courts" by "bring[ing] about decisions that work better for Americans." He recommends judicial pragmatism, which is premised on a notion of common values and seeks to make legal interpretations that are purpose based, taking into account how government actually works, not just the words that are on the books.

ECONOMICS, LABOR & BUSINESS

Comparing the Tippy Tops

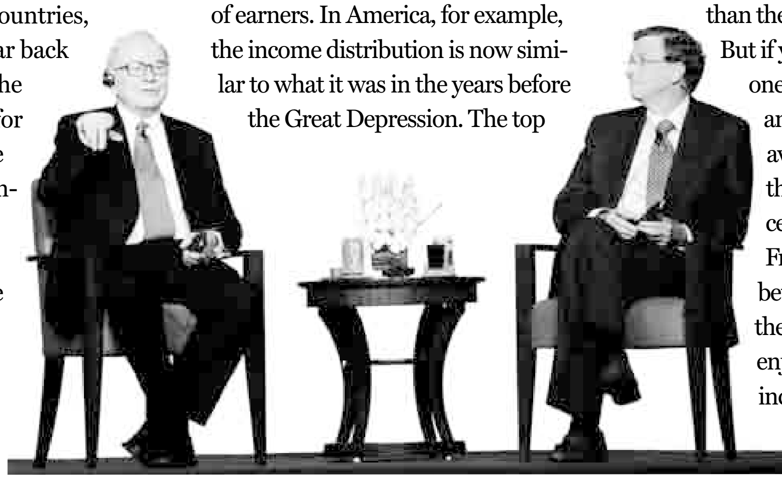
THE SOURCE: "Top Incomes in the Long Run of History" by Anthony B. Atkinson, Thomas Piketty, and Emmanuel Saez, in ***Journal of Economic Literature***, March 2011.

The ebb and flow of income inequality over the last century is a well-examined feature of the U.S. economy. How the American experience fits in with the global picture is another matter. New research by economists Anthony B. Atkinson of Oxford University, Thomas Piketty of the Paris School of Economics, and Emmanuel Saez of the University of California, Berkeley, pulls together data on income inequality in more than 20 countries, in some cases as far back as World War I. The authors find that for the first half of the 20th century, countries generally followed similar paths, but in more recent years their trajectories have diverged.

Before mid-century, most countries experienced a general reduction in income disparities, with the super-rich claiming a shrinking percentage of total income. The cause? The two world wars and the Great Depression. Wars in particular are powerful levelers, as capital—both physical and financial—is destroyed, wages and employment drop, and some countries lose territory. But even countries that did not fight in the wars experienced a decline in the concentration of income.

In recent decades, however, the English-speaking world has seen a dramatic increase in the share of income going to the top one percent of earners. In America, for example, the income distribution is now similar to what it was in the years before the Great Depression. The top one percent of earners more than doubled their share of income between 1976 and 2007, from nine to 24 percent. (To be in the top one percent in 2007, a family had to bring in more than $398,900.) For the top 0.1 percent of earners, the concentration was even more extreme: They quadrupled their share, from three to 12 percent. Southern European and Nordic countries have seen a small uptick in the share of income going to the top earners, but nothing like what has occurred in English-speaking countries. France, Germany, the Netherlands, and Japan have seen very little, if any, increase in top income shares.

Atkinson and his coauthors say that examining income distribution across countries can change our picture of which countries are prospering most. For example, between 1975 and 2006, average incomes grew markedly faster in the United States than they did in France. But if you exclude the top one percent of earners and calculate the average using "only" the bottom 99 percent in each country, France has a much better record. There, the non–super-rich enjoyed a 26 percent increase in income, while in the United States they gained only 18 percent.



Warren Buffett and Bill Gates are two well-loved members of the burgeoning billionaire class. Much of America's economic growth since World War II has been concentrated among the very rich.