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The fall and rise of income inequality in OECD countries: Evidence from fourteen decades

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ABSTRACT

We investigate the down-and-up trajectory in income inequality in 21 OECD countries over the period 1870–2011. While our findings support the conjectured homogeneous decline in inequality before the 1970s, we find support for growing inequality afterwards is rather limited. We find also that the observed U-turn pattern in inequality may be explained by the change in the social values with regards to inequality, at least to a certain extent. The advanced societies place less emphasis on combatting the inequality in the last few decades, which shifts public and private sectors policies towards higher income disparity. Thus, we impose, advanced societies should consider the inequality rebound as being self-inflicted.

KEYWORDS Inequality; Income distribution; income inequality; social values

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