TUA NEWS RELEASE

FOR IMMEDIATE RELEASE   Contact: Jim Tobin (773) 354-2076
March 30, 2021   (312) 427-5128

GROWING INCOME INEQUALITY IS A MYTH

The claim of growing income inequality is a myth, an illusion created by the Census Bureau's failure to account for taxes and welfare, according to Phil Gramm and John Early, published in the *Wall Street Journal* on March 23, 2021.

Despite the claim that widening income inequality is a fatal flaw in capitalism and an "existential" threat to democracy, the authors point out that the data upon which claims about income inequality are based are profoundly flawed.

"This is a very important article," said Jim Tobin, economist and president of Taxpayers United of America (TUA), "because Gramm and Early are outstanding experts in economics and the way the tax-and-spend Washington politicians have politicized economics."

The authors point out that Census Bureau income data fail to count two-thirds of all government transfer payments—including Medicare, Medicaid, food stamps and some 100 other government transfer payments—as income to the recipients.

In addition, "Census data fail to count taxes paid as income lost to the taxpayer. When official government data are used to correct these deficiencies—when income is defined the way people actually define it—'income inequality' is reduced dramatically."

The authors conclude, "The raging debate over income inequality in America calls to mind the old Will Rogers adage: 'It ain't what you don't know that gets you into trouble. It is what you do know that ain't so.' …Those who want to transform the greatest economic system in the history of the world ought to get their facts straight first."

Phil Gramm is a former chairman of the Senate Banking Committee and a visiting scholar at the American Enterprise Institute. John Early served twice as assistant commissioner at the Bureau of Labor Statistics.