

WEALTH INEQUALITY

BY THE NUMBERS

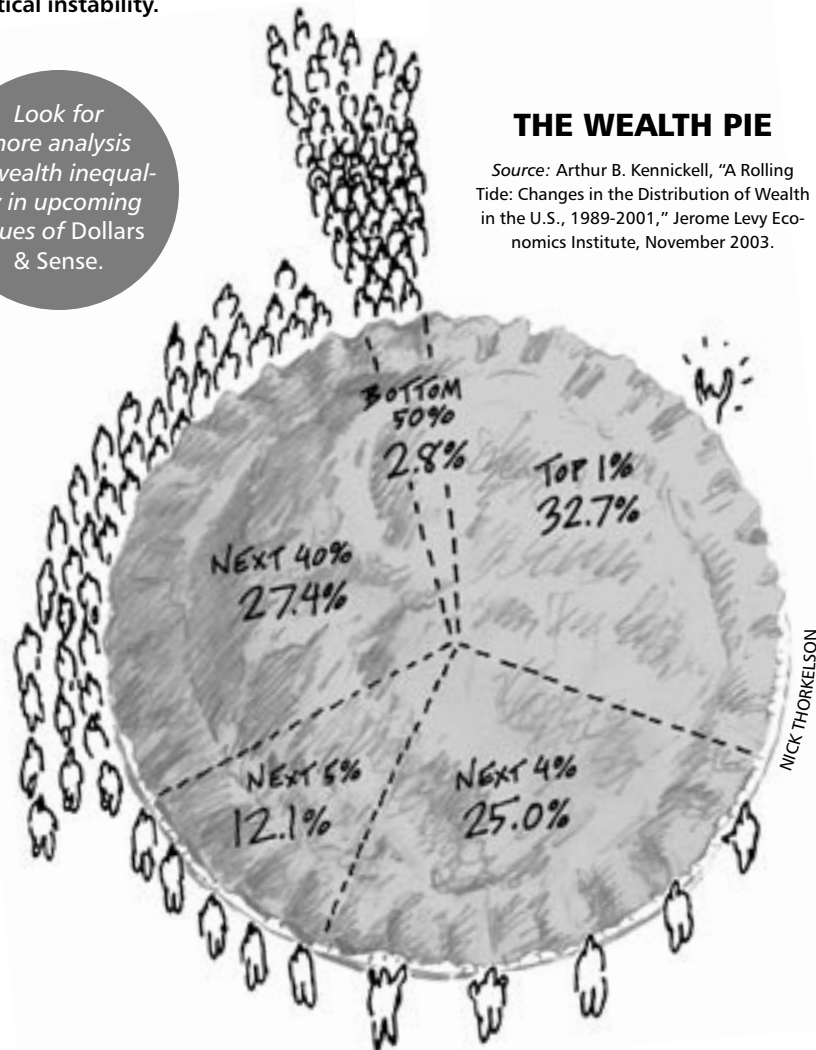
BY
UNITED FOR
A FAIR ECONOMY

Not since the Gilded Age has this country seen such a yawning gap between the very rich and those with little wealth. Wealth concentration has spiked since the 1970s: whereas in 1971, the top 1% of households held less than 20% of total household wealth, by 1998 the top percent owned 38%. According to the most recent Survey of Consumer Finances, the bottom 50% of the U.S. population claimed just 2.8% of total private wealth in 2001, while the top 5% held 58%.

The racial wealth gap persists (it far exceeds the racial income gap), evidence of the country's long legacy of discrimination. Data show that African-American wealth holdings actually fell during the boom years of the 1990s, even while the black-white income gap closed a bit.

Few other periods have reached such extremes of wealth inequality. Those that have include the Gilded Age and the years preceding the Great Depression. Inequalities not only undermine opportunity—they fuel economic and political instability.

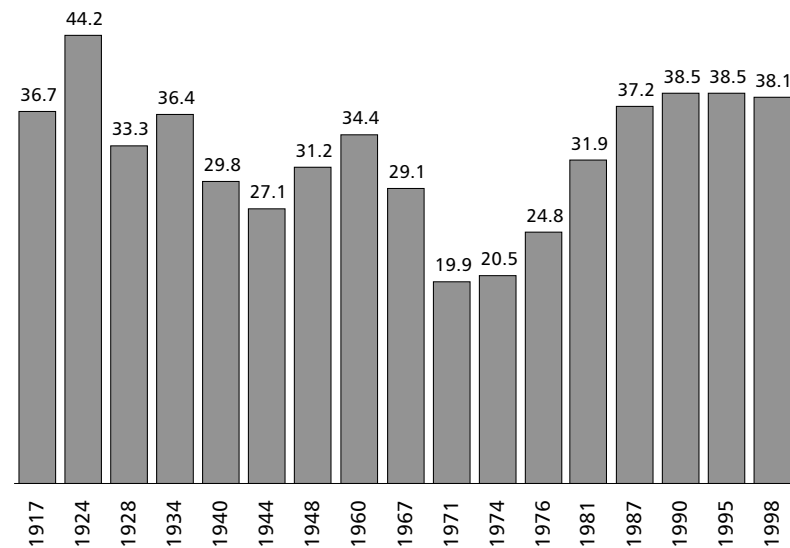
Look for more analysis of wealth inequality in upcoming issues of Dollars & Sense.



THE WEALTH PIE
Source: Arthur B. Kennickell, "A Rolling Tide: Changes in the Distribution of Wealth in the U.S., 1989-2001," Jerome Levy Economics Institute, November 2003.

THE SUPER-RICH

PERCENTAGE SHARE OF HOUSEHOLD WEALTH HELD BY THE TOP 1%, 1917-1998



Sources: Edward N. Wolff, *Top Heavy*, The New Press, 2002 (for 1917-1989) and Wolff, "Recent Trends in Wealth Ownership 1983-1998," Jerome Levy Economics Institute, April 2000 (for 1992-1998).

THE WEALTHIEST 400 PEOPLE IN THE UNITED STATES: WEALTH BY RANK AND AVERAGE WEALTH (IN MILLIONS OF 2001 DOLLARS), 1992-2002

Wealth by Rank in the Forbes 400	1992	1995	1999	2000	2001	2002
1st	\$7,746	\$17,002	\$89,716	\$64,318	\$54,000	\$42,361
10th	\$4,303	\$4,940	\$17,943	\$17,356	\$17,500	\$11,723
50th	\$1,537	\$2,068	\$4,222	\$4,798	\$3,900	\$3,152
100th	\$984	\$1,034	\$2,533	\$2,654	\$2,000	\$1,773
400th	\$326	\$391	\$660	\$740	\$600	\$542
Avg. Wealth	\$937	\$1,025	\$2,731	\$3,057	\$2,366	\$2,148

Number of billionaires	1992	1995	1999	2000	2001	2002
	92	107	278	301	266	205

Source: Arthur B. Kennickell, "A Rolling Tide: Changes in the Distribution of Wealth in the U.S., 1989-2001," Jerome Levy Economics Institute, November 2003. Calculated from the *Forbes* 400 and the Survey of Consumer Finances.

WHAT IS WEALTH?

A household's wealth, or net worth, is defined as the sum of its assets minus its debts. Assets are all resources that a household holds in store; the bank of reserves a family has available to invest in its members and their futures. Many assets accumulate in value and generate interest income. Just as importantly, asset wealth provides a cushion, protecting families from the vicissitudes of the economic cycle, as wealth assets may be drawn down during periods of crisis (a job loss, for example).

Financial assets include savings, bonds, certificates of deposit, stocks, mutual fund investments, retirement pensions, and the like. *Nonfinancial assets* may include homes, other real estate, vehicles, ownership of a privately held business, and all sorts of other property—from rare baseball card collections to jewelry or hobby equipment. *Debts* are liabilities—credit card balances, mortgages, and other loans—that are owed. —Adria Scharf

THE WEALTH-LESS

PERCENTAGE OF POPULATION WITH ZERO OR NEGATIVE NET WORTH (Excluding the value of automobiles)

1989	1992	1995	1998
17.9%	18.0%	18.5%	18.0%

Source: Edward N. Wolff, "Recent Trends in Wealth Ownership, 1983-98," Jerome Levy Economics Institute, April 2000.

Note: Different studies of wealth ownership define wealth differently. Because Wolff subtracts the value of automobiles, his figures show a higher percentage of the population with zero or negative wealth than studies that include cars as wealth.

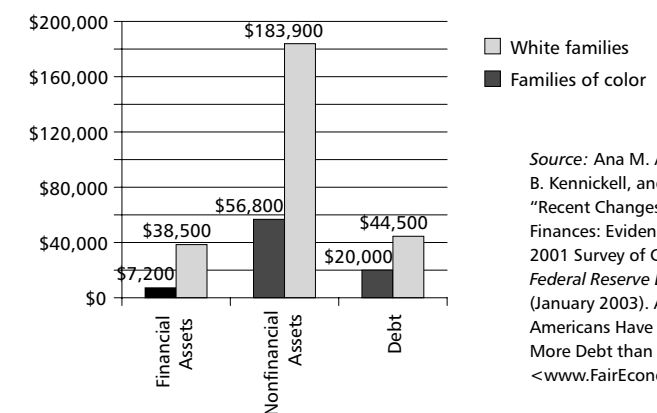
THE RACIAL WEALTH GAP (All figures are in 2001 dollars.)

WEALTH VS. INCOME BY RACE, 1995-2001

		1995	1998	2001	\$ change	Percent change
Median Net Worth	Families of color	\$18,300	\$17,900	\$17,100	-\$1,200	-7%
	White families	\$88,500	\$103,400	\$120,900	\$32,400	37%
Median Income	Families of color	\$23,000	\$25,400	\$25,700	\$2,700	12%
	White families	\$38,200	\$41,100	\$45,200	\$7,100	18%

Source: Ana M. Aizcorbe, Arthur B. Kennickell, and Kevin B. Moore, "Recent Changes in U.S. Family Finances: Evidence from the 1998 and 2001 Survey of Consumer Finances," *Federal Reserve Bulletin*, vol. 89 (January 2003), pp. 1-32, <www.federalreserve.gov>. Also see "African Americans Have Less Wealth and More Debt than White Americans," <www.FairEconomy.org>.

MEDIAN FINANCIAL ASSETS, NONFINANCIAL ASSETS, AND DEBT BY RACE, 2001



Source: Ana M. Aizcorbe, Arthur B. Kennickell, and Kevin B. Moore, "Recent Changes in U.S. Family Finances: Evidence from the 1998 and 2001 Survey of Consumer Finances," *Federal Reserve Bulletin*, vol. 89 (January 2003). Also see "African Americans Have Less Wealth and More Debt than White Americans," <www.FairEconomy.org>.