

- The Great Depression era
- Peak income inequality eras
- The Great Compression era

- Recession/depression
- Top marginal tax rates
- Highest/lowest tax rates

The period from the end of WWII into the 1970s is known as the “Great Compression,” with relative equality in income and in income growth. We still had rich, middle class, and poor, but they were not that far apart. The top 1% share was just 9% in 1978.

**THE TOP 1% had
9% OF NATIONAL
INCOME**

**THE TOP
1% had
22%
OF NATIONAL
INCOME**

The period since the early 1980s has seen the rich getting richer. The top 1% had 22% of income in 2012. From 1978 to 2012 the top 20% saw income increase by 75% while the bottom 20% saw a 12% decrease (in constant \$).

1963 1968 1973 1978 1983 1988 1993 1998 2003 2008

In 2012 the tax on the highest marginal incomes was 39%. In addition, many of the richest get a significant portion of their income from capital gains, which are taxed at 15%.

Top rates for the estate tax (on inheritances) follow the pattern set by income tax rates. The top rate for estate taxes peaked at 77% from 1941 to 1978. The current rate is 45%.

**28%
TAX RATE**

Top marginal tax rates lowest since The Great Depression.