



Who's Benefiting From Growth? GDP Tells Only Part of the Story

On Wednesday, the Bureau of Economic Analysis (BEA) will release its second estimate of how much the economy grew in the first quarter. While Gross Domestic Product (GDP) numbers are an important and closely-watched measure of the economy's strength, they don't tell you whose incomes rose and who saw their incomes fall. GDP tells an incomplete story.

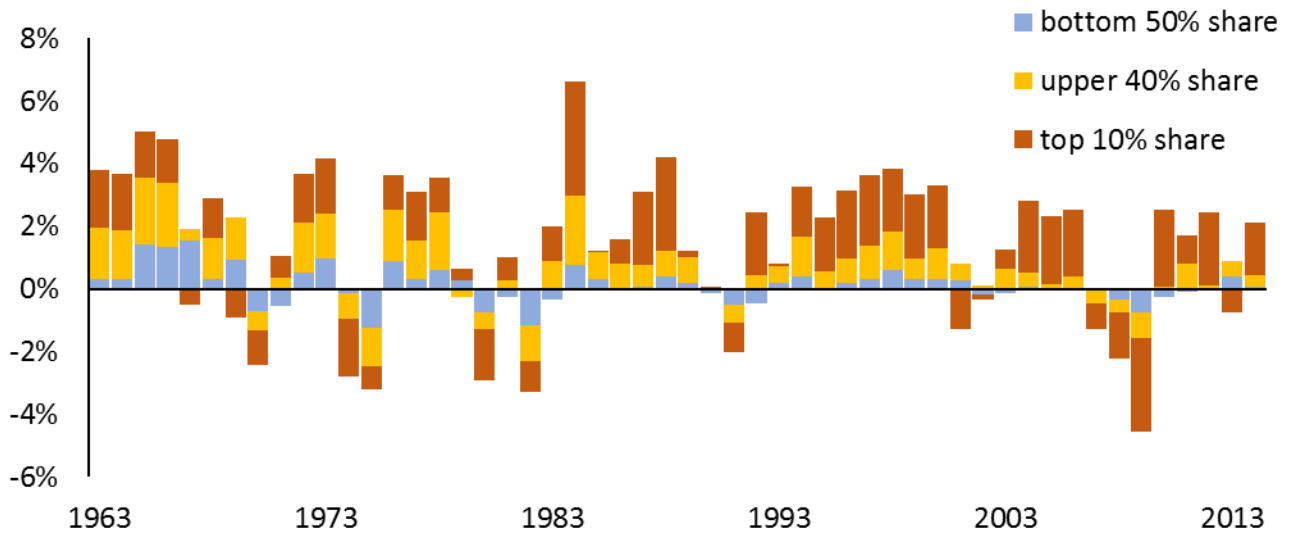
Over the past four decades, fewer and fewer families have shared in economic growth. The percentage of income going to the wealthiest increased while wage growth stagnated for most families. But, you can't tell that from the GDP numbers. For example, while real GDP growth was 3.0 percent or greater from 2003 to 2005, average income fell for half of Americans during this time. GDP growth painted a rosy picture of this period, but most American families were struggling to improve their living standards.

A [new proposal](#) from the Washington Center for Equitable Growth would enable us to see which Americans are benefiting from GDP growth. They propose that Congress grant BEA access to administrative tax records in order to produce regular and timely distributional breakouts of GDP growth—which would show how income is changing for people at different levels of income.

It's a small step, but it would make a big difference. It would enable us to see – right away – where the economic growth is going. Is growth benefiting middle-class families or, as has been the case for too long, is most of the growth going to those at top of the income ladder?

There are certainly questions to figure out, such as how to best protect taxpayers' privacy. But, having BEA start to publish a breakdown of how growth is distributed would give policymakers fresh insight into how our economy is supporting or failing working families.

Growth is Increasingly Concentrated at the Top



Source: Washington Center for Equitable Growth analysis of data from Piketty, Saez, and Zucman (2016)

Note: Each column adds up to the total percent change in per capita national income for that year