



IS THERE INCREASING INEQUALITY IN THE DISTRIBUTION OF U.S. WEALTH?

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ST. LOUIS -- Many Americans believe that the rich keep getting richer and the poor keep getting poorer. Is the United States experiencing a change in the distribution of wealth?

In "Changes in the Distribution of Wealth: Increasing Inequality?," an article in the current issue of the Review, the Federal Reserve Bank of St. Louis' bimonthly research journal, John C. Weicher, senior fellow of the Hudson Institute and past visiting scholar of the St. Louis Fed, examines the change in U.S. wealth distribution between 1983 and 1989 and offers some possible explanations for the change.

According to Weicher, wealth distribution between 1983 and 1989 became slightly more unequal. However, the magnitude of the inequality depends on how broadly wealth is defined and whether or not the households surveyed were truly representative of the U.S. population.

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No single explanation appears to account for most, or very much, of the change in wealth distribution. In fact, neither changes in asset value or broad demographic changes, like the aging population, appear to explain the change.

Nevertheless, Weicher believes that further analysis into household composition, particularly divorce and remarriage; the influx of women in the workplace; and the importance of pensions and Social Security in investment portfolios may uncover some answers.

Other articles in this issue include: "The Effects of Fair Value Accounting on Investment Portfolio Management: How Fair Is It?," by Economist Anne Beatty; "Narrow vs. Broad Measures of Money as Intermediate Targets: Some Forecast Results," by Economist Michael J. Dueker; and "An Introduction to the Theory and Estimation of a Job-Search Model," by Economists Adam M. Zaretsky and Cletus C. Coughlin.

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