Wealth & Income

Sociology

Two very different distributions that are routinely reported as one thing.

Income

- A flow, measured per year
- Mostly earnings from work
- Progressive tax reaches it directly
- Moves with the labour market
- Better measured in surveys

Wealth

- A stock, held at a point in time
- Property, pensions, business, shares
- Passes between generations
- Far more concentrated than income
- Badly measured; the top is undersampled

THE DIFFERENCE THAT MATTERS

Wealth gaps between groups are typically much larger than income gaps, and close far more slowly.

Educational reference. Survey data understates top wealth; estimates using tax and estate records give higher concentration.