Income Inequality and the Economy: The Impact on Workers and Consumers

Public Affairs Forum

Date: September 13, 2017

Presented by: Steven Fazzari
Bert A. and Jeanette L. Lynch Distinguished Professor of Economics at Washington University
Recent Stagnation
Historical Comparison of Business Cycles
(Peak-to-peak growth of real GDP per capita)

<table>
<thead>
<tr>
<th>Peak Dates</th>
<th>Total Growth (per capita)</th>
<th>Growth per Year (per capita)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973:4 to 1979:3</td>
<td>11.9%</td>
<td>1.8%</td>
</tr>
<tr>
<td>1979:3 to 1990:2</td>
<td>25.0%</td>
<td>2.1%</td>
</tr>
<tr>
<td>1990:2 to 2000:2</td>
<td>24.2%</td>
<td>2.2%</td>
</tr>
<tr>
<td>2000:4 to 2007:4</td>
<td>10.9%</td>
<td>1.4%</td>
</tr>
<tr>
<td>2007:4 to 2017:2*</td>
<td>5.6%</td>
<td>0.6%</td>
</tr>
</tbody>
</table>

*Final cycle is incomplete
Household Debt to After-Tax Income
(Standard and Adjusted Measure based on Cynamon-Fazzari Review of Income & Wealth, 2015)
Weak Household Spending and the Stagnant Recovery
(Based on Cynamon-Fazzari Review of Income & Wealth, 2015)

Real Household Demand Profiles (Population Adjusted)

Index Peak=100

Years Since Peak

1978-1989
1989-2000
2000-2006
2006-2015
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