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

@tmshapiro
@LISC_Policy
INEquality: A Huge Issue

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

1948–1973:
Productivity: 96.7%
Hourly compensation: 91.3%

1973–2014:
Productivity: 72.2%
Hourly compensation: 9.2%

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

Survey of Consumer Finances, IASP Analysis, 2016

- Black: $17,150
- Hispanic: $20,720
- White: $171,000
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

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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#ToxicInequality
#RacialWealthGap