Trends in Earnings, Income, and Wealth Inequality in the United States: A 1989-2022 Perspective

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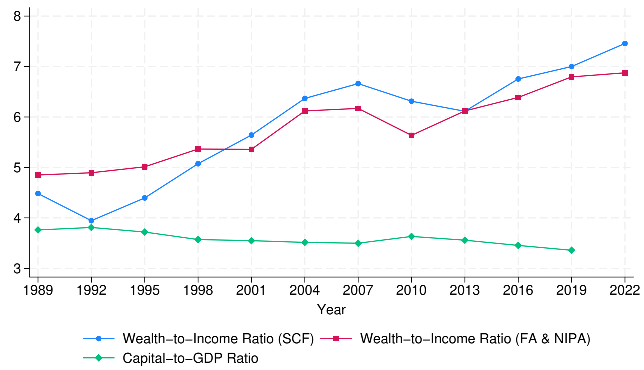
This handout summarizes how inequality has changed over time using Survey of Consumer Finances (SCF+) data from 1989 to 2022. It focuses on long-run trends in earnings, income, and wealth in order to place current levels of inequality in historical perspective.

Earnings, Income, and Wealth Growth

Data on the three financial situations reveal divergent growth patterns: while average earnings increased by 36% and income by 46% over the past three decades, wealth grew by 143%. This substantial difference suggests that wealth accumulation has been driven more by asset price appreciation than by savings from income.

Figure 1: Wealth-to-Income and Capital Stock-to-GDP Ratios



As shown in Figure 1, the wealth-to-income ratio based on SCF data almost doubled from about 4 in 1989 to over 7 in 2022. A similar but less pronounced trend appears when using Financial Accounts and National Income data. In contrast, the capital-to-output ratio from the Penn World Table remains relatively constant over this period. This striking difference highlights that asset price appreciation - not accumulation of physical capital - has been the primary driver of wealth growth.

Changes in Distribution Measures

Table 1 and Table 2 present the evolution of Gini coefficients and the shape of the distributions.

Table 1: Inequality changes in Earnings, Income, and Wealth

	Gini Coefficient				Gini Coefficient		
Year	Earnings	Income	Wealth	**Year**	Earnings	Income	Wealth
1989	0.61	0.55	0.79	2007	0.64	0.57	0.82
1992	0.63	0.57	0.79	2010	0.65	0.55	0.85
1995	0.62	0.55	0.79	2013	0.67	0.58	0.85
1998	0.61	0.55	0.80	2016	0.68	0.60	0.86
2001	0.62	0.57	0.81	2019	0.65	0.57	0.85
2004	0.62	0.54	0.81	2022	0.68	0.61	0.83

Gini coefficients show a secular increase in inequality across all three variables until 2016. For wealth, the increase is most pronounced after the 2008-09 financial crisis, while earnings and income inequality rose more gradually. After 2016, wealth inequality notably declined. The mean-to-median ratios and percentile ratios in Table 2 reveal that the top of all distributions moved further from the middle over time, while the 50-30 ratios show that the bottom moved closer to the middle, creating an asymmetric stretching of the distributions.

Table 2: Distributional Changes in Earnings, Income and Wealth

	Mean-to-Median Ratio			P50/P30 Ratio		
Year	Earnings	Income	Wealth	Earnings	Income	Wealth
1989	1.51	1.62	4.02	3.94	1.79	4.53
1992	1.61	1.71	3.76	3.58	1.79	3.85
1995	1.58	1.58	3.68	3.69	1.75	3.54
1998	1.57	1.62	3.95	2.80	1.70	4.02
2001	1.68	1.77	4.58	2.46	1.68	3.75
2004	1.66	1.64	4.82	2.75	1.68	3.98
2007	1.72	1.77	4.60	2.77	1.67	4.56
2010	1.85	1.70	6.42	3.30	1.64	5.24
2013	1.96	1.85	6.49	3.21	1.64	5.50
2016	2.08	1.94	7.08	3.48	1.68	5.15
2019	1.91	1.81	6.13	2.86	1.66	5.08
2022	2.02	2.02	5.50	3.21	1.62	3.74

Wealth Concentration at the Very Top

While the SCF excludes the Forbes 400 (the wealthiest 400 Americans), incorporating their wealth from Forbes Magazine estimates reveals interesting patterns. As shown in Table 3, their share of total household wealth increased from 1.8% in 1989 to a peak of 3.0% in 2019 before slightly declining to 2.8% in 2022. The top 1% wealth share (including the Forbes 400) followed a similar pattern rising from 31.2% in 1989 to 40.2% in 2016, before falling to 36.9% in 2022. This recent decline represents a potential inflection point in the long-term trend of rising wealth concentration.

Table 3: Changes in Top Wealth Shares including Forbes 400

Year	**Top 1%**	**Top 0.1%**	**Forbes 400**	**Year**	**Top 1%**	**Top 0.1%**	**Forbes 400**
1989	31.2	12.2	1.8	2007	35.1	14.4	2.3
1992	31.4	12.9	2.0	2010	35.6	14.3	2.3
1995	36.1	14.8	1.9	2013	37.4	15.7	2.9
1998	35.4	14.6	2.4	2016	40.2	17.0	2.7
2001	34.1	12.9	2.8	2019	39.2	16.6	3.0
2004	34.6	13.4	2.0	2022	36.9	17.1	2.8

Takeaway: Over the past three decades, wealth has grown far faster than earnings or income, driven primarily by asset price appreciation rather than savings. This has coincided with a broad rise in inequality across all three variables. While inequality across earnings and income rose gradually, wealth concentration at the very top nearly doubled between 1989 and 2019. Since 2016, however, all measures point to a modest reversal, suggesting a potential inflection point in the long-run trend toward greater concentration.

For more information visit the Macro Inequality Lab: At the Macro Inequality Lab, we study how markets function, how institutions shape market outcomes, and how these forces interact to create or reduce inequality. Our research asks fundamental questions on the causes and consequences of inequality (http://macro-inequality-lab.net).

References

Kuhn, Moritz, and José-Víctor Ríos-Rull (May 2025). *Income and Wealth Inequality in the United States: An Update Including the 2022 Wave.*