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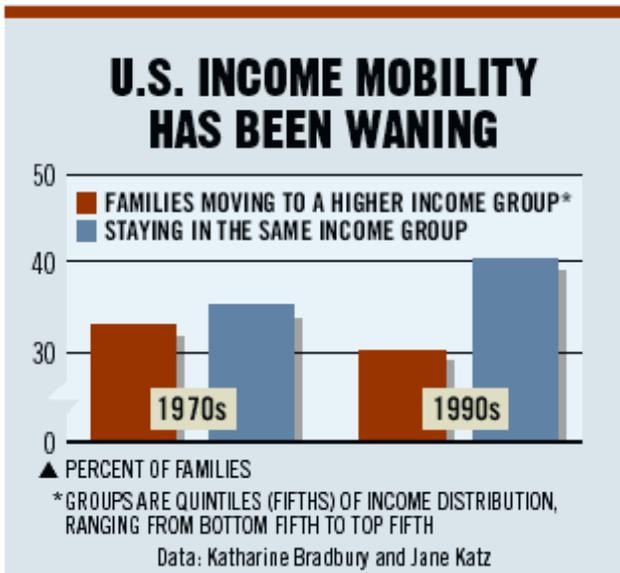
Economic Trends

By Gene Koretz

Land of Less Opportunity

In recent decades, income inequality in the U.S. has grown sharply, far outpacing similar rises in other industrial countries. This trend, which reflects hefty gains reaped by those at the upper end of the income scale as well as meager gains at the middle and bottom, has disturbed many economists who believe that it may ultimately harm the nation's social and economic health.

Others, however, argue that this picture is exaggerated. The widening range of incomes, they claim, simply reflects the greater labor-market flexibility and job instability inherent in today's high-productivity economy.



households over time, they find that income mobility has declined in recent decades. Upward mobility -- the share of families moving from one quintile, or fifth, in the income distribution to a higher quintile -- decreased in the 1980s, and slipped even more in the 1990s.

In the 1970s, for example, nearly 10% of families who started in the bottom three-fifths of the income ladder wound up in the top fifth at the end of the decade. In the 1990s,

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however, only 7.2% managed to do so, even though most incomes rose in real terms.

The decline in upward mobility is troubling. For one thing, another recent study found that many low- and middle-income households have been taking on more debt to maintain their living standards in the face of greater income volatility (BW -- Feb. 24). Falling income mobility implies that those with high income expectations may find themselves with reduced savings when they reach retirement.

It also implies that the nation's lopsided wealth distribution is likely to worsen, particularly if the estate tax is eliminated. Estimates by Federal Reserve economist Arthur B. Kennickell indicate that in 2001, the top 1% of families, including the superrich, held 34% of America's total household net worth, and the top 10% held more than 70% -- compared with the bottom 50%, which held only 2.8% of the wealth.

The public still seems to have an abiding faith in the American dream of achieving affluence. But unless the decline in income mobility is reversed, that faith may waver. And the sharp growth in income and wealth inequality may yet become a contentious political issue.

Equality? Not on Death Row

When prisoners on death row have exhausted all their appeals, their only chance of survival rests on having their death sentences commuted. If justice in such cases is truly fair, then only the facts of the crime should affect an inmate's chances of receiving clemency.

Apparently, however, this principle of just treatment under the law is often violated. Surprisingly, death-row inmates who are poorly educated, minorities, females, or relatively young turn out to be significantly more likely to have sentences commuted than those with the opposite characteristics. Minorities are also more likely to receive clemency from Democrats but fare worse under white governors. And lame duck governors are notably prone to commute sentences.

These findings come from a new study by Laura Argys and Naci Mocan of the University of Colorado at Denver. Tracking some 5,800 people on death row during a period from 1977 to 1997, the two economists focused on the 22% of this group who eventually were either executed or had their sentences commuted -- usually after years of appeals.

Their analysis reveals that the race, gender, or age of a death row inmate, the party affiliation and race of the governor, as well as whether the governor is leaving office, may well determine whether an inmate lives or dies. And that, write the authors, is not "equal justice under law."

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