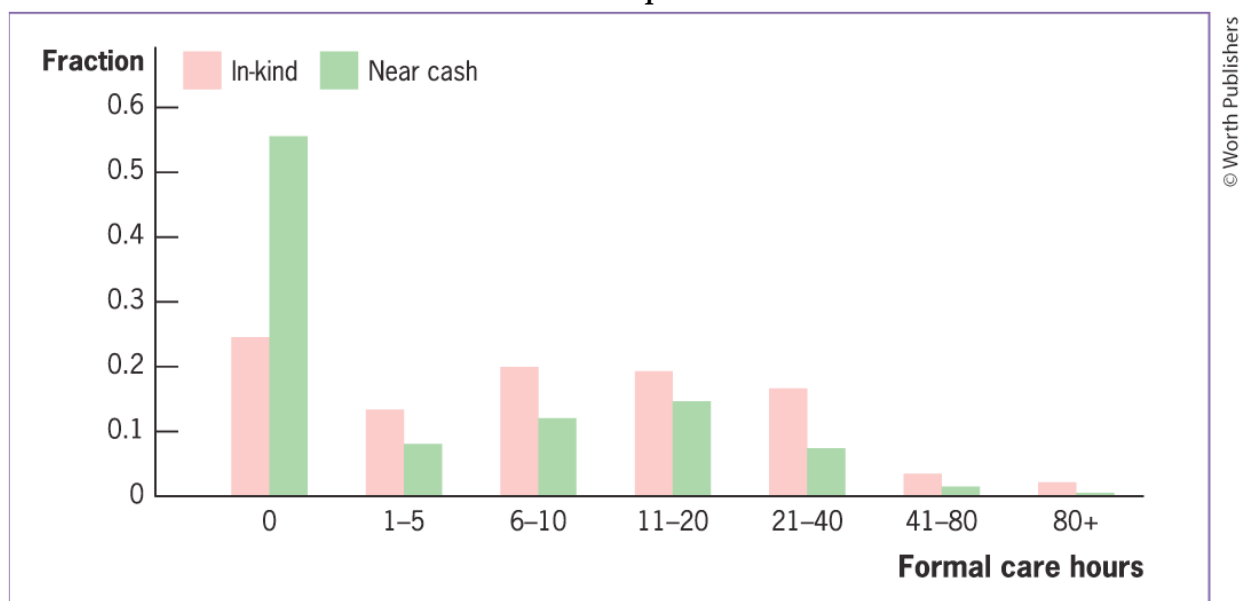


Figure 17.8: Increasing the Cash Transfer Opportunity Set

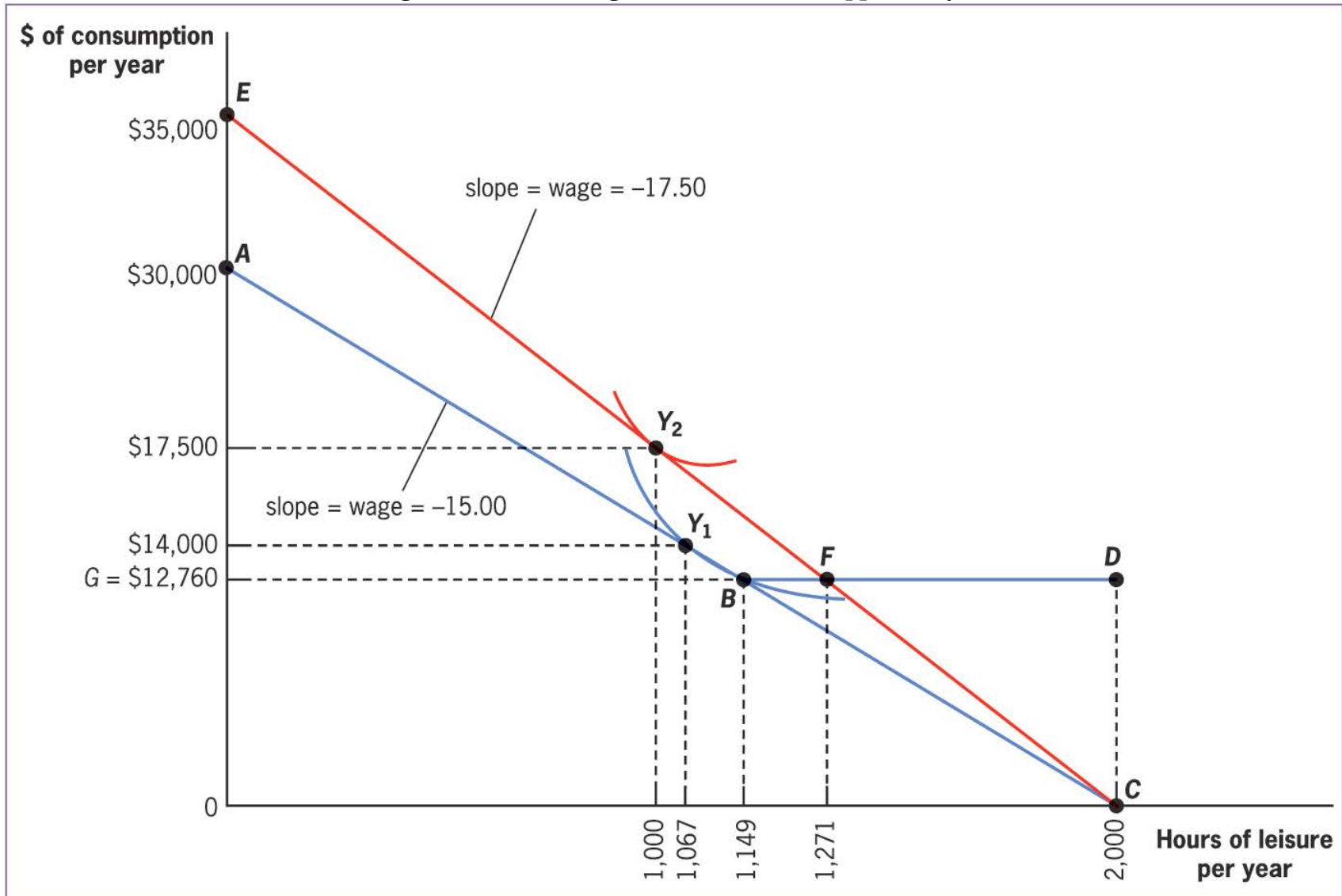




Figure 17.9: Tying Health Insurance to Cash Transfers

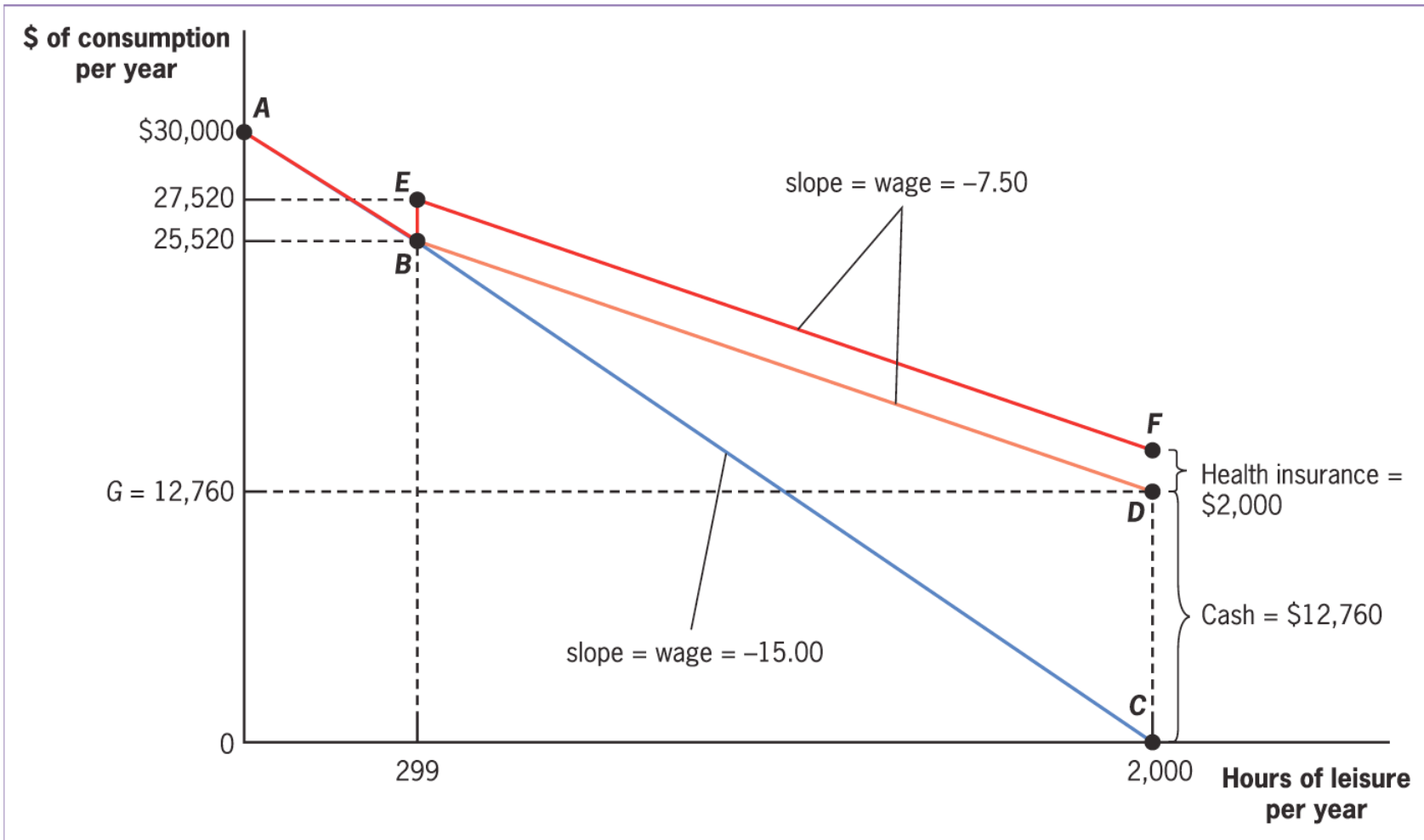
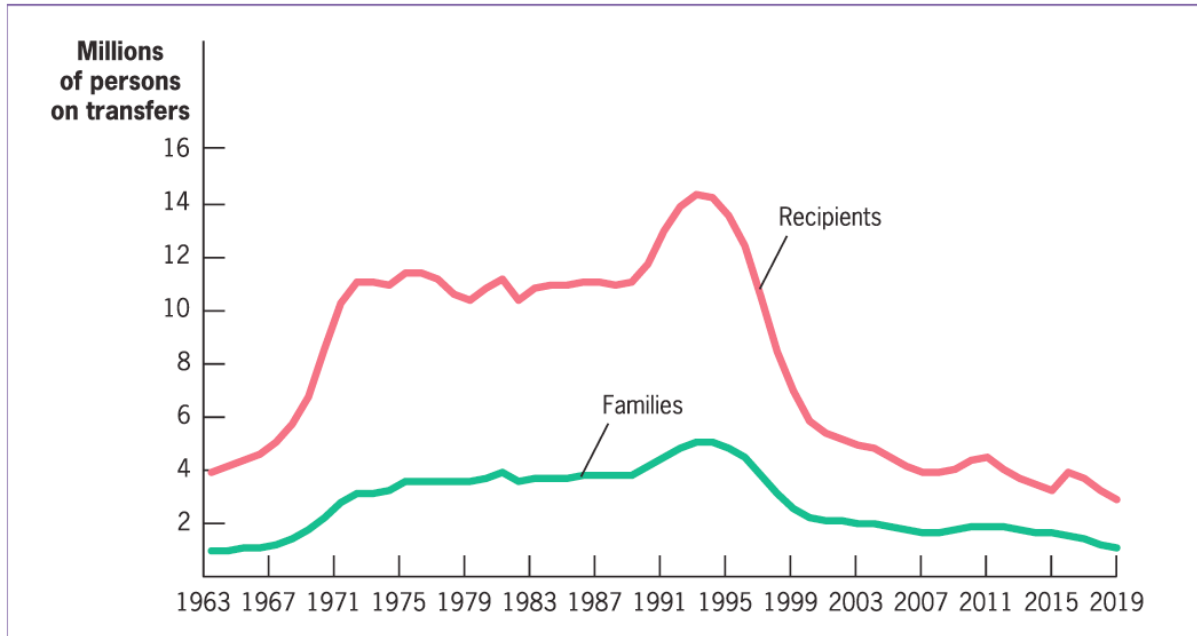
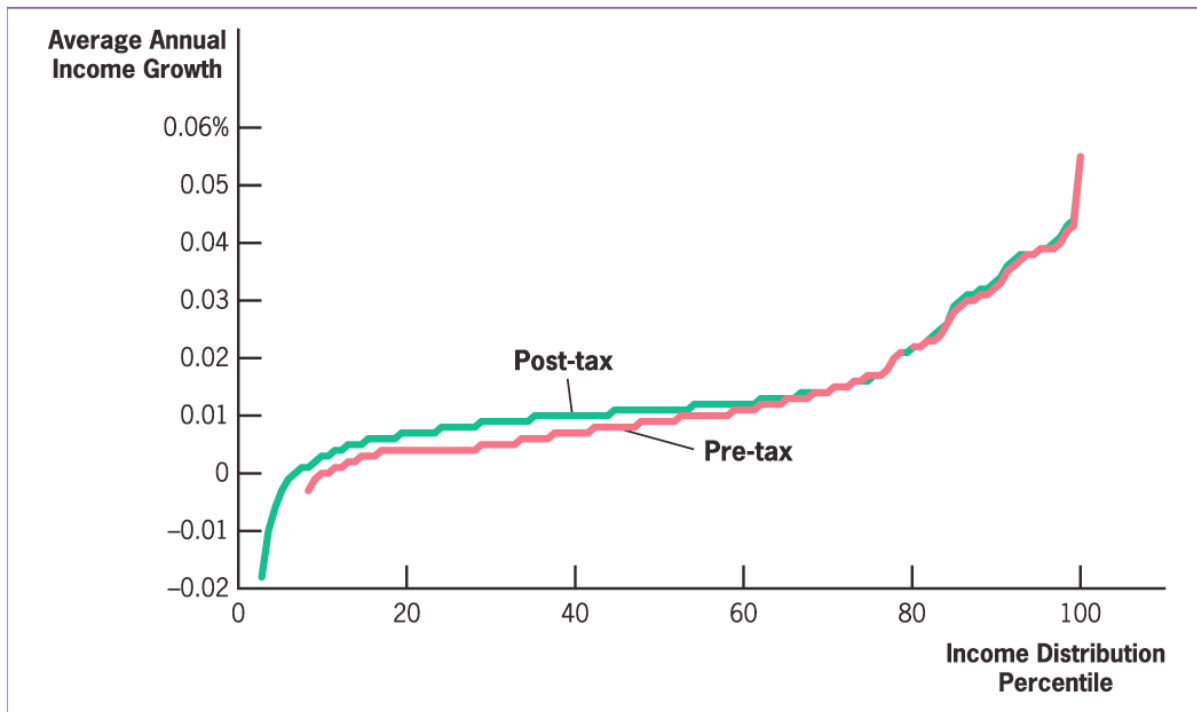


Figure 17.10: Transfer Caseloads in the United States, 1963—2019



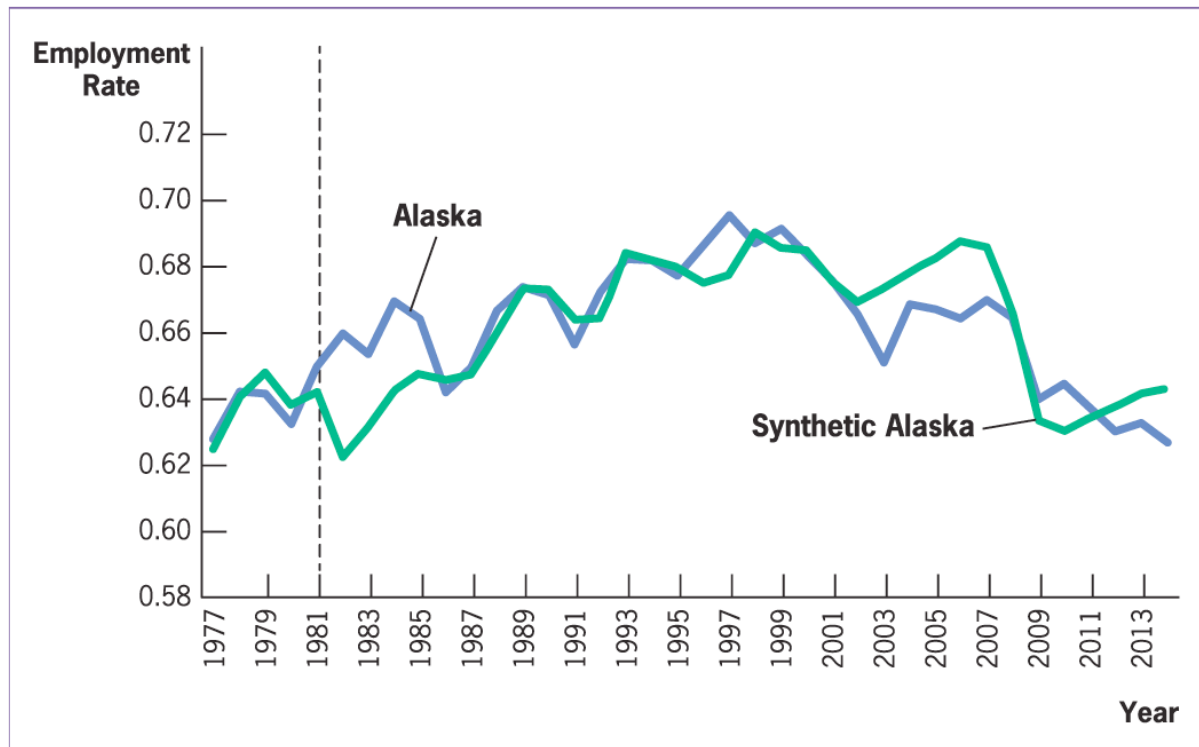
© Worth Publishers

Figure 17.11: Average Annual Income Growth, 1980—2019



© Worth Publishers

Figure 17.12: The Employment Effects of a Basic Income



© Worth Publishers

MIT OpenCourseWare  
<https://ocw.mit.edu/>

14.41 Public Finance and Public Policy  
Fall 2024

For information about citing these materials or our Terms of Use, visit: <https://ocw.mit.edu/terms>.