The Inequality Institute is part of the Partnering for Prevention and Community Safety Initiative (PfP). This institute emphasizes issues of economic, racial and ethnic inequality in the United States. In particular, it focuses on issues of racial profiling, Islamophobia and the structural issues that underlie economic inequality in America.

The Inequality project focuses on defining the issue of middle-class versus the elite wealthy class in America. As New York Times columnist Paul Krugman has noted, during the period from 2005 through 2011, a large fraction of the top 1 percent's gains have gone to a much smaller and ill-defined group, the top 0.1%. This project seeks to fill the information gap about who those individuals are and how their wealth was accumulated.

The goal of this project is to discern how the richest one-thousandth of the American population accumulated their wealth and to what extent those Americans were "job-creators" or "innovators." A better understanding of how these actors contribute to the economic system will shed light on how important they are for everyone.

How are the wealthiest investing their money, and how did they obtain it? Are they business people or are they mostly wealthy from inheritance? To what extent are they lawyers? To what extent are they offering professional services? How many are in finance? To what extent are they making philanthropic contributions? Can those philanthropic contributions be quantified?

The second goal of the project is to try to ask these questions over a longer time period in order to discern whether there are differences over time in the nature of the wealthiest one thousandth and their philanthropic contributions. To what extent has the composition of this class changed over time and to what extent have their philanthropic contributions changed over time?

This project flows from the research and writing of Nobel laureate Paul Krugman, academic and columnist for the New York Times. His recent op-eds have featured inequality as a centerpiece in his proposals for reform and have been extremely relevant in light of the global Occupy movement.

Krugman believes that the focus of the Occupy movement should scrutinize the top 0.1% rather than just the 1%. Income inequality in this country has not been differentiated by college education but rather a few major “winners” as Krugman calls them. The after-tax income for the middle class between 1979 and 2005 rose about 21 percent. For that same period, the income for the wealthiest 0.1% rose 400 percent. This dramatic disparity in inflation-adjusted income gains shows not just increased wealth for the top earners, but also a policy favoring tax cuts for the wealthy. Krugman believes that the top echelon is composed of corporate executives. Krugman also notes that the super-elite includes lawyers and real estate professionals. Krugman is skeptical about the ability of these people to stimulate the economy.

Krugman advocates for substantial increases in the taxes of the wealthiest. He believes that this would shave off over a trillion dollars in the deficit over the next decade alone. Krugman also believes that an added tax to several types of financial transactions would not penalize these transactions but could yield hundreds of billions of dollars in revenue for the government. Another problem Krugman outlines revolves trading of securities and derivatives. He believes
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that the current level of economic transactions, which one might dub as “paper pushing” is too high. A tiny “transaction fee” tax, he postulates, would not seriously impede the market or eliminate trading altogether.

The purpose of the project is to build on the work of the Congressional Budget Office (CBO) whose report only detailed information until 2007. This reports notes that incomes for the top 1% have risen at least 275% and for the rest of the earners only 50% or less. The top one percent make $340,000 or more per year while the ninety-nine percent make $138,000 or less in 2007.

The Inequality Project will focus on understanding who the wealthiest individuals are in America. It will understand to what extent these individuals contribute to our economy. Without a proper understanding about who the wealthy are, it is hard to understand the nature of structural inequality.

Bibliography


Krugman cites to this CBO report in his op-ed and it is the data critical to the Inequality project.


Brookings Institute piece showing how there were more tax brackets in the past and wealthiest paid far more taxes.


Online only graphical representation of the tax brackets that exist today with examples of people in each bracket in New York.


Berkeley researcher explores the question of income growth from a statistical perspective and shows that top 1% growth has been significantly higher in all years.