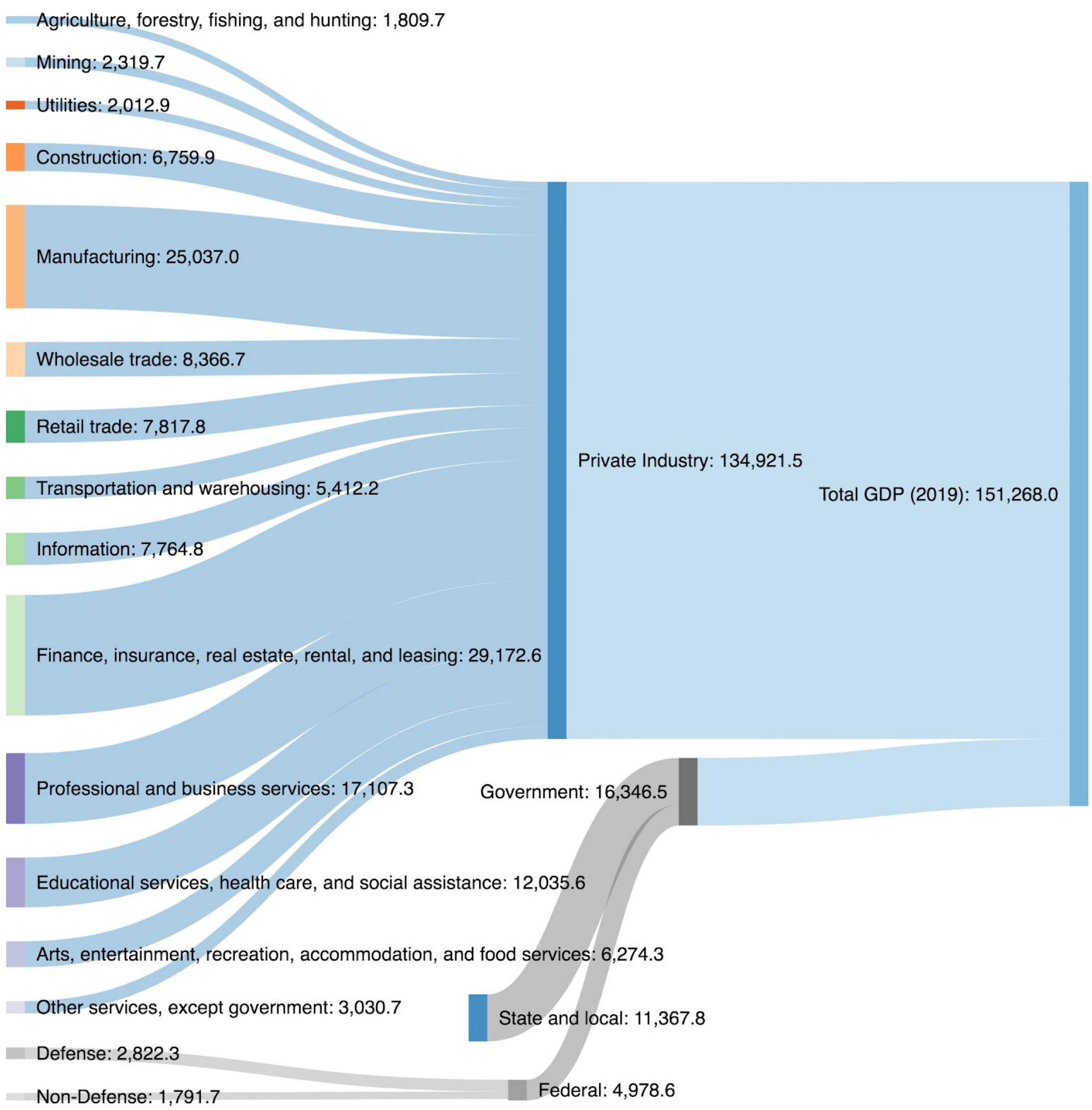
GDP, Income, and Wealth

In this project, we seek to explain what wealth is, how it is generated and distributed. How Wealth comes into existence and why it was ascribed value. The purpose of this project is to describe the origin of Wealth and catalog its journey throughout the economy, eventually settling in somebody's bank account. The purpose of these graphs and visualizers is to show what the sum total of all labor is worth, and who owns it.

Below, there is a graph detailing each sector of industrial output, and what share of the total GDP it represents. From the left, we start with each industry and the value it produces every year. Each Industry eventually follows into the Private Industry section or the Government section. Which combines into the Total GDP for 2019.

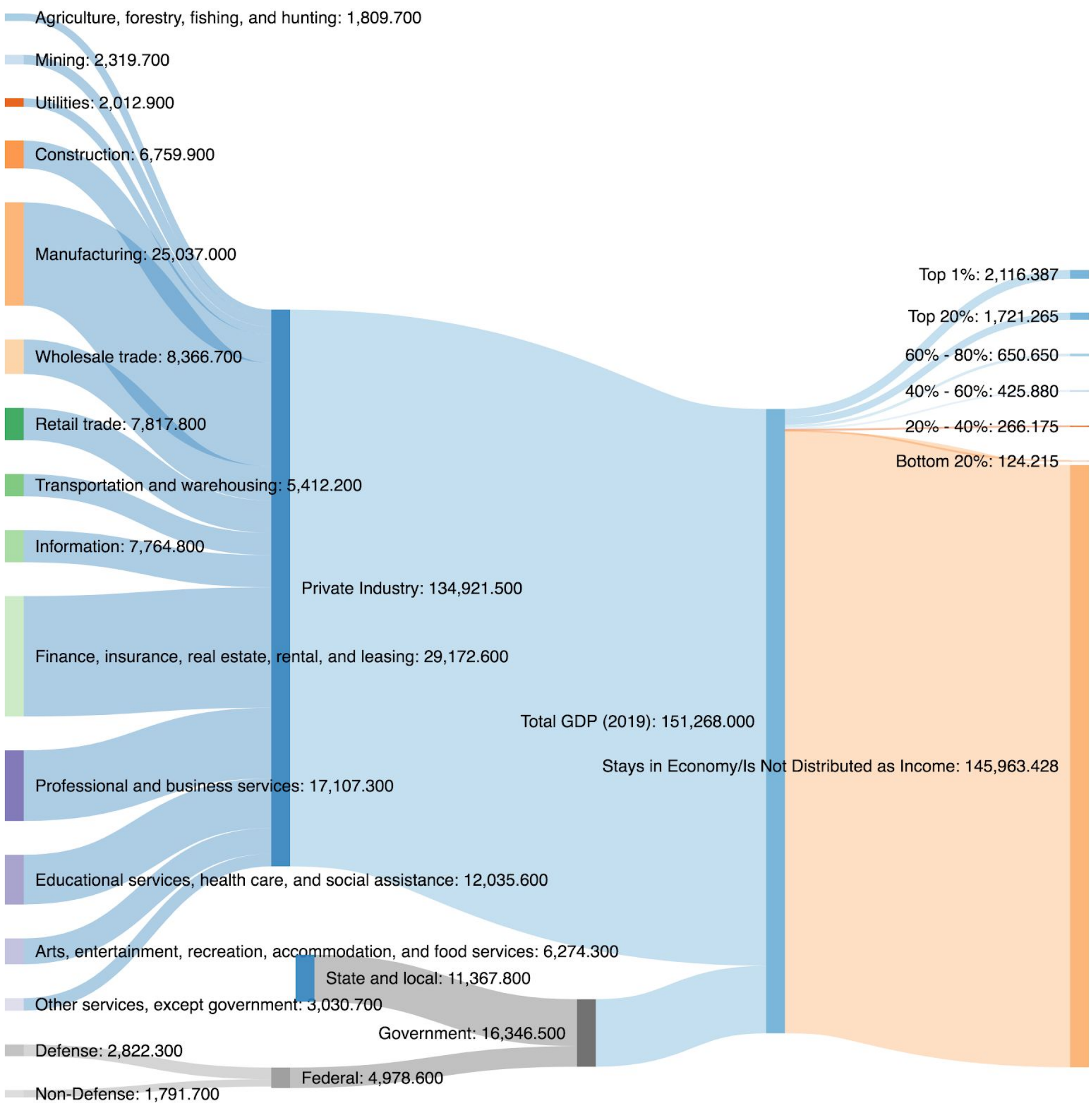
(In Billions) Source: Bureau of Economic Analysis



The graph above shows the gross output of all American industries. All the labor power that went into turning raw materials into finished products has been manifested in this graph, all the wealth that we as a society created one way or another.

The following graph extends into income. It shows the same information as the above graph but adds the share each income bracket takes into their bank account in the form of a wage. Keep in mind that this is not total wealth, just the income exiting the economy in the form of wages. The majority share shown not exiting the economy was retained as equity or reinvestment into companies.

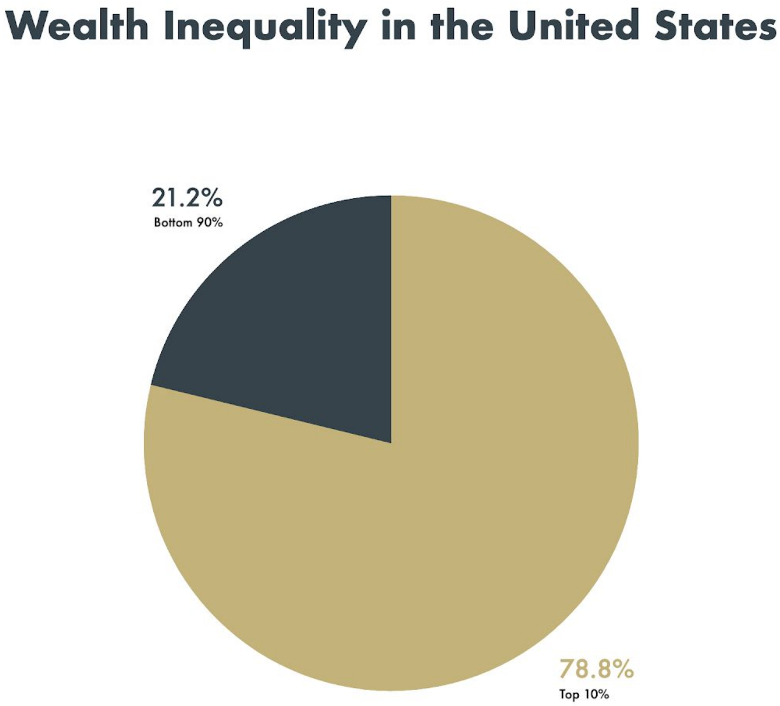
(In Billions) Source(s): Bureau of Economic Analysis, Inequality.org



As you can see, most of the wealth we create stays within the economy, while only a small percent of our industrial output belongs to individual Americans. This conclusion is more or less correct, but it is misleading. Since the majority of our industry is privately owned, the wealth it creates is therefore privately owned.

Below is a representation of wealth, not income, inequality. Here we can see a more clear picture of who owns what.

Source: Inequality.org



Notice how here the top 10% holds 78.8% of all the wealth, yet the top 20% only holds about two-thirds of the yearly income. This is because wealth is not just the income coming into your wallet, but the assets you own. Since richer people are more likely to own companies and instruments of labor, they will logically own a greater share of the total wealth, as those articles are assigned a value on the basis of their existence. Though factories, raw materials, and productive land are worthless without being used in tandem with labor, the owners of these commodities still reap the rewards because of their ownership status. This leads to the wealthy being able to sustain themselves off of passive income. Notice how the richer you get, the less you need to rely on your own labor.

Source: Inequality.org

	Median Wealth	Top 20%	Top 10%	Top 1%	Top .1%	Top .01%	Top .001%
Percent of Income that is Capital Gains	13%	17%	20%	34%	48%	61%	68%

With this knowledge, we can better understand the original representation of GDP output and income. The issue of wealth inequality is not only because of wages and gross totals the ultra-rich take in each year but also because of the relationship between the rich and their money. The way inequality has run so rampantly is through the passive nature of wealth accumulation.