I. Inequality and Wealth

A. Wealth

1. Net worth

2. Financial wealth

B. Net worth

1. Top 1% = 34% (2001 $186billion/2008 $816 billion)

2. Top 10% = 71%

3. Top 20% = 80%

C. Financial wealth

1. Top 1% = 40%

2. Top 10% = 80%

(Stocks, trusts, business equity, financial securities)

D. Trend (top 1%)

1. Since 1970: +2x

2. 2001 to 2008 ($186 billion to $816 billion)

E. Comparison

1. Industrial countries

2. Historically

F. Middle class

1. Middle 20%: net worth $82,000

2. Wealth

a. principal residence

b. stocks: 80% less than $10,000

c. life insurance, pensions/401 Ks, savings

3. Trend

1. +debt

b. downward mobility

G. Poor and working class

1. bottom 20%: -$11,400

2. Next 20% $14,500

3. Trend

H. Median Net Worth: Race

1. White $120, 400

2. Black and Hispanic: approx $20,000

II. Inequality by Income

A. Income

1. Investment income

2. Labor income

3. Real income

B. Income

1. median household: $50,000

2. Concentration

a. top 20% received 50.1%

b. top 0.1% + 120 million

c. investment income: top 10% receive 80%

3. Trend

a. Gini index .466 ^

b. CEOs: 1980 40x/present 350-400x

c. Top 1%: 3x^

d. Top 400: 2001 to 2008 (2x to $263 million- 63% capital gains)

4. Comparison

a. industrial countries

b. historically

C. Median Household Income: Race

1. White $50,784

2. Black $30, 858

3. Hispanic $35,967

4. Trend

a. Same

b. New trend: class within race

D. Inequality by gender: income

1. $41, 386m : $31,858 w

1. w -1.8%

III. The Rich get Richer

A. Lower tax rates

1. capital gains

2. estate tax

3. corporations

4. top 400 17.2%

B. Tax havens

1. British virgin Islands home to 400,000 corporations

2. 80% of largest corps in U.S. in tax havens

3. Citigroup 427 subsidiaries

C. Privileged Investment Opportunities

1. IPOs (Initial Public Offerings)

2. insider knowledge

IV. Inequality: Corporations

A. Corporation: Definition

1. Early America

a. limit profit

b. chartered by state

i. specific purpose

ii. meeting for public social need

iii. limited time

iv. capitalization

c. could not own another company

d. shareholders liable

2. Fourteenth Amendment

1. Equal Protection Clause

b. Corporation is “ legal person”

c. Free Speech: Buckley v Valeo

3. Present: Most powerful institution in society

a. chartered but no limits on purpose

b. unlimited capitalization

c. eternal

d. “ own other persons”!

e. shareholders not liable

f. sole legal obligation: maximize profit

B. Size and Concentration

1. Size

a. How big?

b. US economy: 500 largest corporations

i. business assets

ii. sales

iii. profits

c. Profits

i. 2001 $503 billion 2008 $1.35 trillion

ii. drug companies 2001 $30 billion 2008 $80 billion

2. Concentration

a. Shared Monopolies

b. Interlocking Directorates

C. Causes

1. Deregulation

2. Mergers

3. Acquisition

D. Consequences

1. power over economy

a. shape market place

b. eliminate competition

c. control labor

d. “too big to fail”

2. power over political system

3. power over mass media

4. power over other countries

5. power to shape foreign policy