Jonathan Schechter – "Corpus Callosum" Column

***Jackson Hole News&Guide*– November 30, 2011**

I have four reactions to"Occupy Wall Street."

First, it's hard to have an opinion about something which doesn't know what it is or what it wants.

Second, it's too early to tell whether Occupy Wall Street is something substantive, or simply something for the media to obsess about until the next celebrity wedding knocks it off the front page. Important things rarely reveal themselves immediately, especially diffuse social movements like Occupy Wall Street.

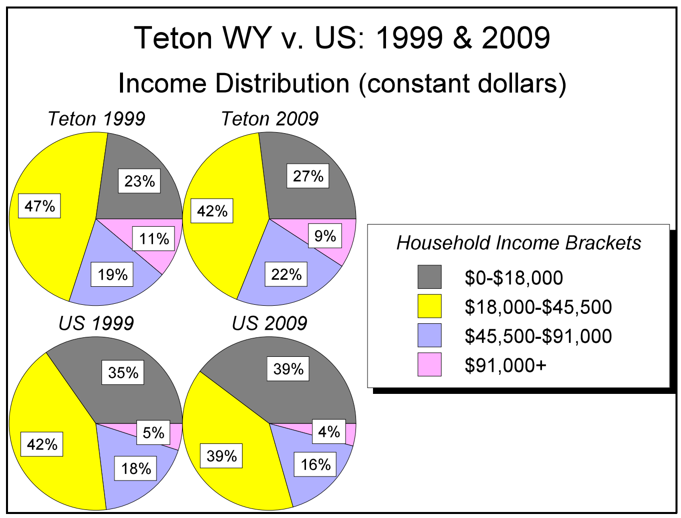
Third, even if Occupy Wall Street withers away over the next few months, it has managed to do one truly remarkable thing: change the center of gravity of the 2012 elections.

Mid-summer, I attended a talk by Bill Clinton, in which he excoriated the Republicans for putting their lust for political power ahead of the nation's economic well-being. When asked why the GOP was succeeding if they were so clearly wrong, Clinton replied: "Because they're really good at politics." Which stands in sharp contrast to the Democrats – by the time Occupy set up shop, the Democrats had long since been routed in the debate over America's economic future. By drawing attention to the nation's vast inequalities in wealth, though, Occupy Wall Street accomplished something that neither hundreds of Democratic office-holders nor legions of their highly-paid political consultants could do – make the nation aware that there's far more to the nation's economic woes than just deficits. Pretty remarkable achievement.

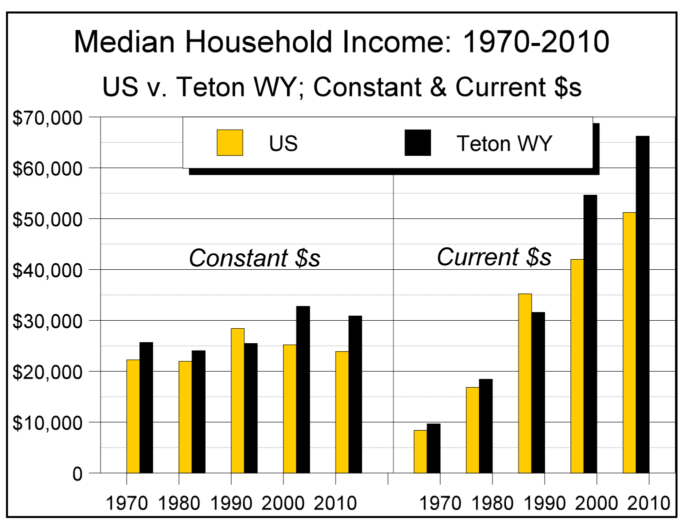
Finally, Occupy Wall Street got me wondering about economic disparity in Jackson Hole. Some recently-released Census data helped me reach three pretty interesting conclusions.

First, in both the US and Teton County, the big-picture of income distribution looks pretty much the same today as it did 10 years ago. If you don't adjust for inflation, then yes, there is a marked n increase at the lower end and a marked increase at the higher end. But that's the insidious nature of inflation: it distorts reality. (Graph 1)

Second, this "not much has changed except inflation" quality also shows up in the median household income data. While both the US and Teton County have seen meteoric rises in median income over the past 40 years, almost all of it is due to inflation. Back out inflation, and the typical American household's income is pretty much what it was a generation ago. (Graph 2)



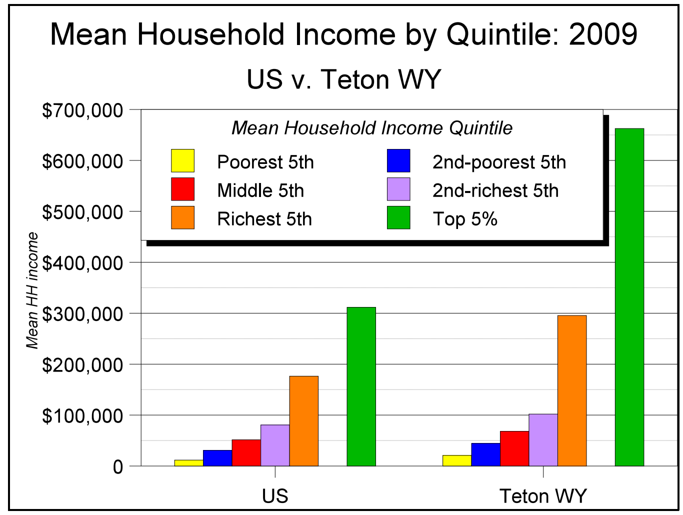
Graph 1



Graph 2

Third, conclusions one and two are based on some pretty crude income measures: median income cuts the pie in half; making "apples-to-apples" adjustments for inflation reduces numerous income brackets to just a few. As a result, conclusions one and two seem to belie the basic Occupy Wall Street argument of growing income inequality.

To the rescue comes one other data set: income quintiles for 2010. These data break down households into five groups: the 20 percent making the least money; the 20 percent making the second-least; and so on, up until the 20 percent making the most. The data also break out the 5 percent of all households making the absolute most.



Graph 3

As Graph 3 shows, in both Teton County and the nation as a whole, there is relatively little disparity between the mean incomes in the lowest four quintiles. There is, however, a huge gap between the lower four quintiles and the top one. In particular, in 2009, both the average US and Teton County household in the top quintile made more money than did the average households in quintiles 1-4 combined.

The disparity is even more pronounced when comparing the top 20 percent of households to the top 5 percent: in the US, the typical household in the top 5 percent of all earners makes about three-quarters more than the typical household in the top 20 percent; in Teton County, it's 1.25 times more. And in Teton County, the average household in the top 5 percent of all incomes made more money than the average household in all five quintiles combined.

These data make two interesting points. One is that, over the past 40 years, the US economy really hasn't done a very good job lifting all boats. Back out inflation, and the typical American household is earning about the same today as it did in 1970. Ditto Teton County.

The second is that the Occupy Wall Street folks have a point. While these data focus on the 95 percent rather than Occupy's "We Are the 99 Percent," the basic message is clear: Over the last couple of decades, most of the wealth produced by the local and national economies has ended up with a very small proportion of folks.

(Note: In the version of this column printed in the November 30, 2011 Jackson Hole News&Guide, Graph 2 included incorrect data. Graph 2 in this document features the correct data.)