

## Re: The 'working poor' scam

**Source:** <http://sci.tech-archive.net/Archive/sci.econ/2004-06/0663.html>

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**From:** Grinch (*oldnasty\_at\_mindspring.com*)

**Date:** 06/13/04

Date: Sun, 13 Jun 2004 03:47:26 GMT

On Mon, 07 Jun 2004 10:57:56 GMT, "sinister" <sinister@nospam.invalid> wrote:

>"Gordon Gekko" <nospam@nospam.com> wrote in message  
>news:PVqwc.14160\$Yd3.4906@newsread3.news.atl.earthlink.net...  
>>  
>> "Sheesh" <passedout@3.am> wrote in message  
>> news:Xns94FF7FD89F0Sheesh@24.94.170.88...  
>>> HHH@hotmail.com (SON OF HARRY HOPE) wrote in  
>>> news:40be3813.17835884@news.sf.sbcglobal.net:  
>>>  
>>>>  
>>>> An absolute majority of the people who were in the bottom 20 percent  
>>>> in income in 1975 have since then also been in the top 20 percent.  
>>>>  
>>>>  
>>>> What a load of crap.  
>>>>  
>>>> You don't actually believe that statement do you?  
>>>>  
>>>> I believe it, easily. Say a guy graduates high school in 1975 and gets a  
>>>> job as a basic laborer. He might be carrying 2x4's for minimum wage.  
>>>> Eventually, he will become a apprentice, journeyman, and finally  
>>>> >professional  
>>>> >tradesman. He will get a bump in salary each step along the way.  
>>>> >Carpenters, plumbers, electricians, and the like do very well. Right now,  
>>>> >it would only take like, what, \$60,000 or so per year to be in the top  
>>>> >20%?  
>>>> >\$150,000 is the top 1%, so top 20% should be easily reachable for someone  
>>>> >who kept at a trade of one sort or another.  
>>>> >>  
>>>> >Meanwhile, there are new grads every year moving into the bottom 20%.  
>>>> >  
>>>> >Yes, but as has been pointed out repeated in this ng, this kind of income  
>>>> >mobility (that due to "aging") is uninteresting and should be factored out  
>>>> >of any analysis.

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Well, yes indeed, the age factor *should* be "factored out" of the quintile numbers when they are presented as evidence of inequality.

But as this would result in a much reduced difference between the quintiles that accurately reflects only real difference in lifetime income — and eliminate the exaggeration that results from different people with the same lifetime income happening to be at different ages — the class warriors are never interested in doing *that*, eh?

Indeed, we can see why they find the idea "uninteresting". :-)

Of course, as has been pointed out repeatedly in this newsgroup, when one knows about the age effect the decision to factor it "out of the analysis" as if it doesn't exist — rather than factor it out of the numbers to show how it reduces apparent inequality — is simply dishonest.

An *honest* class warrior trying to give an *accurate* picture of a welfare distribution that he believes is too wide would say something like...

"The income distribution between income quintiles is ... Of course, these numbers obviously exaggerate the gap in welfare they imply by measuring people with the same lifetime incomes, and thus the same welfare, as having major gaps between them by the chance of their age. E.g, we should remember that the median family has well above median income, firmly into the second quintile, after age 50.

"Also, as others have noted...

'A surprising fact is that the income-poor own above average wealth... Households that are in the lowest 1 per-cent of the income distribution own wealth [...] which puts them in the 85th percentile of the wealth distribution. Moreover, the households that are in the lowest 1 to 5 percent of the income distribution own wealth [...] which puts them in the second quintile of the wealth distribution.  
<http://research.mpls.frb.fed.us/research/qr/qr2121.html> '

"And we should also remember that consumption is a much better indicator of welfare than income — people earn income to be able to consume, of course — and the 'consumption gap' between the quintiles is very much smaller than the income gap — only about 27% as large in fact, just one-fourth. And the consumption gap has not been increasing as the income.

"So simply using raw income quintile numbers that are unadjusted for age (and wealth, and consumption) greatly exaggerates differences in welfare — and welfare is, of course, what we are really talking about.

"But I still think these differences in welfare are too damn big ..."

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And the next time I hear a class warrior make such an honest presentation will be the first.

They sure do unanimously seem to find the notion "uninteresting."