“The Widening Racial Wealth Gap & The Future of Our Economy”

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Meizhu Lui

Meizhu is the Director of the Closing the Racial Wealth Gap Initiative, a national effort to close the gap in wealth between people of color and Whites, at the Insight Center for Community Economic Development.

Meizhu describes herself as a “professional troublemaker!” She was a food service worker for 15 years and a rank and file union activist in AFSCME, becoming the first Asian to be elected President of a local union in Massachusetts. Previously, she was the Executive Director of United for a Fair Economy, which helped launch a public conversation about growing economic inequality and the racial wealth gap.
What’s the Difference Between Income & Wealth

Think of a running stream that flows through a lake.
- *Income* is the money that flows into the lake.
- *Expenses* is the money that flows out.
- If there’s anything left over, that’s your * Assets.
The median family of color owns 16 cents for every white family’s dollar.

The Racial Wealth Gap

$170,400
$17,100
$21,000

White  Black  Latino

Household Median Net Worth, 2007
Source: Survey of Consumer Finances 2009
visit www.racialwealthgap for more info
Figure 8

The Color of Wealth

Type of Asset

- Bank Accounts
- Life Insurance
- Stocks
- Certificates of Deposit
- Any Financial Asset
- Retirement Accounts
- Investment Funds
- Non-residential Property
- Business Equity
- Other Residential Property
- Primary Home
- All Assets

Median Value of Asset

- People of Color
- White, non-Hispanic

Source: Federal Reserve, 2007 Survey of Consumer Finances
The Wealth Gap for Women of Color

Figure 1. Racial Differences in Median Wealth (excluding vehicles) by Household Type, Ages 18-64, 2007.

- Couples
- Single Men
- Single Women
Race & Wealth

“To be a poor man is hard, but to be a poor race in a land of dollars is the very bottom of hardship.”

W.E.B. DuBois, 1903
Tom Shapiro, Ph.D.

Tom directs the Institute on Assets and Social Policy and is the Pokross Professor of Law and Social Policy at The Heller School for Social Policy and Management, Brandeis University.

He is a leader in the asset development field with a particular focus on closing the racial wealth gap, and the author of *Black Wealth, White Wealth* (with Melvin Oliver) and *The Hidden Cost of Being African American*. 
About the Study

- Followed the wealth holdings of the same cohort of families from 1984-2007.

- Compared wealth of white and African American families.

- First in a series that audits the racial wealth gap over the past generation.
Figure 1 Median Wealth Holdings 1984-2007
(Not including home equity)

$95,000

$20,000


$0

White Families

African American Families
Figure 2: 1984-2007 Median Wealth Holdings by Income in 1984 (Not including home equity)
Figure 3: Bottom 10 Percent of Wealth Holdings
1984 and 2007

Debt

1984

2007

$0

$100

-$2,000

-$3,600

($4,000)

($3,500)

($3,000)

($2,500)

($2,000)

($1,500)

($1,000)

($500)

$0

$500

White Families

African-American Families
Main Findings

- The wealth gap between whites and African Americans increased more than 4 times, from $20,000 to $95,000.

- Middle-income white households had greater gains in financial assets than high-income African Americans; by 2007, they had accumulated $74,000, whereas the average high-income African American family owned only $18,000.

- In 2007, one in ten African-Americans had negative wealth of at least $3,600, almost doubling since 1984.

- At least 25% of African-American families had no assets at all to turn to in times of economic hardship.
Discussion

Jose is the Associate Director for Research and Policy at Demos. At Demos, Jose is responsible for providing statistical and policy analysis for the Economic Opportunity Program on issues such as household debt and assets. He is co-author of *Up to Our Eyeballs: How Shady Lenders and Failed Economic Policies are Drowning Americans in Debt*.

Sandy is Professor of Public Policy Studies and Professor of African and African American Studies and Economics at Duke University. His research focuses on inequality by race, class and ethnicity, stratification economics, schooling and the racial achievement gap, North-South theories of trade and development, skin shade and labor market outcomes, the economics of reparations, the Atlantic slave trade and the Industrial Revolution, doctrinal history and the social psychological effects of unemployment exposure.
How do we close the gap?

- Community-wide strategies (i.e. CRA)
- Baby Bonds
- Portfolio shift in public investment, tax policy reform
- Financial Regulation (i.e. CFPA)
Questions?

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