

SUMMARY

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DESCRIPTION OF THE RESEARCH PROJECT AND FINDINGS:

This project was a broad survey of the new hyper-affluent class in America for Professor Rae's upcoming book. The research included but was not limited to a review of economic literature (Schumpeter and Maddison), analysis of Census 2000 Long Form Data, and final SRO paper. The findings focused on quantifying the amount of economic power concentrated in the top one percent. According to IRS data, the average income of the top one percent was \$427,513 in 1986 and in 2004; it had increased to \$1,383,987 dollars. Over the same time period, the share of income going to the top one percent nearly reached 20 percent, meaning the top one percent took home more income than the entire bottom 50 percent. These figures cite pre-tax incomes which may be inflated because the government has the power to set progressive taxes to balance the economy. Therefore, the Congressional Budget Office reports that in 2003, the top one percent, about 1.2 million households, made \$1,057,700 in 2003 and took home an average of \$867,800 after taxes.

ACTIVITIES STUDENT WAS RESPONSIBLE FOR:

As the research assistant of Professor Doug Rae, I came to his office at the School of Management every day to work at an extra desk in his office. I was responsible for reviewing recent articles on the hyper-affluent in major publications such as the Wall Street Journal and New York Times. I also scoured the internet for data on the hyper-affluent which ranged from IRS tax returns, Census 2000 Long Form, marketing profiles, CBO Reports, Geolytics Databases, and many others.

WHAT I LEARNED:

From this experience, I learned techniques for academic research and writing. In addition, the final paper I wrote, Trends in Hyper-Affluent Households and Neighborhoods, was an extremely valuable learning experience. I will use what I learned in my senior seminar with Professor Fair and my senior thesis. I also got a picture of life as an economics professor.

OPINION OF THE SRO EXPERIENCE:

For students interested in economics graduate school or who simply want to hone their research ability, SRO is a valuable and unique experience. The success of the program is very dependent on each individual professor, and Professor Doug Rae was simply amazing. He took time to teach me new Maptitude Software and discuss the subtleties of his research. By generously opening his office and its resources to me, I felt invested in the project. If possible, I strongly recommend that you recruit Professor Doug Rae for next year's program.

I have a couple of suggestions which I believe will make SRO even stronger and more appealing to Yale students. First, the name needs to be changed in order to attract more students to apply. Such a small change can actually make a big difference. (For example, changing SRO to the

James Tobin Summer Research Program would greatly aid your marketing) Also, I suggest organizing simple events for SRO students to interact with each other. An orientation before the summer begins would greatly help prepare students for their research; it gives students a networking opportunity and a chance to arrange housing together during the summer.