



THE NEW SCHOOL

SHADES OF WEALTH & ECONOMIC (IN)MOBILITY

SOME PRELIMINARY RESULTS FROM THE *NATIONAL ASSET*

SCORECARD FOR COMMUNITIES OF COLOR (NASCC)

Project P.I.s

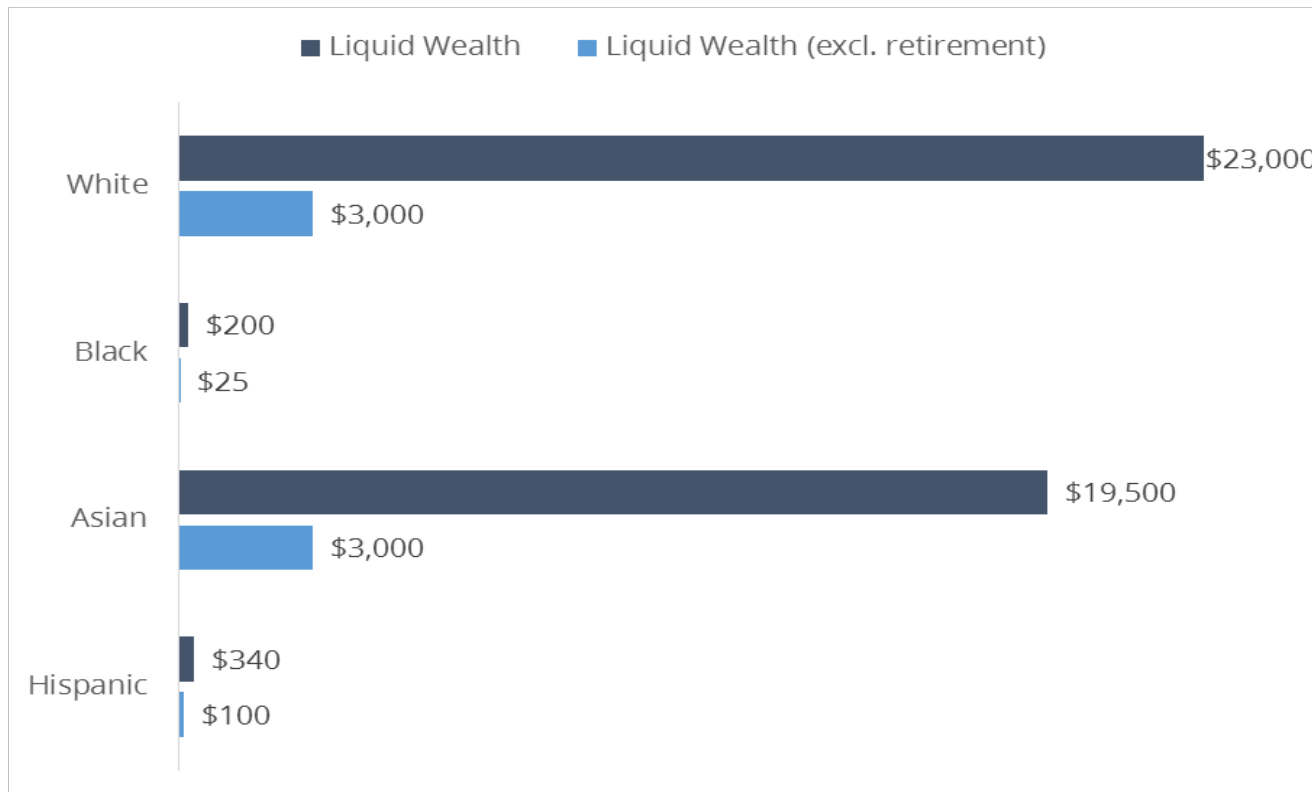
William Darity, Jr. and Darrick Hamilton

THE GREAT RECESSION AND THE RACIAL WEALTH GAP (SIPP DATA)

	Year		
	2005	2009	2011
Median Net Worth (\$2011)			
White	\$142,335	\$119,152	\$111,740
Black	\$12,840	\$6,081	\$7,113
Asian	\$176,225	\$81,291	\$92,259
Hispanic	\$19,228	\$6,668	\$8,113
Relative Holdings per \$1			
White Wealth			
Black	\$0.09	\$0.05	\$0.06
Asian	\$1.24	\$0.68	\$0.83
Hispanic	\$0.14	\$0.06	\$0.07

MEDIAN LIQUID ASSET VALUE: ASSETS EASILY CONVERTED TO CASH (SIPP 2011)

Median Liquid Wealth Holdings, 2011 SIPP



LESSONS LEARNED

- 1 Black & Latino families have little liquid assets to take risk, or deal with financial emergency or shocks**
- 2 Communities of color suffered the most**
 - The racial wealth gap was extreme before the recession, and worsened after
- 3 Asians suffered the largest absolute loss in home values and wealth**
 - Most likely to reside in states that benefited from the housing boom & suffered most from the housing bust

AN INCOMPLETE NARRATIVE

Asset markets are local

- e.g. the geographic maldistributive effects of the housing crisis

The wealth position of many communities of color remains unknown

- Aggregate categories like “Asian” mask the asset position for certain groups like those immigrating from Southeast Asia
- Indigenous groups are often hidden altogether in nebulous catchall category of “other”

NASCC

NATIONAL ASSET SCORECARD
FOR COMMUNITIES OF COLOR

- **Assembled a multidisciplinary & ethnically diverse team with expertise in wealth and ethnic studies**
- **Implemented a *pilot survey* to compare specific groups within urban contexts to:**
 1. provide implicit control of asset and debt pricing and products
 2. analyze the wealth of groups hidden in broadly defined “non-white” categories
 3. examine asset and debt attributes particular to communities of color
 4. demonstration (template) for national surveys
- **Limitations: (1) Statistical Power, (2) External validity and (3) Examines only Private Assets**

BANKED – FINANCIAL ACCT OWNERSHIP

Ethnicity	LA	Miami	Boston	Tulsa	DC
U.S. Black Descendent	0.69^^	0.57^^^	0.76^^^	0.49^^^	0.70^^^
Caribbean Black		0.73^^^	0.83^		0.85
Cape Verdean			0.74^		
African Black	0.80				0.87
Mexican	0.53^^^			0.62^^^	
Cuban		0.85			
Puerto Rican		0.70^^^	0.55^^^		
Dominican			0.62^^^		
South Amer Latino		0.78^^			
Cherokee, Tribal Enr				0.75^^	
Creek, Trbal Enr				0.74^^	
Other, Tribal Enr				0.69^^^	
Amer Indian, no Tribal Enr				0.76^^	
Chinese	0.85				0.999^^^
Japanese	0.93				
Korean	0.81				0.95
Filipino	0.85				
Vietnamese	0.55^^^				0.95
Asian Indian	0.86				0.97^
White	0.90	0.93	0.93	0.92	0.92

PAYDAY LENDING USE IN THE LAST 5 YEARS

Ethnicity	LA	Miami	Boston	Tulsa	DC
U.S. Black Descendent	0.27 ^{^^^}	0.16 ^{^^^}	0.04	0.16	0.08
Caribbean Black		0.11 [^]	0.01		
Cape Verdean			0.01		
African Black	0.001				0.03
Mexican	0.04			0.05	
Cuban		0.02			
Puerto Rican		0.14 ^{^^}	0.02		
Dominican			0.09 ^{^^}		
South Amer Latino		0.04			
Cherokee, Tribal Enr				0.16	
Creek, Trbal Enr				0.33**	
Other, Tribal Enr				0.15	
Amer Indian, no Tribal Enr				0.14	
Chinese	0.01				0.001
Japanese	0.001				
Korean	0.001				0.001
Filipino	0.001				
Vietnamese	0.03				0.001
Asian Indian	0.001				0.001
White	0.02	0.03	0.01	0.09	0.04

HOMEOWNERSHIP

Ethnicity	LA	Miami	Boston	Tulsa	DC
U.S. Black Descendent	0.42^^	0.51	0.34^^^	0.44^^^	0.58^^^
Caribbean Black		0.62	0.49^^^		
Cape Verdean			0.29^^^		
African Black	0.43^				0.46^^^
Mexican	0.45^^			0.50^^^	
Cuban		0.64			
Puerto Rican		0.47	0.21^^^		
Dominican			0.17^^^		
South Amer Latino		0.52			
Cherokee, Tribal Enr				0.76	
Creek, Trbal Enr				0.65^	
Other, Tribal Enr				0.62^^	
Amer Indian, no Tribal Enr				0.57^^^	
Chinese	0.68				0.91
Japanese	0.64				
Korean	0.40^^^				0.65
Filipino	0.57				0.94
Vietnamese	0.53				0.65
Asian Indian	0.40				
White	0.68	0.64	0.79	0.85	0.78

MEDIAN VALUE OF HOUSEHOLD WEALTH

Ethnicity	LA	Miami	Boston	Tulsa	DC
U.S. Black Descendent	\$4,000^	\$3,700	\$8^^^	\$8,000^^^	\$3,500^^^
Caribbean Black		\$12,000	\$18,000^^^		
Cape Verdean			---		
African Black	\$72,000				\$3,000^^^
Mexican	\$3,500^^			\$7,000^^^	
Cuban		\$22,000			
Puerto Rican		---	\$4,079^^^		
Dominican			\$0^^^		
South Amer Latino		\$1,200			
Cherokee, Tribal Enr				\$75,200	
Creek, Trbal Enr				\$42,500^	
Other, Tribal Enr				\$7,000	
Amer Indian, no Tribal Enr				\$4,000^^	
Chinese	\$408,200				\$220,000
Japanese	\$592,000				
Korean	\$23,400^				\$496,000
Filipino	\$243,000				
Vietnamese	\$61,500				\$423,000
Asian Indian	\$460,000				\$573,000
White	\$355,000	\$107,000	\$251,000	\$145,000	\$284,000

SOME PRELIMINARY LESSONS ACROSS FIVE CITIES

- Variation within broadly defined ethnic categories
- Income inequality pales in comparison to wealth inequality
- An ethnic group's relative asset position may vary across city
- Homeownership varied across city and may not be the only driver of wealth
- Substantial asset variation across and within cities with Blacks and Mexicans persistently at the bottom

RHETORIC

“We are post-racial”

America has largely transcended the racial divide

A shift from social responsibility for the conditions of black America

Blacks are enjoined to;

“get over it”

“stop playing the victim role”

“stop making excuses”

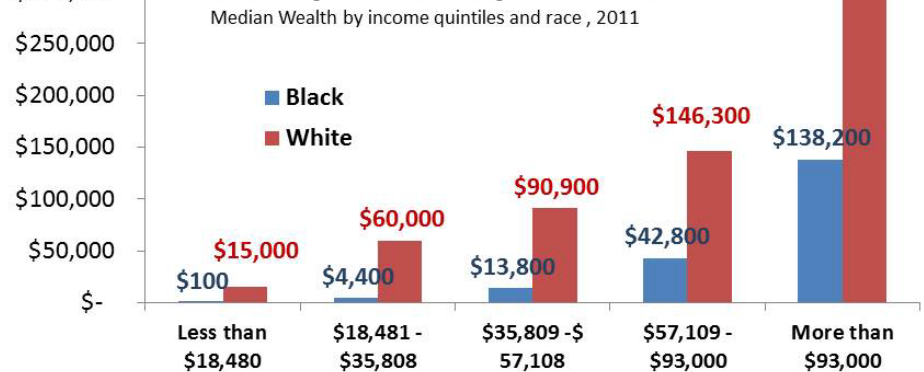
“take personal responsibility”

Study hard, graduate from college and get a good job

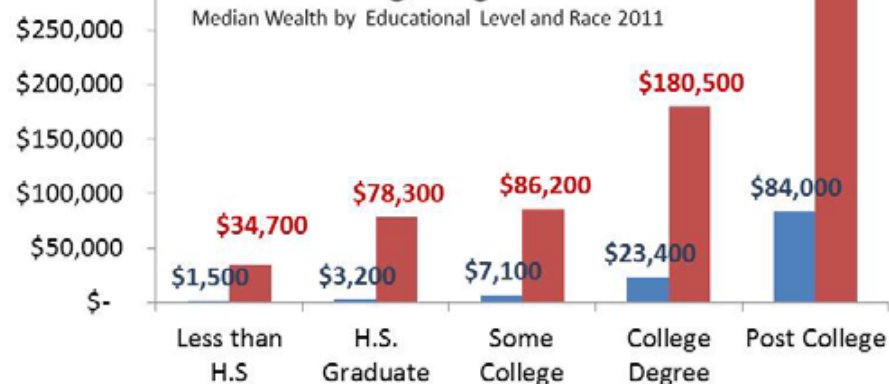
Hard Work Isn't Enough to Close the Racial Wealth Gap



Racial Wealth Inequality is Not Explained by Income



Whites who dropped out of high school have greater wealth than Blacks with a college degree



Race is still a defining attribute of one's life chances

Wealth is the single best indicator of economic opportunity, security & *human capability*

The primary source of wealth is inheritance, in-vivo transfers -- seed money to purchase an appreciating asset

Education, hard work, income, and *active* savings do little to address the racial wealth gap

The racial wealth gap is *structural* not *behavioral*

The Solution – Baby Bonds

Universal gradationally endowed trust accounts at birth

Dramatically close the racial wealth gap for about 2% of current federal expenditures per annum

Break the cruel links between race, inheritance, & economic advantage/disadvantage – opportunity for upward mobility & economic security for all