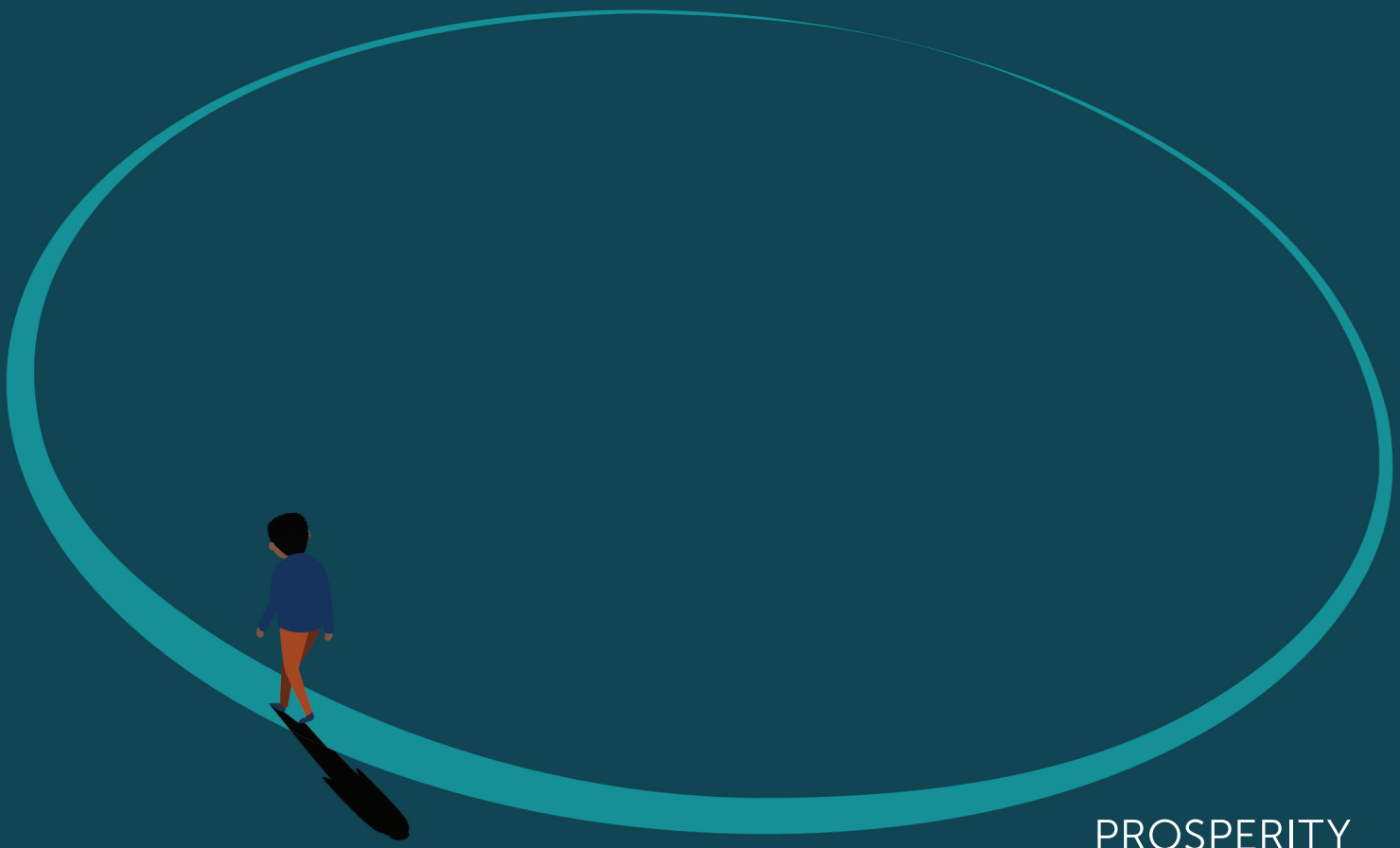
March 2018

RUNNING IN PLACE

WHY THE RACIAL WEALTH DIVIDE KEEPS BLACK AND LATINO FAMILIES FROM ACHIEVING ECONOMIC SECURITY



PROSPERITY NOW

AUTHORS

Emanuel Nieves is Senior Policy Manager at Prosperity Now, where he works to inform and mobilize advocates across the country to push for policy change at the federal level that expands economic opportunity. He also leads Prosperity Now's work on predatory lending and coordinates the Asset Building Policy Network. Before joining Prosperity Now, he worked at Local Initiatives Support Corporation, where he coordinated LISC's local office advocacy efforts in Washington, DC, and provided support on an array of housing and community development federal issues.

Dedrick Asante-Muhammad is Senior Fellow, Racial Wealth Divide at Prosperity Now. As Senior Fellow, Dedrick's responsibilities include strengthening Prosperity Now's outreach and partnership with communities of color, as well as strengthening Prosperity Now's racial wealth divide analysis in its work. Prosperity Now's Racial Wealth Divide Initiative also leads wealth-building projects that aim to establish best practices and policy recommendations to address racial economic inequality. Prior to Prosperity Now, Dedrick was Senior Director of the Economic Department and Executive Director of the Financial Freedom Center at NAACP.

ACKNOWLEDGEMENTS

The authors thank Prosperity Now staff—Roberto Arjona, Sandiel Grant, Jeremie Greer, Sean Luechtefeld and David Newville—for their contributions in the production of this report.

ABOUT PROSPERITY NOW

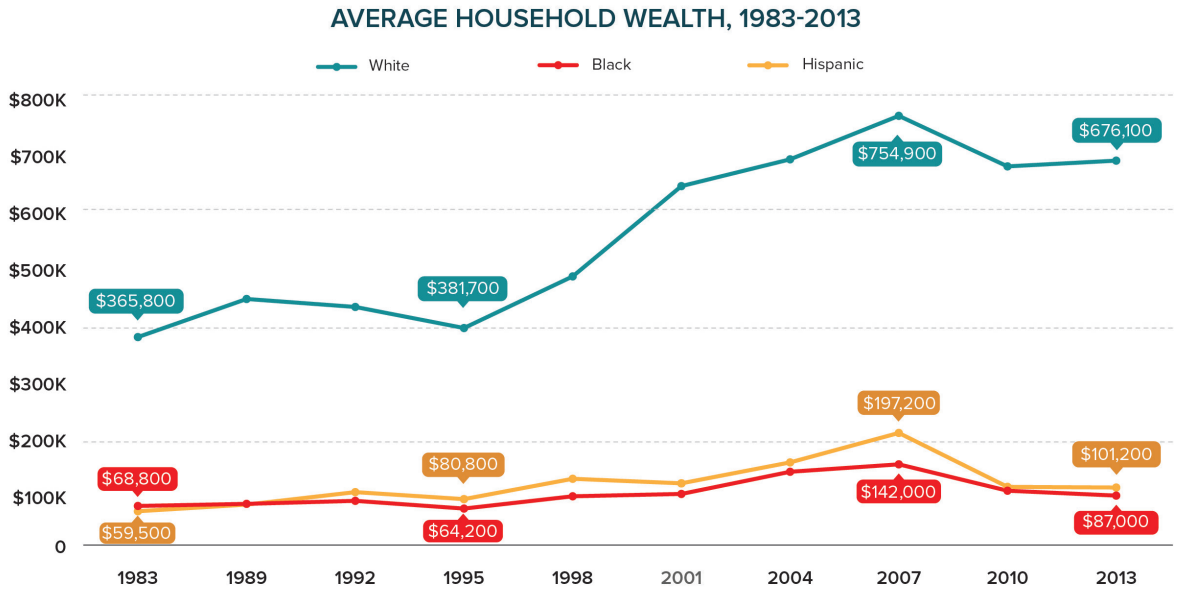
Prosperity Now (prosperitynow.org) believes that everyone deserves the chance to prosper. Since 1979, we have helped make it possible for millions of people, especially people of color and those with limited incomes, to achieve financial security, stability and, ultimately, prosperity. We offer a unique combination of scalable practical solutions, in-depth research and proven policy solutions, all aimed at building wealth for those who need it most.

PROSPERITY NOW

Introduction

In August 2016, Prosperity Now, in collaboration with the Institute for Policy Studies, published *The Ever-Growing Gap: Without Change, African American and Latino Families Won't Match White Wealth for Centuries*. In the report, we examined data from the Federal Reserve Board's Survey of Consumer Finances over a 30-year period (1983-2013) to understand the scope of the racial wealth divide facing Black and Latino households and to project the future of racial wealth inequality. In exploring wealth inequality facing these communities, we looked at average rather than median economic data.

While examining average wealth allowed us to uncover several startling findings, it ultimately created a distorted reality of the economic circumstances facing Black and Latino families because the data required us to include the outliers—the wealthiest households—in our analysis. For example, we found that although racial wealth inequality had risen between 1983 and 2013, so too did the wealth of Black and Latino households. We also found that these families could someday match the wealth held by the average White family in 2013—though doing so would take one or two centuries or more.



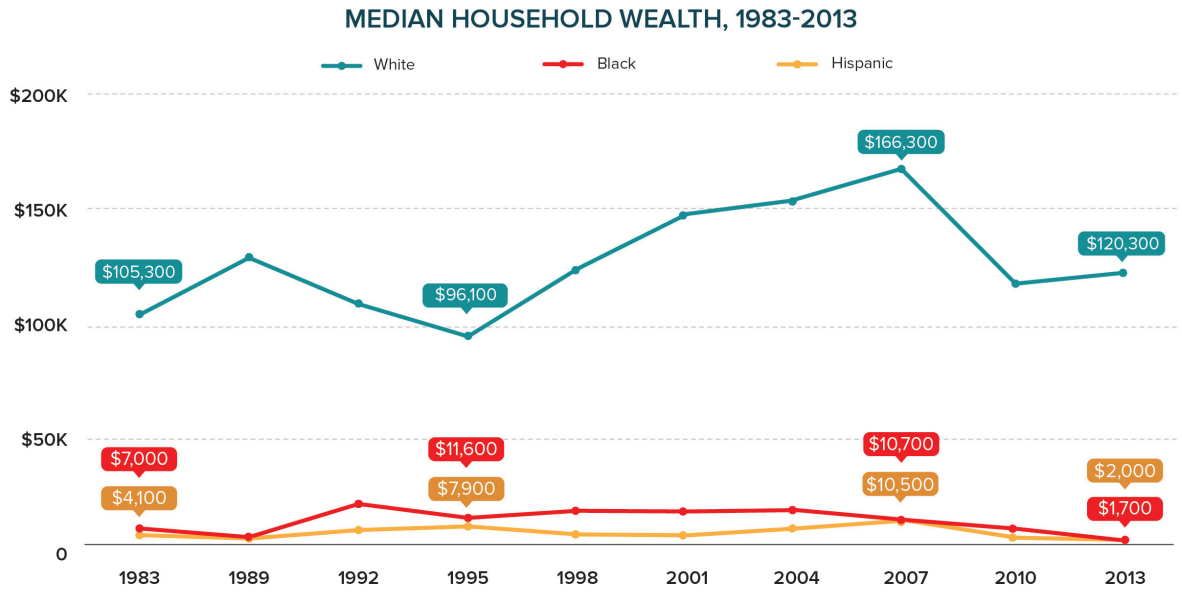
Source: Edward N. Wolff, *Household Wealth Trends in the United States*. See methodology for more details.

Given the ways including the wealth of millionaires and the super elite distorted the economic realities facing the vast majority of Black and Latino households, we published T*he Road to Zero Wealth: How the Racial Wealth Divide is Hollowing Out America's Middle Class* in 2017. *The Road to Zero Wealth* asked many of same questions, but zeroed in on the challenges facing a typical Black or Latino family by examining median wealth instead of average wealth. The result was even more disturbing than what we found in *The Ever-Growing Gap*.

Our 2017 research found that between 1983 and 2013, the median wealth of Black and Latino households did not increase at all. Quite the contrary, it decreased dramatically. In fact, when assets that either depreciate quickly or cannot be liquidated to weather a financial storm—such as the family car, electronics, furniture and

other consumer durable goods—were excluded, the median wealth of Black and Latino households in that same period declined by 76% (from $7,000 to $1,700) and 51% (from $4,100 to $2,000), respectively.

Over this same timeframe, the median wealth of White households increased by 14% (from $105,300 to $120,300). Overall, what happened to the net worth of each community over these thirty years led the wealth divide between Latino and White households to grow by 17%, while the wealth divide between Black and White households grew by 21%.



Source: *Household Wealth Trends in the United States*. See methodology for more details.

Although Black and Latino households and other communities of color face racial economic inequities across a range of issues—including vast disparities in median household income—the lack of savings and assets that underpin household wealth has left these communities in a difficult position as they work to achieve long-term economic stability. To this point, we found that the startling loss in median Black and Latino household wealth between 1983 and 2013 had placed Black and Latino communities on a road that would eventually see their respective net worth hit zero by 2053 and 2073.

As stark as the findings from *The Road to Zero Wealth* were, recent data from the 2016 Survey of Consumer Finances show that over the past three years, there has been positive movement in the wealth of all households, including median Black and Latino families. While this is welcome news, many questions remain. What has happened to the racial wealth divide since 2013? How much has the net worth of Black and Latino communities improved over this short period? Have the changes over this three-year period enhanced the long-term economic outlook for Black and Latino families or do they continue to remain on a path to zero wealth? And will Black and Latino households be able to preserve and build upon the gains since 2013, or is this uptick a temporary response to market forces?

Throughout the remainder of this report, we explore these questions as we look at what's happened to the racial wealth divide since 2013 and what these changes mean for Black and Latino communities in the years to come.

The Current State of the Racial Wealth Divide

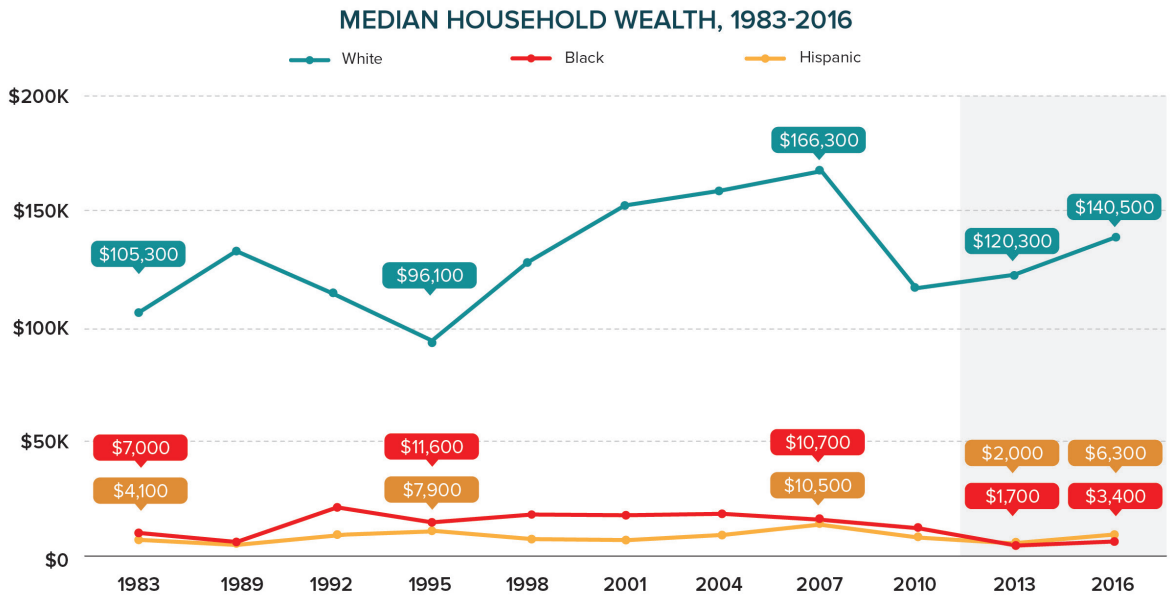
In September 2017, the Board of Governors of the Federal Reserve System published its findings from the 2016 Survey of Consumer Finances (SCF), which represents one of the most current and expansive sources of economic data on the income, assets and balance sheets of U.S. households. Since 1983, the SCF has been conducted every three years.

While the most recent SCF data show positive improvements in the median wealth of Black and Latino households since 2013, those improvements pale in comparison to the gains in wealth made by White households at the median over the same period. What's worse is that despite the positive progress made by Black and Latino households at the median over the past three years, the 2016 SCF data continue to make clear that without massive policy interventions to build up the wealth of these households, the prospects of these communities moving substantively closer to "middle-class wealth"—much less the prospects of closing the racial wealth divide—are slim to non-existent.[1]

Median Black and Latino Wealth Finally Start to Recover from the Great Recession

Although the data from the 2016 SCF continue to provide insights on the disproportionate impact the Great Recession had on the median wealth of Black and Latino households, the data also provide additional evidence that the recovery was extremely slow to reach these households.

For example, in 2013—four years after the recession—Black and Latino households saw their median wealth reach its lowest point since the data first become available in 1983 (see Methodology for more details). In contrast, 2010 was the first year that White households' median wealth began to rise again after the recession. In other words, it took median Black and Latino families twice as long to achieve what their White peers had accomplished in the aftermath of the Great Recession.



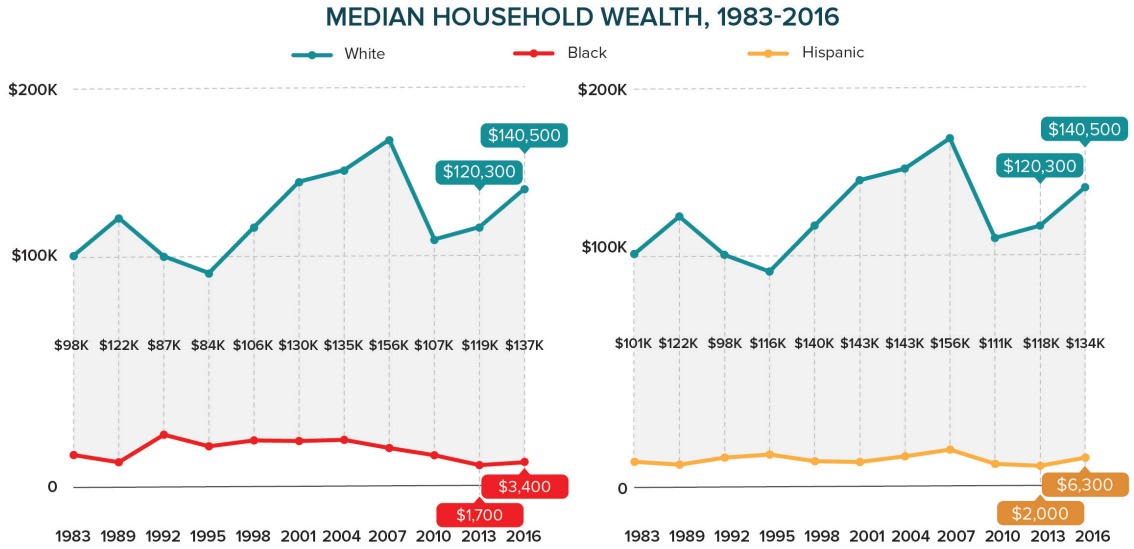
Source: *Household Wealth Trends in the United States*. See methodology for more details.

In many ways, the data over the past three years represent the ongoing challenge of bridging the racial wealth divide, as the strength of White wealth has given current and future generations an enormous advantage over their Black and Latino peers. Not only has this advantage provided White households with an economic head start, but it also has allowed for these communities to withstand the downturns of the economy and recover at much faster rates than Black and Latino households. In the end, these disadvantages have served to make addressing the racial wealth divide an ever-elusive goal.

Three Years of Wealth Gains Have Had Little Impact on the Racial Wealth Divide

Between 2013 and 2016, the wealth of median Black and Latino households increased by 100% and 215%, respectively, while median White household wealth rose by 17%. However, despite the triple-digit increases in median wealth among Black and Latino households, the respective wealth of each community only rose by $1,700 and $4,300 over this time, boosting their current net worth to $3,400 and $6,300, respectively. In contrast, median White household wealth grew by more than $20,000 in that same period.

In other words, White households added three to six times more wealth to their already impressive totals in just three years than Black and Latino households have been able to amass over more than three decades.



Source: *Household Wealth Trends in the United States*. See methodology for more details.

The Importance of Employment in the Overall Wealth Development of Black and Latino Households

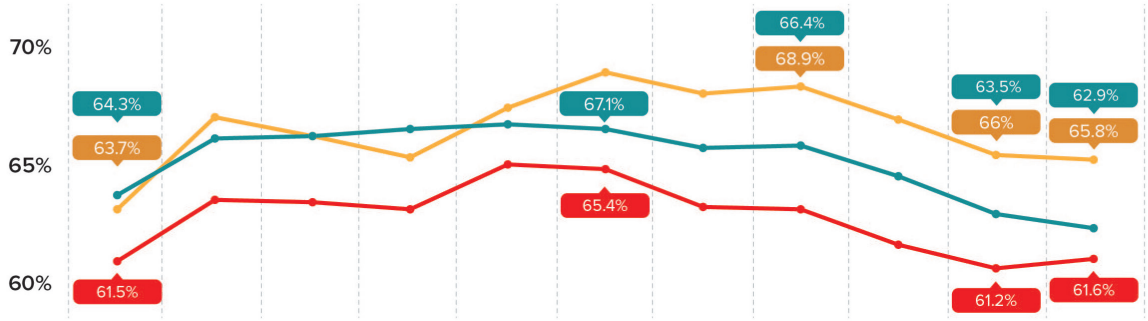
Although a whole host of factors have played a role in the increases in net worth experienced by median Black and Latino households over the past three years, the continued increase in participation within the labor force has been a critical component of this success.[2] In fact, unlike White households, few economic indicators have mirrored the rise and fall of the total net worth, including durable goods, within Black and Latino communities as well as this metric has.

For example, long before the Great Recession ravaged the balance sheets of countless households throughout the country, total median Black wealth had been on the decline from a high-point reached during the early 2000s. In 2001, total median Black household wealth amount to over $26,000, while the Black labor force participation rate stood at 65.6%[3]—the second-highest annual average rate since the U.S. Bureau of Labor Statistics began tracking the metric for this community in 1972. That same year, Black unemployment stood at 8.9%.[4]

Over the course of the next fifteen years, as the unemployment rate began to rise and fewer workers sought employment, the Black labor force participation rate dropped by nearly four-and-a-half percentage points, reaching 61.2% in 2013. By then, with the Black unemployment rate at 13.1%,[6] median Black households had seen their total wealth drop by nearly 50%, down to a little over $13,400.

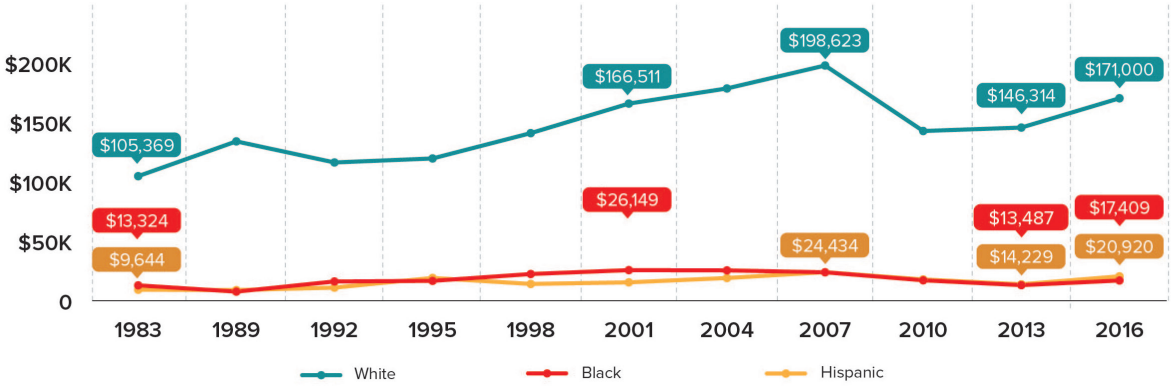
Similarly, in 2007, when the Latino unemployment and labor force participation rates stood at 5.7%[7] and 68.9%,[8] respectively, total median household wealth among Latinos peaked at over $24,400. (Similar to Black workers, this labor force participation rate was also the second-highest annual average rate recorded for this community since 1972.) Six years later, as the effects of the financial crisis and the recovery continued to come into focus—with the Latino unemployment rate ticking up to 9.1%[9] and the Latino labor force participation rate decreasing to 66%[10] —total median Latino household wealth dropped by over 40%, reaching just over $14,000.

LABOR FORCE PARTICIPATION RATES, 1983-2016



Source: U.S. Bureau of Labor Statistics, retrieved from FRED, Federal Reserve Bank of St. Louis.

MEDIAN HOUSEHOLD WEALTH, 1983-2016



Source: *Survey of Consumer Finances* 1983–2016, as calculated by the Urban Institute. Net worth figures listed above include durable goods.

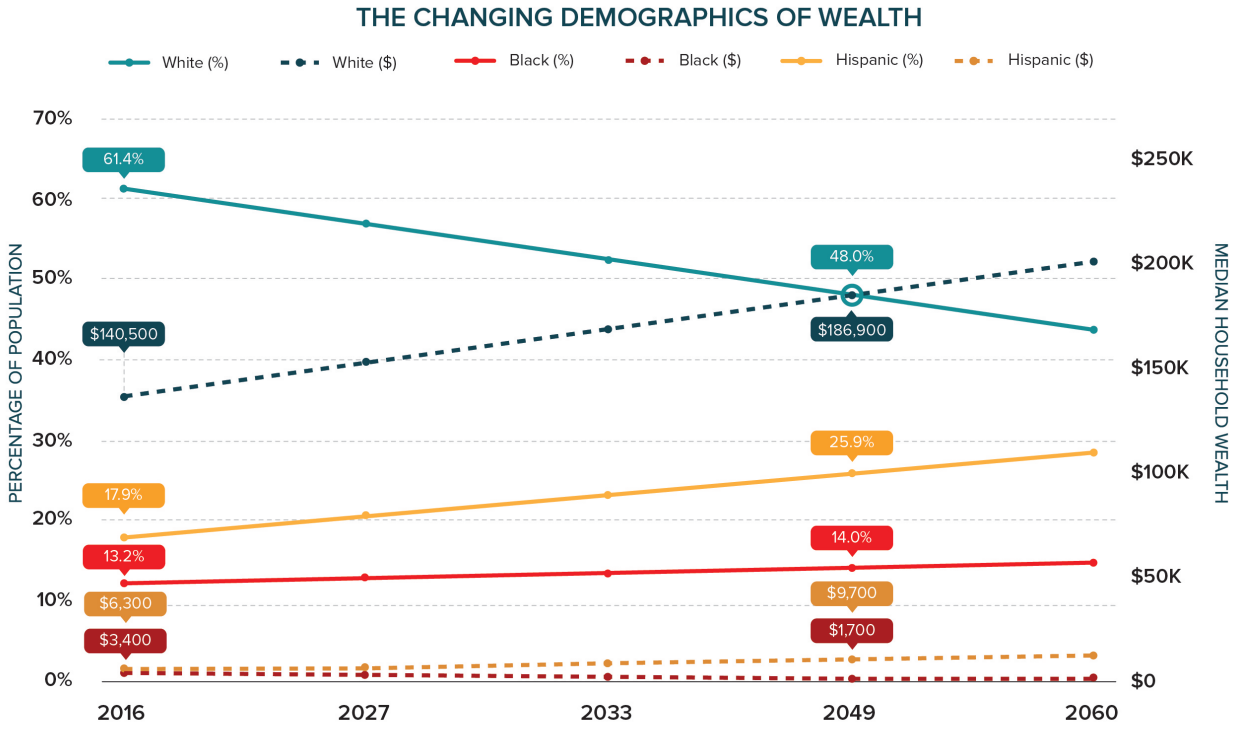
Fortunately, economic conditions since then—both overall and at the household level—have continued to trend upward, with unemployment levels hitting record low levels, labor participation rates on the upswing and, as discussed, meaningful increases in median wealth for Black, Latino and White households. However, even as Black and Latino workers continue to make gains in the labor market—particularly as the Black and White labor force participation rates are now reaching parity and the Latino rate continues to outpace that of both of these communities—it remains clear that Black and Latino households will need more than just jobs if they are to attain the levels of wealth White households enjoy.

The Future of Racial Wealth Inequality

As we've highlighted up to this point, the data so far reveal that despite short-term gains in recent years, the economic situation facing households of color is at best tenuous. In fact, given the stark state of racial wealth inequality facing Black and Latino communities today, the trends over the past 33 years tell us that, absent any significant policy intervention, Black and Latino communities will continue to find themselves relegated to second-class economic status for generations to come. And, considering that people of color are expected to outnumber White people in the US by 2044,[11] it's not hard to imagine the havoc these trends will wreak on the economy at large.

To this point, recent data from the U.S. Census Bureau[12] leads us to conclude that the Hispanic population will increase by about 45% over the next 33 years (from close to 18% of the overall population in 2016 to about 26% in 2049), while the Black share of the population is expected to increase by about 6% (from about 13% of the overall population in 2016 to 14% in 2049). As such, non-Hispanic White people would see their share of the overall population decline by more than one-fifth, from a little over 61% in 2016 to 48% in 2049.

Despite these demographic shifts, if the past 33 years were to repeat, median Latino household wealth would rise by $3,400, for a total of $9,700, while median Black household wealth would decrease by half of where it stands, totaling just $1,700 by 2049. For White households, a repeat would see their wealth rise to $186,900 by 2049, an increase of over $46,000 from today's levels.

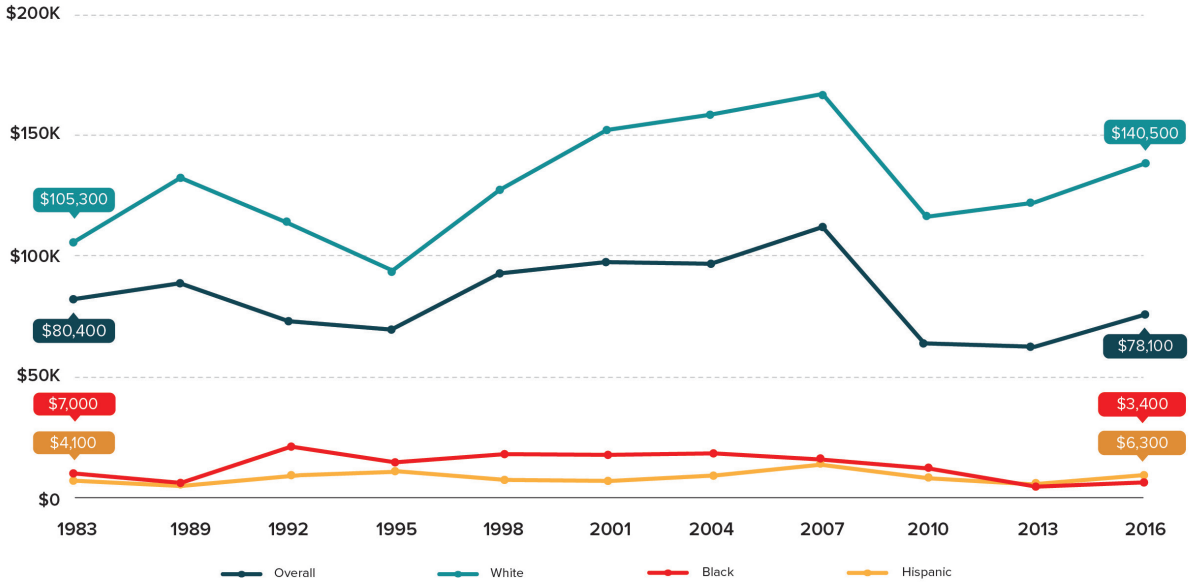


Source: Author's calculations based on data from the U.S. Census Bureau, *Household Wealth Trends in the United States*. See methodology for more details.

Ultimately, a future in which a majority of our citizens have low or no wealth while the minority continues to thrive should concern all Americans and especially our policymakers, particularly given that the data reveal the racial wealth divide's substantial impact on U.S. households' overall median wealth in the past 33 years.

Case in point? Today, the median net worth of all American households stands at $78,100, about $2,300 less from where it stood in 1983. And, because of the command White households have on median household net worth overall, coupled with the low wealth of Black and Latino communities, the gap between median White wealth and the median wealth of all American households now stands at $62,400—2.5 times higher than it was in 1983.

MEDIAN HOUSEHOLD WEALTH, 1983-2016



Source: *Household Wealth Trends in the United States*. See methodology for more details.

Without Change, Black and Latino Families Have Little Chance of "Catching up" to White Wealth

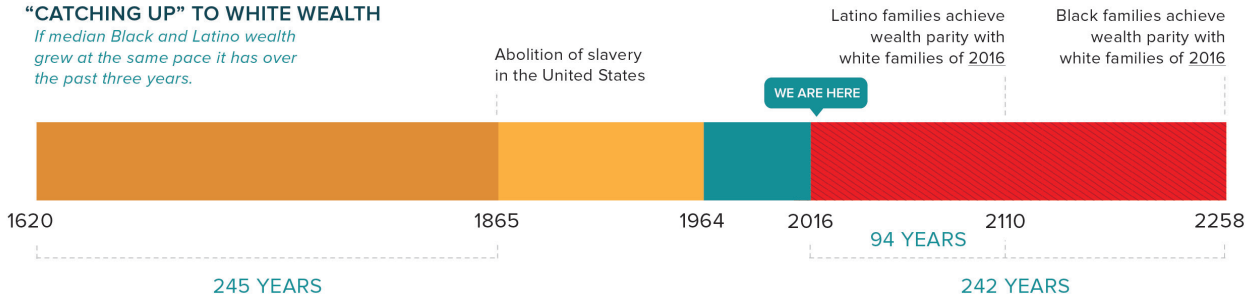
Barring a seismic shift in the ability of median Black and Latino families to build upon the wealth they currently own, the trends in household wealth over the past several decades have essentially placed these communities so far behind that it would require the impossible to occur for these communities to match the wealth that White households have today.

For example, when looking at just the past three years, not only would Black and Latino households need the wealth gains they've experienced over this time to continue into perpetuity, they would also need median White household wealth to remain constant from where it stands today. Only then could it be possible for Black and Latino families to reach the level of wealth that White families enjoy today.

If these scenarios were to somehow materialize—which is not only impossible, but also undesirable as we don't want a majority of households to stop accruing wealth—it would still take median Latino and Black families another 94 and 242 years, respectively, to accumulate the wealth that median White households owned as of 2016.

CHANGE IN MEDIAN HOUSEHOLD WEALTH, 2013-2016

	2013	2016	% CHANGE	DOLLAR CHANGE
Median Black Household Wealth	$1,700	$3,400	+100%	+$1,700
Media Latino Household Wealth	$2,000	$6,300	+215%	+$4,300
Median White Household Wealth	$120,000	$140,500	+17%	+$20,200

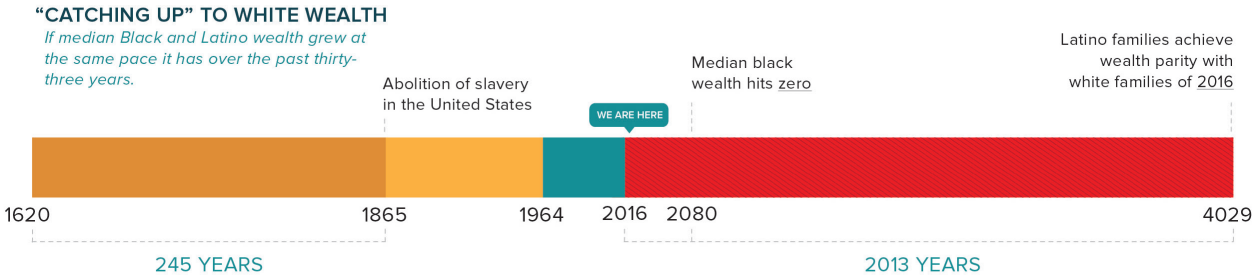


Unfortunately, as startling as these findings are, the truth of the matter is that these projections lack long-term perspective given that they are based on a small three-year window. When we look at trends over the past 33 years, we find that it would take median Latino families more than two millennia (2,013 years) to reach the wealth White households at the median own today. For Black families, long-term trends at the median continue to show their wealth moving in the wrong direction.

In other words, as it stands now, median Black households will never catch up to wealth owned by median White households. Equally shocking, the uptick in wealth experienced over the past three years has only served to delay the unfortunate moment when median Black families would see their household wealth hit zero. We now estimate that median Black wealth would reach that point in 2080, about an additional generation from our previous projections. As dire as this forecast might seem, it should be noted that today, 33% of Latino households and 37% of Black households already have zero or negative net worth—more than twice the rate among White households (16%)—meaning they owe more than they own.[13]

CHANGE IN MEDIAN HOUSEHOLD WEALTH, 1983-2016

	1983	2016	% CHANGE	DOLLAR CHANGE
Median Black Household Wealth	$7,000	$3,400	-51%	-$3,600
Media Latino Household Wealth	$4,100	$6,300	+54%	+$2,200
Median White Household Wealth	$105,300	$140,500	+33%	+$35,200



Although the data now place median Black and Latino households on diverging wealth paths—with one moving toward zero net worth and the other toward longer-lasting prosperity—the economic volatility that often surrounds communities of color leaves the future uncertain. For example, while Latinos now have higher wealth than their Black peers and are on a path toward marginal wealth growth, Latinos have had relatively less wealth than Black households in the past 33 years.

Ultimately, it's hard to project whether Black or Latino households will be wealthier, but we know that the difference will be made by a few thousand dollars or less. Regardless, with a racial wealth divide exceeding $100,000, neither community will come close to parity with their White counterparts if the status quo remains unchanged.

What Can be Done to Address the Racial Wealth Divide?

Although solving the defining issue of economic inequality facing our country requires that we are sensitive to the economic insecurities of *all* Americans, the racial wealth divide reminds us that not all economic suffering has the same causes or effects.

Built over the course of centuries and generations, the racial wealth divide is the natural byproduct of an endless series of policy choices that have boosted the ability of White Americans to build long-term wealth, while blocking of communities of color from doing the same. For example, the massive investments in the American economy that led to creation of the American middle class—from the programs established under the New Deal to the G.I. Bill of 1944—came both in response to significant tumult wrought by the Great Depression and World War II, and at a time of legal segregation.

The result of this confluence of circumstances led many of the very same policies that built the lauded middle class and its respective wealth to be designed in some cases in ways that explicitly excluded certain beneficiaries, as was the case with the Social Security Act of 1935, which excluded farmworkers and domestic workers—many of which were people of color—from being covered by the Act.[14] In other cases, these policies were designed to be flexible enough for the private and public sectors to decide who would benefit, as was the case when countless Black households were restricted—"redlined"—from purchasing a home of their choice due to discriminatory underwriting standards established by the Federal Housing Administration.[15]

Unfortunately, as the following graphic shows, the wealth-building boosts afforded to White households and the roadblocks erected for everyone else did not start or end in the first half of the 20th century.

GOVERNMENT BOOSTS AND

BOOSTS

1865-69
Freedmen's Bureau

1865, 1868
13th & 14th Amendments

Pre-1776
Land Grants to Colonists

1790
Naturalization Act

1849
Gold Rush Land Claims

1853
Preemptive Acts

1862
Homestead Acts

Open Doors to European Immigration

1913
Home Mortgage Interest Deduction

1776 | **CIVIL WAR** | **WWI**

Colonial | Early US | 1840s | 1850s | 1860s | 1870s | 1880s | 1890s | 1900s | 1910s

BLOCKS

Indian Land Thefts

1830
Indian Removal Act

1887
Allotment Act

1893
Hawaii Annexed

1787
Slavery in Constitution

1850
Fugitive Slave Law

Jim Crow Laws

1896 - Plessy (Segregation Legal)

1824
Monroe Doctrine

1848
Mexican Land Loss

1845 - 1848
Annexation of Mexican Land

1898
Annexation of Puerto Rico

1919
English Only Laws

1882
Chinese Exclusion Act & Other Asian Exclusions

1849
Foreign Miners Tax

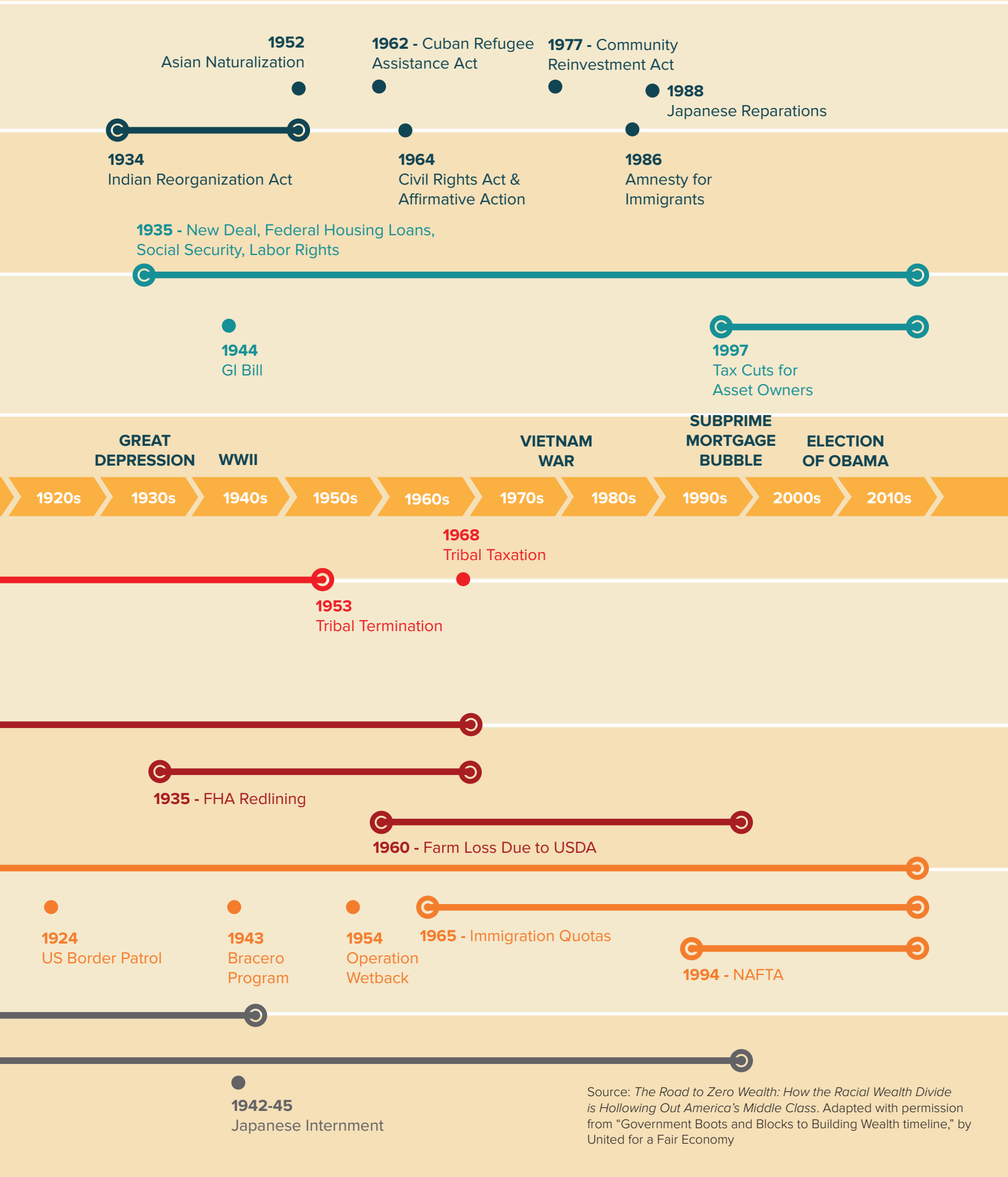
1853 - 1952
Denial of Naturalization

1898
Possession of Philippines

1913
Alien Land Laws

UNITED FOR A FAIR ECONOMY

BLOCKS TO BUILDING WEALTH



Source: *The Road to Zero Wealth: How the Racial Wealth Divide is Hollowing Out America's Middle Class*. Adapted with permission from "Government Boots and Blocks to Building Wealth timeline," by United for a Fair Economy

Today, the compounding effects of these generational investments in racial economic inequality, coupled with our inability to properly to invest in the economic opportunities of households of color, have left us with no quick or easy solutions for the racial wealth divide. However, absent any silver bullets—particularly as recent research has shown that neither education[16] nor family structure[17] are sufficient on their own for bridging the divide—there are several steps we can take today that would begin moving us in the right direction. The following are two concrete steps that policymakers and advocates can take to begin addressing this growing problem today.

Invest In a 21st-Century U.S. Middle Class Through Universal, Targeted Solutions

The United States has only been a majority middle-class country for less than a century, and it grew in meaningful ways at the same time that policies like the New Deal and the G.I. Bill began deepening the divide between White wealth and wealth of color. This was a time defined as much by racial prejudice and discriminatory social norms as it was by the demographics of the era or the progress of the middle class. Thus, whereas society may have excused the choices that enabled the majority of White families but few others to gain access to economic prosperity at the time, continuing to make those choices now is both morally reprehensible and economically careless.

Ultimately, if we want the American middle class to survive for another century, we must make serious investments in the ability of *low-wealth* people—not just *White* people—to thrive. As scholars like Thomas Shapiro, Sandy Darity, Darrick Hamilton and others have argued, addressing the racial wealth divide should be an investment that strengthens the overall American economy and is beneficial to all low-wealth households. Indeed, the policies of today must differ from those of the post-Depression era by targeting investments toward those who have historically been excluded from opportunities to build wealth. "Targeted universalism" offers a framework for how these policies might be designed. Coined by john a. powell, targeted universalism is a method of designing policies to allocate more resources to those with more need.[18]

One such example of a targeted universalist policy that could build a 21st-century middle class would be to ensure that every child has a Children's Savings Account (CSA) in her name to support future wealth-building opportunities. Based on decades of demonstrated success at the local and state levels, Sandy Darity and Darrick Hamilton have argued that the racial wealth divide could be more aggressively addressed through a system that provides all children a CSA, but seeds those CSAs at higher levels for children born into the lowest-wealth families. For example, these experts argue that babies born into the lowest-wealth families might receive a "baby bond" with as much as $50,000 for higher education or other wealth-building endeavors, while those born to the richest families would receive only $500.[19] Recent research conducted by the Institute on Assets and Social Policy for the Annie E. Casey Foundation has shown that, despite the challenges associated with such a CSA policy, the merits of doing so offers great potential for substantially closing the racial wealth divide. Their research found that if Congress had established a national CSA program in 1979 and provided support for those accounts on a sliding scale based on a household's net worth—starting at $60,000 for low-wealth households down to $10,000 for the wealthiest families—the White-Black wealth divide would have shrunk by 82%, while the White-Latino wealth divide would have fully closed by 2013.[20]

Another example of how targeted universalism can inform policies that close the racial wealth divide can be seen by looking to homeownership, the single largest driver of wealth creation in this country. Policymakers and advocates should explore ways to further reduce the already-high concentration of wealth by considering reforms that boost housing and homeownership opportunities for would-be homeowners. For

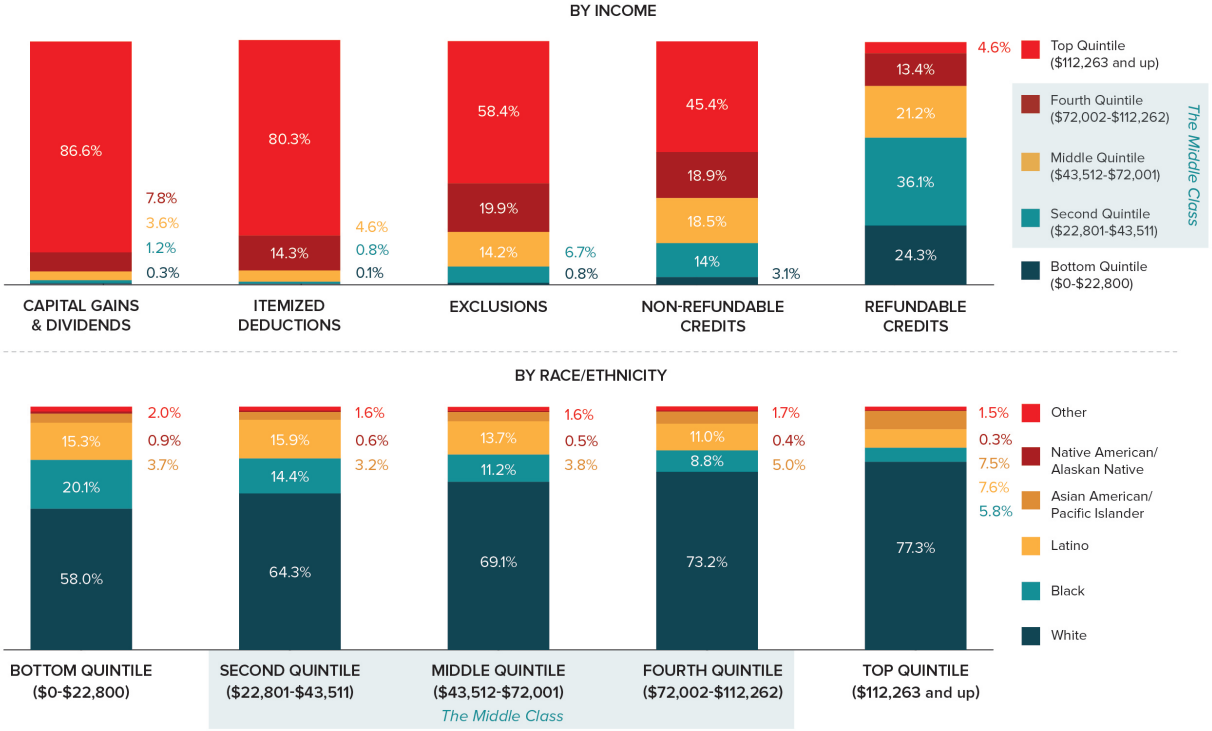
example, lowering the cap on the Mortgage Interest Deduction to $500,000 for new mortgages—as the U.S. House of Representatives initially proposed in 2017[21]—could provide substantial revenue that could be used to reinstate the First-Time Homebuyer Tax Credit that was enacted as part of the Housing and Economic Recovery Act of 2008. Similarly, this revenue could fund a targeted matched-savings program to assist and incentivize more would-be homeowners to save for a down payment.

Assess How Current Public Policies Contribute to the Racial Wealth Divide

Although investing in the wealth-building potential of low-wealth communities is necessary to begin reversing the effects of generations of economic inequality, we must also understand how current policies and programs contribute to the racial wealth divide. While many of our most racially skewed wealth-building policies have been outlawed or reformed over the past century, many remain in effect today. Even more unfortunate is that many of these policies fly under the radar because they appear to have no discernable impact on growing racial wealth inequality.

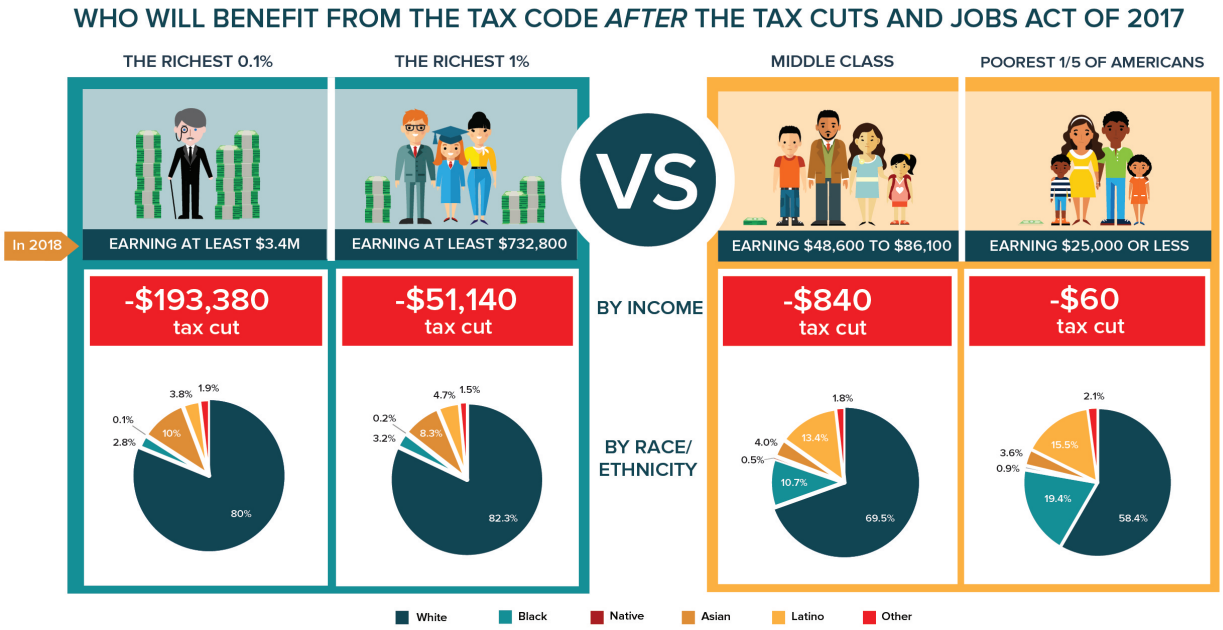
Consider the $729 billion spent by the federal government through the tax code in 2017 to help Americans build wealth.[22] Whereas tax spending may seem "color blind" and could be construed as a positive investment for all Americans, in reality, the tax code plays an outsized role in fueling racial wealth inequality. For example, prior to the enactment of the Tax Cuts and Jobs Act of 2017, research conducted by PolicyLink[23] and by the Institute for Policy Studies and the National Low-Income Housing Coalition[24] showed that an overwhelming amount of tax spending goes to wealthy, mostly White tax payers, strengthening the racial wealth divide. This was especially true when it came to some of our most expensive tax provisions, such as the preferred tax rate paid on income earned through investments—known as capital gains—and the mortgage interest deduction.

WHO BENEFITED FROM THE TAX CODE *BEFORE* THE TAX CUTS AND JOBS ACT OF 2017



Source: Dedrick Asante-Muhammad, Chuck Collins, Josh Hoxie, Emanuel Nieves, *The Road to Zero Wealth: How the Racial Wealth Divide is Hollowing Out America's Middle Class.*

Unfortunately, the Tax Cuts and Jobs Act will only serve to further cement the troubling situation facing low-wealth Black and Latino households because the law's benefits are targeted overwhelmingly toward the wealthy, leaving low-wealth communities—especially those of color—with little or no support to save for college, start a business, buy a home or enjoy a comfortable retirement.



Source: Distributional analysis of the conference agreement for the Tax Cuts and Jobs Act: Urban-Brookings Tax Policy Center Microsimulation Model (version 0217-1), December 18, 2017. Race/ethnicity distributional analysis: Prosperity Now analysis of American Community Survey data, using breaks developed by the Urban-Brookings Tax Policy Center.

To begin addressing these and other racially "neutral" or explicitly inequitable policies, the government should conduct a wide-ranging, evidence-based assessment of existing federal statutes and programs to better understand how current economic policies contribute to the racial wealth divide. As we have described in detail previously,[25] this government review should be overseen by an ombudsperson and should focus on documenting the ways that current federal policies are impacting this growing problem.

More specifically, the ombudsperson should engage several stakeholders and should seek to leverage existing empirical tools to quantify the ways that current policies are either exacerbating or bridging the racial wealth inequality. In addition, the ombudsperson should also be given the authority to develop and release a final report that includes detailed findings as well as immediate steps the government can take to reduce its role in maintaining, or expanding, the racial wealth divide. With this information in hand, advocates and policymakers can not only work to intentionally reform policies that are limiting the wealth-building potential of communities of color, but also develop targeted solutions that can allow low-wealth communities to build long-term economic prosperity.

Conclusion

"Why is equality so assiduously avoided? Why does white America delude itself, and how does it rationalize the evil it retains? The majority of white Americans consider themselves sincerely committed to justice for the Negro. They believe that American society is essentially hospitable to fair play and to steady growth toward a middle-class Utopia embodying racial harmony. But unfortunately ***this is a fantasy of self-deception and comfortable vanity."***

DR. MARTIN LUTHER KING JR.

Fifty years ago, Dr. Martin Luther King, Jr., and Robert Kennedy both brought to the country's attention the great economic inequality facing our nation by organizing and promising support for a "Poor People's Campaign." Although Dr. King and Senator Kennedy would both be assassinated before the promises of the Poor People's Campaign could be realized, their blueprint outlined a path forward—one in which all people could have the opportunity to build a better life for themselves and for future generations.

Although the economic demands of the Civil Rights movement remain as the "great unfinished business" of that movement, as President Obama put it during his commemoration of the 50th anniversary of the March on Washington, 2018 can be the year when we move beyond our "fantasy of self-deception and comfortable vanity" and recognize that for the sake of all of us, the status quo is no longer acceptable. Growing activism and social awareness about the inequities facing communities of color tell us that all is not lost. We can create a reality that will benefit us all, but not if we fail to find the courage to become what we have never been but have long proclaimed: a nation indivisible, with liberty and (economic) justice for all.

METHODOLOGY

The figures presented in this report were calculated using Survey of Consumer Finances (SCF) net worth data, as calculated by Edward Wolff in "Household Wealth Trends in the United States, 1962 to 2016: Has Middle Class Wealth Recovered?" The main difference in Wolff's framing of net worth from the standard SCF definition of net worth is the exclusion of consumer durable goods (i.e., automobiles, electronics, furniture, etc.). This definition is rooted in the idea that wealth should be readily converted to cash (i.e., fungible); durable goods are not.[26] Figures are in 2016 dollars unless otherwise specified.

END NOTES

1 "Middle-class wealth" is defined as a range between $70,200 to $210,600, in 2016 dollars. For more details, see Dedrick Asante-Muhammad, Chuck Collins, Josh Hoxie and Emanuel Nieves, *The Road to Zero Wealth: How the Racial Wealth Divide is Hollowing Out America's Middle Class* (Washington, DC: Prosperity Now, 2017).

2 Labor force participation is a measure of economic activity within the labor market, derived from the number of people that are employed or are actively seeking work.

3 "Labor Force Participation Rate: Black or African American," *Federal Reserve Bank of St. Louis*, January 29, 2018, https://fred.stlouisfed.org/series/LNS11300006.

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13 Edward N. Wolff, *Household Wealth Trends in the United States, 1962 to 2016: Has Middle Class Wealth Recovered?* (Cambridge, MA: National Bureau of Economic Research, 2017), 57.

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22 Author's calculations based on data from the Office of Management and Budget (2017) and Tax Policy Center (2013, 2017). Asset-building tax programs include tax expenditures for homeownership, investments and inheritances, retirement, and higher education, as well as the foregone revenue from reduced estate taxes.

23 Lewis Brown, Jr., and Heather McCulloch, *Building an Equitable Tax Code: A Primer for Advocates* (Oakland, CA: PolicyLink, 2014), 5.

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25 Emanuel Nieves, Presidential Action Needed to Close the Racial Wealth Divide (Washington, DC. Prosperity Now, 2016).

26 For a more complete explanation of this Wolff's reasoning, see Wolff, Household Wealth Trends, 6.

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