

THOMAS M. SHAPIRO

TOXIC INEQUALITY

HOW AMERICA'S WEALTH GAP
DESTROYS MOBILITY,
DEEPENS THE RACIAL DIVIDE,
& THREATENS OUR FUTURE

Inequality and Asset Building



- **Financial Opportunity Center/Bridges to Career Opportunities National Meeting.**
- LISC
- Houston, 08 November, 2018

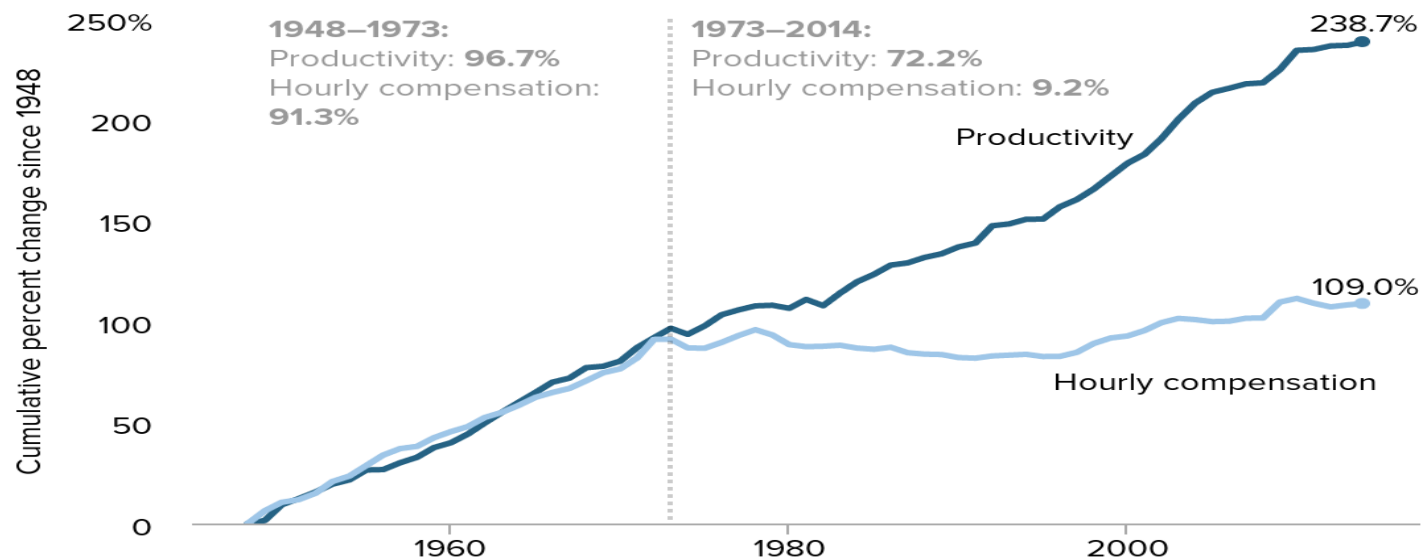


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INEQUALITY: A HUGE ISSUE

Disconnect between productivity and a typical worker's compensation, 1948–2014



Note: Data are for average hourly compensation of production/nonsupervisory workers in the private sector and net productivity of the total economy. "Net productivity" is the growth of output of goods and services minus depreciation per hour worked.

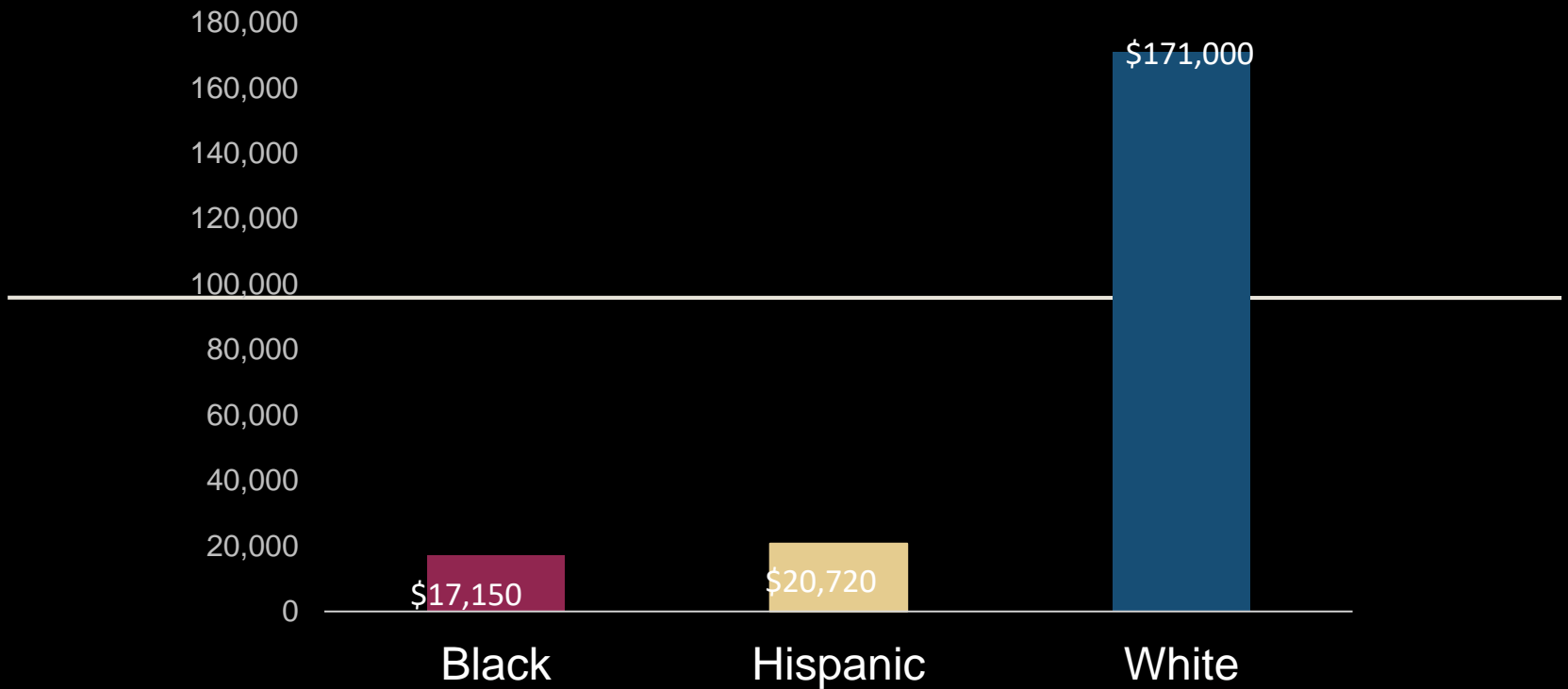
Source: EPI analysis of data from the BEA and BLS (see technical appendix for more detailed information)

Economic Policy Institute

Why Toxic Inequality?

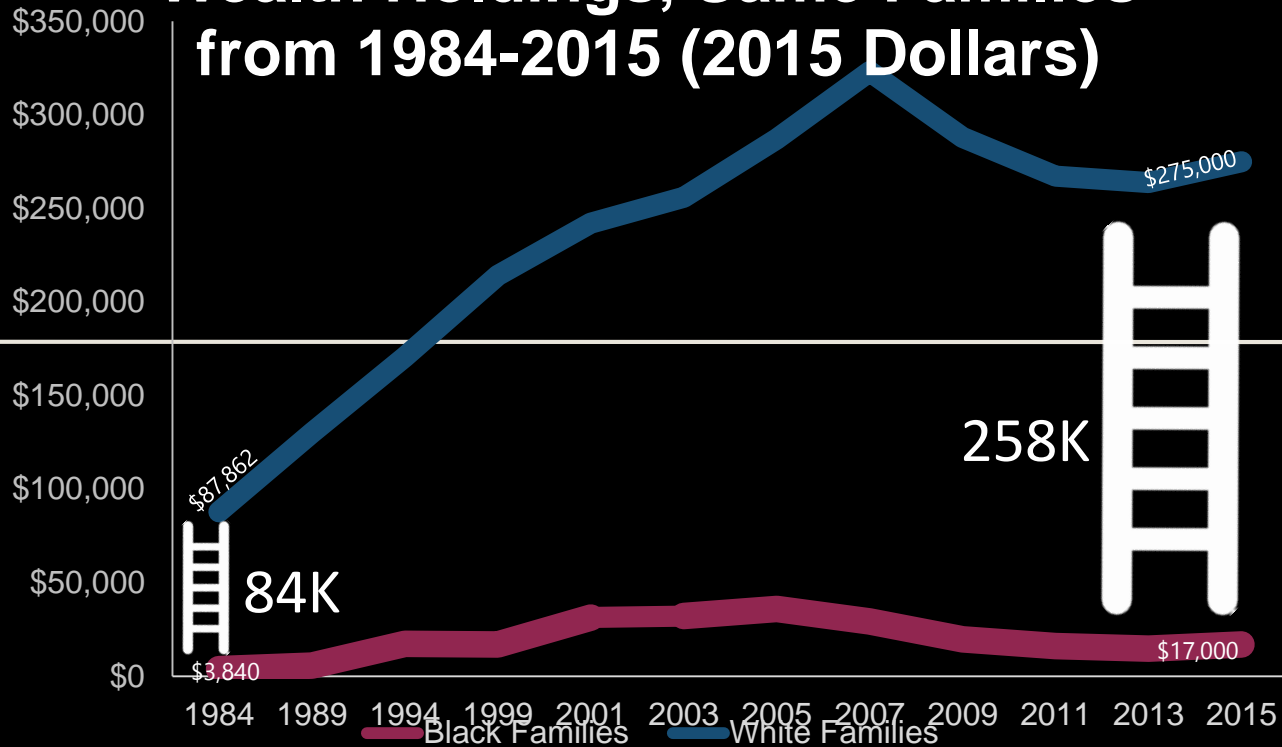
- Convergence, Not Your Ordinary Inequality
- Historic Income and Wealth Inequality
- Stalled Mobility/Stagnated Living Standards
- Widening Racial Wealth Gap
- Demographic Changes
- Pandering to Racial Anxieties

U.S. Household Net Wealth, 2016



Survey of Consumer Finances, IASP Analysis, 2016

Wealth Holdings, Same Families from 1984-2015 (2015 Dollars)



PSID, IASP Analysis, 1984-2015

How Policy Preserves Inequality

- Tax Policy Actively Redistributes to the top, widens racial wealth gap
- Disincentives to Savings
- Mortgage Interest Deduction (MID)
- Estate Tax

Lessons: From Toxic Inequality to FOC

- Employment Stability improved
 - Less Overall Debt, Improved Credit
 - Net Income and Net Wealth—Little Impact, Yet
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- Next Steps?
 - 1. Understand Kin and Other Networks—How Resources Flow, Place individual in Network
 - 2. Emergency Savings to Protect Income and Wealth while Resources Develop

Leaning Forward

- Racial Justice Filter, Plus, for Policy
- Place-Based, Community Wealth Building

Disruptive, Transformative Policy Solutions

- Universal Basic Income Schemes
- Federal Job Guarantee
- Baby Bonds
- Minimum Wage/Living Wage
- Emergency Savings Policy

Moving to Equity: bending the arc to justice continues...



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