

# Modelling the overall personal income distribution in the USA from 1994 to 2002

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## Abstract

Numerical modelling of the personal income distribution (PID) in the USA from 1950 to 2003 is accomplished based on a microeconomic model for the personal income evolution. It is shown that the overall PID demonstrates the existence of some fixed hierarchical income distribution structure in the USA. The PIDs normalized to the total population and corrected for the per capita nominal GDP growth coincide for years from 1994 to 2002. The observed inflation plays a role of some specific mechanism returning the PIDs to the initial shape.

The structure of the PID is accurately simulated by using a microeconomic model with some simple assumptions related to the distribution of capabilities to earn money and sizes of earning means – two measurable parameters introduced in the model. The evolution of the overall PID is also well predicted depending on nominal GDP growth from 1994 to 2002.

Key words: personal income distribution, mean income, microeconomic modeling, USA, real GDP, macroeconomics

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