



White Americans Have a Reason to Be Mad about Wealth Inequality

By William Elliott, Elizabeth Burland, Briana Starks, and Trina Shanks

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CENTER ON ASSETS, EDUCATION & INCLUSION

aedi.ssw.umich.edu

Abstract

Information about the nature and extent of wealth inequality among Whites can play a role in eliminating misconceptions and reframing the discussion about wealth redistribution as essential to restoring hope in the American dream and imperative to improving the life chances of all. Using data from the Panel Study of Income Dynamics, we find that the top quintile of White wealth holders has 1,400 times as much wealth as the bottom quintile. Further, multi-dimensional descriptive analyses from 1999 to 2015 indicate that median wealth has increased 46% among White households in the top 20% of both the wealth and income distributions. During the same time period, wealth holdings decreased among White household in the bottom 20% of both economic distributions. These data suggest that wealth inequality is a problem not only for Black households in America, but for White households as well. Thus, wealth inequality is not just a question of discrimination and racial disadvantage but is rooted in the fundamental nature of the American economy.

Social psychologist Melvin Lerner (1980) hypothesized that people are inclined to perceive of the world as just. The ideal of the American dream—in which effort and ability determine who succeeds and who fails—encapsulates how many Americans perceive a just world (Rank, Hirschl, & Foster, 2014). Given that most Americans continue to hold to the idea of the American dream (Smith, 2017), we posit that Americans are prone to perceive income and wealth inequality, at the root, as resulting from a lack of effort and ability (i.e., merit) making them susceptible to such arguments. Further, research shows that beliefs in choice and merit influence approval and maintenance of inequality (Mollerstrom & Seim, 2014; Savani & Rattan, 2012). We also posit that some White individuals believe redistributing wealth would disproportionately benefit Black families and would be unmerited. This orientation stems from their belief that much of the Black/White wealth gap results from a lack of effort on the part of Blacks (e.g., Economic Mobility Project, 2009; Gilens, 1999; YouGov, 2012). As such, redistribution is seen as anti-American. This is not to say that race alone shapes people’s thoughts about redistribution; rather, race has been an important tool that those opposing redistributive policies use to garner support and control the conversation around redistributive policies (e.g., Carten, 2016).

Not surprisingly then, current narratives regarding redistributive policies have been cast, often indirectly as part of a broader conversation about government assistance and “big” government, as anti-American (i.e., favoring those who do not work hard, often a euphemism for non-White). Government assistance requires increased government revenues, drawn largely from taxes. As such, the wealthy often view taxation as a threat from which they need protection. Small-government arguments favor those with wealth, suggesting that government’s primary role is to enforce and protect property rights from domestic and foreign threats. Expanded government spending is permissible, but only

insofar as it protects the wealth of the wealthy (e.g., military or law enforcement expenditures). Thus, we see that conversations about wealth redistribution are not only about wealth but also about the size and role of government, and the structure of government assistance.

These conversations capitalize on Americans' felt—if not experienced—aim to construct a just world in which effort and ability determine success and failure. For instance, former Speaker of the House of Representatives John Boehner blamed unemployment on those who would “rather just sit around” (in Krugman, 2014, June 4, para. 1). Similarly, Senate Majority Leader Mitch McConnell claimed that businesses have “a hard time finding people to do the work because they’re doing too good with food stamps, Social Security and all the rest” (Everett & Bresnahan, 2015, September 14, para. 13). Representative Paul Ryan divided the country between those who rely on public assistance and those who “want the American dream” (Grim, 2012, para. 3), suggesting that the economically disadvantaged are outside mainstream American values. While these comments do not speak directly to redistributive policies, they do seem to presume that government assistance rewards those who do not work hard and that government, therefore, should provide no assistance, or only provide assistance in limited circumstances.

Somewhat paradoxically, most Americans simultaneously—and overwhelmingly—believe that wealth distribution in the United States is unfair (Newport, 2015). What allows Americans to hold such contradictory beliefs? We suggest that it stems from America's race history, including how Whites who hold considerable wealth acquired that wealth. This omission is problematic as the incomplete understanding of what perpetuates disadvantage. Perhaps more important than understanding why Americans hold

contradictory beliefs about wealth inequality is understanding why they support policies that maintain the wealth distribution they deem unfair?¹ We suggest that, at least in part, these contradictory beliefs Americans hold are sustained for four reasons: (a) the perception that income policies are for the poor and wealth policies for the wealthy; (b) a belief in trickledown economics; (c) portrayal of wealth inequality as a Black problem; (d) and low- and middle-class Whites' social and economic frustration. In identifying these underlying causes, we attempt to make explicit lexicon about redistributive policies that helps make low- and middle-class Whites less inclined to unite with low- and middle-class Blacks in adopting redistributive policies (Williams, 2017).

Income Policies are for the Poor; Wealth Policies are for the Wealthy

Even though many Americans may equate personal income with wages (i.e., pay for work), personal income consists of wages, capital income (e.g., business profits, dividends, net capital gains, taxable interest, and tax-exempt interest), and transfers. The wealthy in America understand that their capital income makes up a significant portion of their personal income. Further, America's wealthy recognize that having an income source that is somewhat insulated from labor market forces provides an additional layer of financial security. Among the top 1% of U.S. households, only 39% of personal income is derived from wages while 53% is capital income (Rosenberg, 2013). Most wealthy Americans place a premium on protecting their capital income. As a result, wealthy

¹It is not always the case that poor Whites support small government policies. For example, Paige, Bartels, and Seawright (2013) argue that the American political system ensures that those who have wealth have disproportionate influence; thus policies reflect their preferences. However, President Donald Trump's rallies suggest that some poor Whites support tax cuts that disproportionately favor the wealthy.

Americans often pursue policies that help them to increase their wealth holdings (e.g., lower taxes) and preserve their existing wealth advantage (e.g., see Gilens & Page, 2014).

In contrast, those who are at or near poverty level often focus their economic attentions on their labor market outcomes. These Americans make demands for higher wages (Bernstein & Spielberg, 2016) and more adequate benefits (Associated Press, 2010), but rarely protest for greater access to wealth-building policies. In part, this focus is the result of lower-wealth groups having experience with only wages as an income source. Few American households have enough wealth to pay attention to the policies that could help them amass greater wealth (Shapiro, 2017). As recently as 2015, nearly 9 million American households were unbanked, with evidence suggesting that, of this number, most were low-income households (Federal Deposit Insurance Corporation, 2015).

Given their lower-income status, these households have few interactions with mainstream financial institutions and no opportunity to see their paychecks augmented by capital earnings or other wealth-creation structures, such as property ownership and employer benefits. For these households, earned income from their work effort is often the total of their economic well-being. As the functionality of work as an instrument of financial security and upward mobility declines (Chetty, Friedman, Hendren, Jones, & Porter, 2018), a myopic emphasis on the rewards to labor—rather than the levers of capital—might doom the prospects of millions who, today, work for their living.

The tendency of the wealthy to emphasize policies that give them the lion's share of wealth and the tendency of lower-income Americans to emphasize policies that provide just enough income to survive, have also allowed the policy discussion around poverty to assume its current form among both liberals and conservatives. Currently, income policies are perceived as pertaining largely to low-income households and wealth policies as

pertaining largely to upper-income households. Any meaningful attempt to reduce wealth inequality will require a government transfer of wealth from the wealthy to the non-wealthy (Darity et al., 2018; Blinded, 2018). A more cynical view might suggest that the wealthy have financed legislation that supports their own wealth creation as opposed to policies that would distribute wealth more fairly across all strata (e.g., Mayer, 2016; O'Connor, 2007; Page et al., 2013).

In contrast, liberals focus on income policies (e.g., welfare, food stamps, cash assistance, etc.) that, opponents assert, “grow” government. We suggest that proponents of government-supported income policies focus on these policies because they perceive it as irresponsible if not immoral to focus on asset-building programs for the poor before addressing basic needs (e.g., asking low-income families to save when they do not have enough money to eat). As a result, proponents of government-supported income policies fight for policies that provide the poor with just enough to survive. Rarely do they enter debates on or build coalitions for distributing a larger share of wealth among low-income families in America. Thus, the lexicon that portrays wealth inequality as a Black problem goes unchallenged. The embedded nature of this assumption is compounded by the fact many people perceive wealth inequality as the natural result of different paths (including different amounts and application of effort and ability), rather than a social problem.

Belief in Trickle-down Economics

In addition to the political framework, the current perception of wealth inequality in America has been equally shaped by research. Conservative researchers have provided evidence that supports trickle-down economics and combats redistributive policies (Krugman, 2014). Wealthy conservatives have supported the efforts of conservative researchers by developing large, well-funded think tanks like the Heritage Foundation, the

Cato Institute, and the Manhattan Institute (O'Connor, 2017), and by investing large sums of money into politics to distort the democratic process so that it favors policies that benefit the wealthy (Mayer, 2017). In doing so, they have successfully—and with little apparent opposition—framed public conversations about redistributive policies as a subversion of traditional American values and culture (O'Connor, 2017).

According to trickledown economics, the best way to help the poor is to design policies that support the wealthy, who are perceived as job creators. However, these policies never seem to trickle down, or at least not in a way that favors the poor. Instead, they line the pockets of the wealthy. For example, tax policies during the mid-1980s significantly reduced the wealth of low- and moderate-income families while boosting the wealth of the most affluent (Wolff, 1993). According to the Center for Budget and Policy Priorities (CBPP, 1986), households with annual incomes below \$10,000 bore nearly half the budget cuts resulting from tax policy in the mid-1980s. Households with annual incomes below \$20,000 bore 70% of the cuts during the same period. By contrast, households with annual incomes above \$80,000 shouldered responsibility for just 1% of the cuts.

Conservative politicians and researchers continue to use trickledown economic theory to deliver the biggest gains to the wealthiest in America. In 2017, President Donald Trump signed the Tax Cuts and Jobs Act based on the trickledown-based assumption that tax cuts would be offset by the economic growth they produced. The Tax Policy Center found that while taxes would increase for the bottom quintiles of the income distribution by 2027, taxes for the top 1% would decrease (Tax Policy Center, 2017). Once again, trickledown economic policies benefit the wealthy and ask lower-income families to pay for policies that disproportionately benefit the wealthy.

Portrayal of Wealth Inequality as a Black Problem

However, conservative support of policies that favor the wealthy is well-documented (e.g., Mayer, 2017; O'Connor, 2007; Winters, 2011). Because it is less frequently discussed, and perhaps less obvious, this paper examines how liberals have also contributed to wealth inequality and its maintenance. We argue that liberal policy makers have helped the wealthy maintain and even grow their share of wealth in America by framing wealth inequality as a problem to address after America wins the war on poverty, rather than considering wealth as an integral part of the poverty-solving equation. Liberal researchers have also unintentionally helped to create an “us-against-them” mentality among low-income households, particularly among poor White Americans, by signaling that wealth inequality is a Black American problem while ignoring the role that wealth inequality plays in the lives of low-income White Americans.

To our knowledge, most studies on wealth inequality focus on the Black/White wealth gap. We suggest that this relatively narrow focus has contributed to the perception that wealth inequality in America is largely a non-White problem. The fear seems to be that acknowledging that White households also suffer from wealth inequality might minimize the injustices that non-White households have suffered. Extant research demonstrates that, compared to White households, a larger proportion of Black households are low wealth (McKernan, Ratcliffe, Steuerle, Kalish, & Quakenbush, 2017; Oliver & Shapiro, 2006; Shapiro, 2017). It is not the intention of this paper to suggest that this gap does not exist, or that it is unimportant. However, if two families are economically “sick,” and both require the same antidote, it matters little that one needs a higher dose. Both have an interest in seeing the antidote is made available. The colorization of wealth inequality, which here refers to researchers largely ignoring the White wealth gap, has resulted in little research

that challenges or offers an alternative to the assumption that wealth inequality is a Black problem.

That conversations about wealth in America are colorized is not a new claim, particularly in poverty research. For example, regarding welfare, Gilens (1999) describe how the media has portrayed welfare primarily as a program for Blacks. More generally, Dixon (2017) examined a random sample of print and online news stories published between 2015 and 2016 and found that 59% of the poor discussed or depicted were Black and 17% were White, although 66% of those classified as poor are White. Research indicates that perceptions, rather than actual inequality, are more powerful predictors of preferences for redistributive policies (Gimpelson & Treisman, 2018). This finding suggests that correcting misperceptions about the prevalence of wealth inequality across race and ethnicity is an essential part of building a coalition of Whites and Blacks that support redistributive policies. Without such a coalition, passing, funding, and implementing redistributive policies seems like an impossibility.

In public conversations about wealth inequality, conservative politicians have reinforced misperceptions about the prevalence of wealth inequality across race and ethnicity. At times, they use race to portray White interests as opposing Black interests, reinforcing a White-against-Black mentality and portraying Blacks as lacking the character necessary to build wealth. From this colorized perspective, wealth inequality is not caused by inadequate access to wealth building institutions (access to mainstream financial institutions) or regressive incentive structures (means-tested public assistance programs that set the asset threshold of low-income families hoping to qualify for assistance). Instead, this misperception holds, wealth inequality exists because low-income families

have not exerted the required effort, or lack the innate ability, to build wealth (Blinded, 2018).

While no extant survey data confirm wealth inequality is seen as a Black problem in America, data do exist that confirm this conception in the case of poverty; additional research indicates that Americans have a hard time distinguishing between income and wealth (Kraus, Rucker, & Richeson, 2017), and income poverty is seen as a Black problem by many (Dixon, 2017; Gilens, 1999). These researchers suggest that the media has played a significant role in the colorization of poverty by disproportionately depicting poverty using images of Black persons. A similar social process seems to have taken place regarding wealth. A simple Google search or a search of academic databases such as PsychINFO, JSTOR, ProQuest, or Google Scholar on wealth inequality reveals that numerous studies examine wealth inequality from a Black/White wealth gap lens. Further, research shows that people's desire to see the world as just (i.e., merit) leads White Americans to deny their race advantages and underestimate the degree to which wealth inequality exists (Kraus, Rucker, & Richeson, 2017). As a result, they attribute the Black/White wealth gap to a perceived lack of effort and ability by low-wealth Blacks.² This perception, coupled with the deep racial divides in America, highlight the need for data that challenge the assumption that wealth inequality is a Black problem. Such data can be effective in correcting misperceptions (Kraus, Rucker, & Richeson, 2017), and their continued absence complicates efforts to garner public support necessary for to develop wealth-building policies designed to reduce wealth inequality in America.

²It is worth pointing out that, because they attribute a lack of effort to low-wealth Blacks, it does not follow that they perceive themselves as racist. In fact, they might know higher-wealth Blacks and perceive them as evidence that America's economic system is just with respect to race.

Social and Economic Frustration among White Americans

While Black experience with wealth building is complicated by a long history of exploitation and oppression in America, the severity and embedded nature of the White/Black wealth gap must not obscure the real struggles that many White households face and the perilous way they, too, are exposed to threat of economic devastation in the current economy. During the Great Recession, the American middle class lost both wealth and earning power (Pew Charitable Trusts [PCT], 2015; Pfeffer, Danziger, & Schoeni, 2013; Smeeding, 2012). The shrinking middle class may have been particularly harmful for the relative standing of White households (PCT, 2015). For example, in 1971, Whites made up 80% of the middle class; by 2015, they made up only 67% of the middle class (PCT, 2015). Further, White households that managed to stay in the middle class have seen their relative share of wealth decrease. Researchers at Pew (2015) found that in 1983, upper-class households had three times the wealth of middle-class households. However, by 2013 the wealth gap between upper- and middle-class households had increased by sevenfold. Esses, Brochu, and Dickson (2012) conclude that when economic resources are increasingly scarce for the middle and lower classes, intergroup conflict and racial resentment is exacerbated. President Barack Obama echoed this insight:

You go into these small towns in Pennsylvania and, like a lot of small towns in the Midwest, the jobs have been gone now for 25 years and nothing's replaced them. And they fell through the Clinton administration, and the Bush administration, and each successive administration has said that somehow these communities are gonna regenerate and they have not. And it's not surprising then they get bitter, they cling to guns or religion or antipathy toward people who aren't like them or anti-immigrant sentiment or anti-trade sentiment as a way to explain their frustrations (Smith, 2008, April 11).

In line with Obama's observation, downwardly mobile members of the White working class (i.e., those who rely on wage income for their survival) have reported that they feel ignored by those perceived as above them such as professionals and lawmakers (Lamont, 2000) and left out of

the American dream (Hochschild, 2017). Facing financial hardship and feeling their interests eroded (Gabler, 2016 May), some working-class Whites have come to understand economic insecurity through a racial lens, often attributing it to the influx of non-White immigrants and to the “special treatment” afforded non-Whites or Blacks (Esses et al., 2012, Tesler & Sears, 2010). Popular media accounts of an end to the White majority in America (Yglesias, 2018), coupled with a steady influx of immigrants from non-White countries, may cause some Whites to feel that they need to preserve economic and political power. Among White conservatives, Obama’s presidency—rather than improving their understanding of race and racial inequality—led to increased feelings of racial resentment, frustration, and being “othered” (Tope et al., 2017). Feelings of being “othered” might increase the desire to blend in with higher-income Whites. Research indicates that people who desire to blend in are more likely to think their income is close to average, making it difficult for them to see the extent of wealth inequality in society (Lounghnan et al., 2011).

Like most, the feeling of being under attack is grounded in experience. As discussed, wealth-inequality conversations have been unbalanced and often interpreted as blaming or categorizing Whites as privileged, in a way that obscures substantial status differences (i.e., not considering that a small segment of the White population possesses a large proportion of wealth and its concomitant power). Often, poor and middle-class White households hear the message that Blacks have been oppressed by Whites, and the only way to fix this injustice is to take wealth from Whites—a group to which they belong.

This, us-against-them frame has allowed wealthy Whites to shift the attention of poor and middle-class Whites—particularly regarding policy intended to redistribute wealth—to issues related to race and nationalism. This focus complicates efforts to demonstrate that wealthy Whites have manipulated the economic system to maintain, and even build, their own wealth on the backs of not only Blacks, but also poor and middle-class Whites (Mayer, 2016; Winters, 2011). Ensuing resentment among many Whites has been inflamed during the presidency of Donald Trump

(Serwer, 2017, November 20). Some elites have re-packaged populism in a reactionary and overly racial wrapper, rather than allowing it to target more precisely the origins of inequality.

When fanned by politicians, long-held racial animus can distort perceptions. For example, Wetts and Willer (2018) find that when respondents were prompted to think that wages among White households had shrunk and that a welfare program benefited minorities, they were more likely to withdraw support for the program. When working class Whites compare their financial situations to Blacks, receiving cultural messages that they occupy superior income and wealth positions that contradict their lived economic instability, they may receive reinforcement for messages suggesting Whites are racially superior to Blacks. Feelings of racial superiority may strengthen feelings of connection to wealthy Whites and may weaken connections to similarly situated Blacks with whom they share an interest in redistributive policies.

However, people who see themselves as ranked above others are less likely to give money to them (Kuziemko, Norton, Saez, & Stantcheva, 2015). Therefore, we suggest that Whites at the bottom of the income or wealth distribution who see Blacks as a rank below them may be predisposed to oppose redistributive policies they perceive as giving money to Blacks. Additionally, if low-wealth Whites see the economy as a zero-sum proposition, they perceive anything that goes to “others” as meaning less for them.

Wealth Inequality is an American Problem

Wealth inequality is an American problem, not a race problem. It threatens the American ideal that effort and ability should determine winners and losers. Current research suggests young adults do not have the same economic opportunities as their parents. For example, using longitudinal data, Chetty and colleagues (2016) quantified the growing “stickiness” of the rungs on the U.S. economic ladder. They found that an American born in 1980 has only about a 50% chance of earning more than his or her parents, far lower odds than those of an American born in 1940. Even more concerning, Chetty and colleagues (2016) found that individuals in some regions of the country

expected downward mobility in the future. In their analysis, Chetty and colleagues attributed most of the decrease in mobility to increase in inequality. They found that holding inequality to its 1970 level would give today's 36-year-olds an 80% chance of their earnings surpassing their parents' earnings, although modeling greater growth in Gross Domestic Product within today's environment of unchecked inequality demonstrated less improvement in mobility rates (Chetty et al., 2016). It seems, then, that the promise of opportunity for all is best realized through equitably sharing the fruits of U.S. economic growth—the opposite of current trends.

However, creating policies that provide opportunity for all requires changing the current frame that suggests households of color are at odds with poor and middle-class White households when it comes to income and wealth inequality. Findings indicate that perceptions matter for how people think about redistributive policies (Hauser & Norton, 2017). People have significant misperceptions about where they fall in the wealth distribution (Gimpelson & Treisman, 2018) making it difficult from them to understand how they would benefit from redistributive policies (Gimpelson & Treisman, 2018). More accurate information about income and wealth inequality can change attitudes toward redistribute policies (Perez-Truglia, 2016); therefore, we posit, research plays a role in reframing conversations about wealth in America. This paper takes a step toward reframing this conversation by providing evidence that indicates that wealth inequality is not only a Black problem. This study asks:

- What do the White distributions of wealth and income look like?
- What is the size of the White wealth gap (i.e., distance between the top White wealth holders and the bottom White wealth holders) in America?

- How does the distribution of White wealth compare to the distribution of Black wealth?
- Does the wealth gap among White households resemble the wealth gap among Black households (i.e., distance between the top Black wealth holders and the bottom Black households)?

Methods

Data

To examine gaps in wealth across racial subgroups over time, we use the Panel Study of Income Dynamics (PSID, 2018). The PSID started with a nationally representative sample of households in 1968 and continues to follow these households and their descendants. The PSID has comprehensive data on demographics and income. The study is particularly unique in that, since 1984, it has collected detailed information about household wealth, which provides an ideal dataset with which to examine wealth inequality. Our sample includes data collected from 1999 to 2015, at which time the survey was collected biannually, and is separated into Black households and White households for analysis. The construction of those variables is described below.

Household Race

Within our sample years, the PSID asked about the race of both the “Head” and “Spouse/partner” (previously “Wife”) in each survey wave. Respondents were given the opportunity to mention four different racial identifications. In certain years, individuals were also asked their ethnicity and identified as either Hispanic or non-Hispanic. To specify the race of the household, we made some analytical decisions about both individual and household racial classification. While we recognize that there are different ways to conceptualize race, and identifying race based on survey data is not always representative of individual identity, we made these analytical decisions to enable quantitative analysis, which oversimplifies individual racial identity. To maintain consistency, we identified individuals as non-Hispanic White if, in every wave that they were present, their first mention was White, and they did not mention another race

and did not identify as Hispanic. We followed the same criteria for non-Hispanic Black individuals. If respondents were missing race for all waves included, they were coded as missing.

Using these individual measures of race, we coded a household as White if both “head” and “wife” are White, or “head” is White and no “wife” is present. The same method was used for Black families. Therefore, any individual who mentioned a race other than Black or White, who identified as Hispanic, or who mentioned more than one race in each survey wave or across survey waves, is not included in our sample. On a household level, our analysis drops households that are missing information on both “head” and “wife” race in all waves from 1999 to 2015; households with individuals that identify as multi-racial or a race other than White or Black in any wave; households with individuals that identify a different race across survey waves; and households with a head and spouse that have different racial identifications (i.e. one spouse identifies as White, and the other as Black).

Wealth and Income

Wealth is measured by net worth, or the total sum of a household’s financial assets, including housing equity, minus any debts. For the analysis of shares of wealth, wealth is divided into quintiles, with negative net worth transformed to equal zero. This is because calculating the shares of wealth held by quintiles, and including negative wealth, is particularly confusing as individuals cannot theoretically own negative shares of total wealth (though they can own negative actual wealth). Additionally, including negative wealth leads the top quintile, in some circumstances, to extend above 100% of the shares of wealth, which is theoretically difficult to interpret. However, excluding households that hold negative wealth changes the composition of the upper quintiles; changing all negative wealth to zero maintains the quintile composition but holds shares to be between zero and 100%. Importantly, summary statistics for negative wealth are reported separately, as negative wealth is an important component of wealth inequality. Total family income, reported pre-tax, is used and is also separated into quintiles for the analysis. Quintiles of wealth and income are constructed using longitudinal family survey weights. When

quintiles are not used, negative wealth is included in the calculation of descriptive statistics. Both wealth and income are adjusted to reflect 2017 dollars and are reported in thousands of dollars for ease of presentation.

Other variables included are sex of the head of household, whether the head of household is married, the age of the head of household, and the number of years of education completed by the head of household. Summary statistics on the sample are shown below, separated by race of household, and then shown in the aggregate (see Table 1). Summary statistics are reported on sample members and households across all survey years from 1999 to 2015. They are also available year by year and are weighted using family survey weights (see Appendix A, Table A1).

Analysis

The analysis method is entirely descriptive. We calculate the share of wealth and income held by quintiles of the wealth and income distribution. Income and wealth are treated as multiple dimensions of wealth and income inequality. When examining more than one aspect of economic inequality at a time rather than the traditional one dimension, the analysis is said to be two-dimensional (e.g., Fisher, Johnson, Latner, Smeeding, & Thompson, 2016). We analyze wealth and income inequality using a two-dimensional framework: We describe the share of wealth and income inequality by distinguishing the share of wealth held by quintiles of wealth and the share of income held by quintiles of wealth (joint distribution). We also describe wealth and income inequality by examining overlapping households in the top 20% of the wealth and income distributions (cross-shares) and overlapping households in the bottom 20% of wealth and income distributions (Fisher et al., 2016). The first approach to describing two-dimensional wealth inequality provides a sense of the magnitude of inequality in America. The second provides a sense of how income and wealth interact. Since our focus is on within-group (i.e., Whites and Blacks) wealth inequality, the two-dimensional analysis is analyzed using a sample of only White households and a sample of only Black households.

This analysis is conducted by dividing the total sum of wealth held by a quintile of the

distribution by the total sum of the wealth held by the entire distribution. As previously mentioned, these distributions are separate for White households and Black households. Shares of wealth are calculated using the *pshare* command in Stata 14, which allows for the inclusion of weights when calculating the shares by quintile (Jann, 2015). As previously mentioned, negative wealth is included in the construction of quintiles to maintain the composition of the distribution; however, negative wealth is adjusted to zero for the purpose of calculating total wealth. Shares are calculated for White households only, Black households only, and for all households (the third is reported in Appendix A only), across the years 1999-2015 using cross-sections of households in the PSID sample in each year. This approach allows us to see how inequality in the distribution has changed across time, and how the distribution of White households differs from the total distribution of White and Black households.

Table 1 provides summary descriptive statistics. White households (\$444,795) on average have about six times more wealth than Black households (\$72,646). While there is a Black/White income gap (\$42,593 and \$85,207, respectively), the income gap is considerably smaller than the Black/White wealth gap (nearly half as much). Also, of note, Black households are approximately two times more likely to have female heads of households. White households on average are more likely than Black heads of households to have at least some college.

[Insert Table 1 about Here]

Two-Dimensional Joint Distribution Results

In this first section of the results, we examine income and wealth inequality. More specifically, wealth and income inequality are distinguished by the share of wealth held by quintiles of wealth and the share of income held by quintiles of wealth.

Wealth Inequality by Household Wealth Quintiles and Race

Figures 1 and 2 show the share of positive wealth held by quintiles of the wealth distribution for White households and Black households, respectively. The top quintile of the wealth distribution for White households hold approximately 76% of White wealth in America

while the bottom holds less than 1%. The bottom two-thirds own less than 10% of White wealth. There has been relatively little change in the share of wealth held by the different quintiles over the past 16 years. This suggests there has been very little White wealth mobility during this period.

[Insert Figure 1 about Here]

Figure 2 indicates the top quintile of the Black wealth distribution holds the largest share of Black wealth (about 80%). Together, the figures indicate that wealth inequality looks similar within each group. That is, the top quintile of White and Black households holds about the same share of wealth within the respective groups. However, when comparing the top quintile to the bottom quintile, the White wealth gap is slightly larger than the Black wealth gap (for a full report of data see Appendix A, Table A4). This is, at least in part, due to the substantially larger amount of wealth held by the top quintile of Whites versus the top quintile of Blacks (see Table 2).

[Insert Figure 2 about Here]

Table 2 provides descriptive wealth statistics averaged across 1999-2015 by household wealth quintiles and race.³ On average, White households have more negative wealth (-\$37,038) compared to Black households (-\$23,037). The difference in negative wealth might stem from White households better access to credit (e.g., Glantz & Martinez, 2018). However, overall, 18% of Black households and 12% of White households hold negative wealth. During the Great Recession, White households experienced an increase in the number of people falling into negative wealth: approximately 11% in 2007, 14% in 2009 and 15% in 2011. However, the number of White households falling into negative wealth decreased after 2011 (i.e., the further removed they became from the Great Recession). The average amount of negative wealth increased for both White households (-\$26,669 in 1999 to -\$46,763 in 2015) and Black households (-\$13,425 in 1999 to -\$26,590 in 2015) over time. However, according to Pfeffer et al. (2013), this decrease in wealth is more extreme for White households and can likely be attributed to recession-driven changes in employment, changes in housing and stock prices, and savings behaviors. Further, differential

³ Appendix A, Table A2 reports the same summary statistics by year.

access to credit, and to financial institutions more broadly, might also explain the negative wealth held by White households.

While wealth inequality looks similar for White and Black households, the amount of wealth held by the different racial groups highlights the legacy of wealth inequality in America. For instance, the top White wealth quintile (about \$1.7 million on average) has over six times as much wealth as the top Black wealth quintile (about \$300,000 on average). The gap, while still large, is smaller at the bottom. White households have approximately \$1,000 greater wealth on average than Black households (average \$0) at the bottom quintile of non-negative wealth. However, in both cases they would be classified as asset poor, having enough wealth to maintain a household above the poverty line for a period of three months (Haveman & Wolfe, 2004). Further, while the Black/White wealth gap remains large, when low-wealth Whites evaluate their own position in society they still have cause to see it as one of inequitable opportunity. The average household at the top of the White wealth distribution has about 1,400 times the wealth of the average White household at the bottom of the wealth distribution. Even the difference between the third quintile and the bottom quintile is quite large; the third quintile holds 16 times as much wealth as the bottom quintile within the distribution of White households. Americans in lower quintiles might be willing to accept that those at the very top have more, but the extent to which they are pulling away is a source of considerable angst (Reeves, 2017).

[Insert Table 2 About Here]

Income Inequality by Household Wealth Quintiles and Race

Figure 3 captures data on the share of income held by quintiles of the positive wealth distribution for White households. The top quintile of the wealth distribution for White households holds approximately 37% of White income, a little more than three times as much as the bottom quintile. Figure 4 shows that the top quintile of Black wealth distribution holds about 32% of Black income. The top wealth quintile of White and Black households holds about the same share of income within their respective groups. Interestingly, among Black households, the bottom wealth

quintile holds a slightly larger share of income than the second wealth quintile (for a full report of data see Appendix A, Table A5).

[Insert Figures 3 & 4 About Here]

Table 3 provides descriptive income statistics averaged from 1999 to 2015 by household wealth quintiles and race.⁴ While the income gap for White households is not as large as it is for wealth, it is still meaningful. The top wealth quintile for White households has approximately 14 times more income than the bottom White wealth quintile. The gap is larger within Black households. The top wealth quintile for Black households has approximately 16 times more income than the bottom Black wealth quintile. When examining Black/White income gap, the gap is largest among the bottom wealth quintiles. White households in the bottom quintile have three times more income than Black households in the bottom quintile. Interestingly, for both distributions the share of wealth held by the top of the wealth distribution is almost double the share of income the top of the wealth distribution (about 80% and about 40%, respectively).

[Insert Table 3 About Here]

Wealth Inequality by Income Quintiles and Race

Figure 5 shows the share of positive wealth held by quintiles in the distribution of income for White households. The top quintile of the income distribution for White households holds slightly more than 50% of White wealth. The top of the White wealth distribution holds a larger share (about 76%) of White wealth than the top of the White income distribution (about 50%). However, the bottom of the White wealth distribution holds less wealth (< 1%) than the bottom of the White income distribution (about 8%). Further, when observing wealth inequality by White income quintiles, the difference between the top and the bottom is only about 44%. However, when observing wealth inequality by White positive wealth quintiles the difference between the top and the bottom is about 78% (for a full report of data see Appendix A, Table A5). Overall, figures 5 and 6 paint a similar picture for the distributions of White and Black households.

⁴ Appendix A, Table A3 reports the same summary statistics by year.

[Insert Figures 5 & 6 About Here]

Income Inequality by Income Quintiles and Race

Figure 7 illustrates the trends in income share among the quintiles of the income distribution among White households. Unlike wealth, White income has been flat over time for all quintiles of the income distribution. It is worth pointing out that, in contrast to the top of the wealth distribution, the top of the income distribution has about the same share of income as it does wealth, about 50%. Black household patterns, illustrated in figure 8 are similar to those present in White households, illustrated in Figure 7. One exception is a slight increase in income for the top quintile of Black households over time (see Appendix A, Table A6 for full details).

[Insert Figures 7 & 8 About Here]

Two-Dimensional Results

In this section we examine the characteristics of those in the top/bottom 20% of both income and wealth distributions. Specifically, we examine the median income and wealth held by those groups over time, discuss the difference in wealth and income between groups, and consider how it has changed over time. The multi-dimensional analysis allows the researchers to ascertain the interaction between income and wealth. For example, analysis will enable us to understand whether those with high wealth are more likely to have high levels of income and wealth and whether those with low income are more likely to have low levels of income and wealth. Most importantly, it helps identify whether these trends are similar for the distribution of White households and the distribution of Black households.

Share of Households Falling in Top/Bottom 20%: Wealth and Income Distributions

On average, across the sample years, nearly 9% of White and Black households fell into the top 20% of both wealth and income distributions, respectively. This is consistent with previous research that finds a weak correlation between income and wealth (e.g., Keister, 2000).

Approximately 8% of White households fall into the bottom 20% of both the wealth and income distributions, and 11% of Black households fall into the bottom 20% of both the wealth and income

distributions. The proportion of White households falling into the bottom 20% of both the wealth and income distribution has remained relatively stable across time, while the proportion of Black households has grown slightly over time, from almost 9% in 1999 to 12% in 2015.

[Insert Table 4 about Here]

Characteristics of Households in Top/Bottom 20%: Wealth and Income Distributions

Table 5 describes the characteristics of the top 20% of both the wealth and income distribution for White households, Black households, or the combined distribution of households. Those in the top 20% of both the wealth and income distributions for White households have a median income of approximately \$194,650 (mean income of \$272,972) and median wealth of \$1,115,779 (mean wealth of \$2,135,166). Across all three distributions (White households, Black households, All households), individuals in households in the top 20% of both economic distributions have more years of education, are less likely to be female heads of households, more likely to be married, and are older than those in the bottom 20% of economic distributions. White households in the top 20% of both economic distributions have almost five times as much wealth, and approximately two times as much income, than the average White household. Black households in the top 20% of both economic distributions have nearly five times as much wealth, and almost three times the amount of income, on average, than the average Black household. These distributions appear similar. However, White households in the top 20% of both distributions have more than six times the average wealth of Black households in the top 20% of both distributions.

[Table 5 About Here]

As Table 6 indicates, among White households in the bottom 20% of both the wealth and income distributions, the median income is approximately \$14,727 (mean income is \$14,429) and the median wealth is \$0 (mean wealth is -\$12,000). These households are younger on average than the top 20% of both economic distributions and have fewer years of education (median of high school diploma or GED). For Black households in the bottom 20% of both economic distributions, the median income is about \$5,958 and the median wealth is approximately \$0 (mean wealth is

approximately -\$4,810).

[Table 6 About Here]

While the shares of wealth and income held by those in the top 20% of both the wealth and income distributions for White and Black households have both remained fairly constant across time, the median wealth over time has grown noticeably.⁵ Figure 9 shows the median wealth and income of individuals in the top/bottom 20% of both the income and wealth distributions for White households between 1999 and 2015. For White households, the median wealth held by those in the top 20% of both the wealth and the income distributions has increased over time, from approximately \$930,000 in 1999 to approximately \$1,360,000 in 2015. This represents a 46% increase in median wealth for White households in the top 20% of both the wealth and income distributions over the past 16 years. Those in the bottom 20% of both the wealth and the income distributions for White households had median wealth of approximately \$415 in 1999, a figure that decreased to \$0 in 2015, with an average across the nine waves of -\$241. So, while the share of wealth in White households has increased among the top 20% of both economic distributions, the share of wealth has decreased among the bottom 20% of both economic distributions. This indicates that wealth inequality has been growing over the past 16 years between the top and the bottom White households. In contrast to wealth, median income has changed very little for those in the top 20% and bottom 20% of both economic distributions.

[Figure 9 About Here]

Figure 10 shows the median wealth and income for individuals in the top/bottom 20% of both the income and wealth distributions for Black households. In the distribution of Black households, the median wealth for the group at the top of both economic distributions also increased over time, from approximately \$155,000 in 1999, to approximately \$167,000 in 2015.

⁵ Table A10 shows the shares of wealth held by each group from 1999 to 2015.

Therefore, there has been a modest wealth increase of about 8% over the past 16 years among Black households in the top 20% of both economic distributions. The median wealth for those in the bottom 20% of both distributions remained at \$0 between 1999 and 2015. Incomes for both groups—whether at the bottom or top of both economic distributions—have remained relatively constant over time.

[Figure 10 About Here]

Discussion

Very few wealth inequality research studies examine within-group wealth gaps. Most wealth inequality research focuses on either the Black/White wealth gap or the gap between the top and bottom of the wealth distribution without regard to race/ethnicity. This study is one of the first to examine the White wealth gap in America. We posit that shining a light on the White wealth gap is important because the near-exclusive focus on the Black/White wealth gap or on class differences frames wealth inequality and redistributive policies, as helping Blacks. In reality, wealth inequality is an American issue that threatens the promise of America; opportunity should be determined by a person's effort and ability, not the circumstance into which he/she is born.

Findings indicate that a substantial White wealth gap exists in America. The top quintile of the wealth distribution among Whites holds approximately 78% of White wealth, while the bottom holds less than 1%. However, sizable gaps exist not only between the top and bottom of the wealth distribution, but also between the top wealth quintile and the middle- and upper-quintiles as well. The bottom 60% of the wealth distribution hold less than 10% of White wealth. Despite how wealth inequality is framed in American discourse, the White wealth gap resembles the Black wealth gap, though qualitatively different in important ways. The share of wealth held by the top quintile of Whites, in contrast to the bottom quintile of Whites, is just about the same as it is for Blacks. However, the White and Black wealth gaps are qualitatively different because White households at each quintile hold more wealth than Black households at each quintile.

It is important to point out, however, while White households at each quintile hold far more

wealth than Black households at the same quintile, some Whites may also feel that the American dream is not reflected in their own lives. When they see what their White counterparts in higher quintiles have compared to them, they may become disenchanted with American institutions' ability to create a level playing field for them and their children. The top quintile of the White wealth distribution has approximately 1,400 times more wealth than the bottom quintile of the White wealth distribution.

With such a distance between the bottom and the top, when households at the bottom and middle of White wealth distribution compare themselves to households at the top, they may feel—like Black households—left behind and ignored. However, others they may not perceive these exist because they estimate the inequality in their immediate community, instead of comparing what they have to people in other communities (Hauser & Norton, 2017). Alternatively, they might not perceive the gap because they desire to blend in with others who look like them. Thus, they may be more likely to think their income is close to average (Lounghnan et al., 2011). Important for reframing discussions about the role of redistributive policies in reducing economic inequality, research also indicates that perceptions about redistributive policies can be changed by informing people about the level of inequality in society (Perez-Truglia, 2016).

In a democratic society enacting and implementing any meaningful legislation requires coming together. Thus, we posit that discussions of wealth inequality should include the shared interest that low-wealth Whites and Blacks have in passing legislation that redistributes wealth from the top down. This study does not suggest that research is not needed on the Black/White wealth gap. Black/White wealth gap research speaks to the need of different doses of wealth to narrow the wealth divide. But the treatment needed for both racial groups is the same: redistributive wealth policies. Too much wealth is concentrated in the hands of a few, making the American dream unattainable for a growing number of people. Gross wealth inequality might be one of the biggest threats to the vitality of the American dream.

This paper is not the first to note the potential benefits of a multi-racial working-class

movement that brings more of the country's wealth and economic benefits to those at the bottom of income and wealth distributions. In fact, Michelle Alexander (2010) argues that historically intentional 'racial bribes' have been used to keep poor whites and poor blacks from working together against white elites. Starting with Bacon's Rebellion in the late 1600s poor whites were given access to land and privileges while blacks were forced into a severe racial caste system based in slavery. As a backlash against the gains of African Americans in Reconstruction, the Populist movement that might have brought poor whites and blacks together around economic demands was undermined by segregationist Jim Crow laws that brought privileges and voting rights to poor whites while eliminating blacks from politics. Alexander goes on to argue that as the Civil Rights movement evolved to include issues of economic justice and a 'Poor People's Movement' to address the poverty of all races, calls for law and order and emphasis on cultural factors again divided voters across racial lines and led to mass incarceration which disproportionately impacts people of color (Alexander, 2010).

The idea of a White wage or the privileges of whiteness as compensation for lesser economic benefits is often attributed to W.E.B. DuBois (Zeitz, 2017; Williams, 2018). But the very real benefits of preferred access to higher paying jobs, housing with more favorable terms, and better schools and services is why some might vote on issues of race over class. If one is made to feel they have to give up what are perceived as real benefits to be in the same boat as everybody else, it might not seem like a favorable trade-off. Thus, our call is to emphasize the wealth inequality within the White race rather than across racial groups and to promote policies that promote greater wealth for everyone and not just those already in the top 10%.

Conclusion

While this paper examines White wealth inequality in America, it does not change the fact that the story of Black wealth inequality must also be told. This study presents evidence of substantial wealth inequality between Black households at the top of the wealth distribution and Black households at the bottom. For instance, we found that the top quintile of the Black wealth

distribution holds about 80% of all Black wealth. This study also indicates that the Black/White wealth gap remains large and worthy of further study and attention. Although White wealth inequality resembles Black wealth inequality from a distribution perspective, findings from this study show that White households in the top 20% of both distributions have more than six times the average wealth of Black households in the top 20% of both distributions. However, even with the persistence of the Black/White wealth gap, this study reveals a substantial White wealth gap.

We have posited that focusing on the White wealth gap might be one way to change the dialogue about redistributive policies in America. Currently the dialogue paints redistributive policies as anti-American, disproportionately rewarding non-White households at the expense of hardworking White households. In fact, redistributive policies are essential to ensure that effort is the determining factor in why people, regardless of race or ethnicity, succeed or fail.

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Table 1. Summary Statistics by Race of Household (Averaged 1999-2015)

	<u>White Households</u>			<u>Black Households</u>			<u>All Households</u>		
	Mean	SD	Median	Mean	SD	Median	Mean	SD	Median
Income	85.207	124.838	60.383	42.593	40.330	32.016	78.761	117.074	55.030
Wealth	444.795	1823.785	124.103	72.646	353.854	8.304	388.502	1691.080	90.588
Age (Head)	52.686	19.132	52.000	47.473	23.073	46.000	51.898	19.867	51.000
Female (Head)	0.283	--	--	0.529	--	--	0.320	--	--
Married (Head)	0.525	--	--	0.240	--	--	0.482	--	--
Years of Education	13.724	2.706	14.000	12.722	4.463	12.000	13.574	3.055	13.000
Household Race									
Both White	--	--	--	--	--	--	0.849	--	--
Both Black	--	--	--	--	--	--	0.151	--	--
		36426			22066			58492	
Number of Observations									

Note. Statistics are taken across all survey years (1999-2015). Summary statistics by year are available in Appendix Table A1. Wealth and income statistics are adjusted to 2017 dollars and are reported in thousands of dollars for ease of presentation. Family weights are used for the calculation of summary statistics. Negative wealth is included in the descriptive statistics when quintiles are not used. See methods section for how “White” and “Black” households are constructed. “All” households are the combination of White and Black households.

Table 2. Descriptive Wealth Statistics by Household Wealth Quintiles and Race (Averaged 1999-2015)

	<u>White Households</u>				<u>Black Households</u>				<u>All Households</u>			
	Mean	SD	Median	N	Mean	SD	Median	N	Mean	SD	Median	N
Negative Wealth	-37.038	96.185	-15.588	4360	-23.037	38.952	-9.913	3997	-33.859	86.770	-14.174	8357
Positive Wealth												
Bottom Quintile	1.242	2.339	0.000	7774	0.000	0.000	0.000	7314	0.407	1.019	0.000	15571
2nd Quintile	31.625	19.481	27.923	8030	1.344	1.140	1.052	1855	19.178	13.969	15.939	13972
3rd Quintile	128.388	41.861	124.131	7387	10.412	6.950	8.539	4619	94.151	35.676	90.840	11924
4th Quintile	336.357	96.750	319.872	6808	48.957	19.537	47.350	4371	276.385	86.610	263.712	9101
Top Quintile	1748.987	3800.684	973.408	6427	325.670	739.203	159.726	3907	1574.184	3535.069	864.760	7924

Table 3. Descriptive Income Statistics by Household Wealth Quintiles and Race (Averaged 1999-2015)

	<u>White Households</u>				<u>Black Households</u>				<u>All Households</u>			
	Mean	SD	Median	N	Mean	SD	Median	N	Mean	SD	Median	N
Bottom Quintile	15.700	7.183	16.507	5878	6.684	4.160	7.856	4094	13.366	6.586	14.205	12771
2nd Quintile	37.180	6.281	36.939	6605	18.464	3.806	18.199	4214	33.181	5.864	33.027	11678
3rd Quintile	60.881	7.959	60.478	7575	32.195	4.857	32.092	4220	55.401	7.607	55.070	11688
4th Quintile	94.967	12.597	93.943	8309	51.141	8.201	50.271	4721	88.107	12.337	86.923	11769
Top Quintile	217.701	228.821	165.637	8059	105.315	45.605	90.152	4817	204.003	213.573	156.592	10586

Note: Statistics are taken across all survey years (1999-2015). Summary statistics by year are available in Appendix Table A2. Wealth and income statistics are adjusted to 2017 dollars and are reported in thousands of dollars for ease of presentation. Weighted quintiles are used, and negative wealth is transformed to zero. Additionally, statistics on negative wealth are reported separately. Note, approximately 4,360 White households and 3,997 Black households hold negative wealth, and are included in the bottom quintile of their respective wealth distributions with wealth transformed to zero. This transformation is included in the descriptive statistics to accurately report the wealth used in the calculate of wealth shares. Not including this transformation results in households in the bottom quintile holding negative shares of wealth and, in some cases, households at the top holding more than 100% of the shares of wealth, which is theoretically meaningless. The transformation is one way to solve this problem. Family weights are used for the calculation of summary statistics. See methods section for how “White” and “Black” households are constructed. “All” households are a combination of White and Black households.

Table 4. Counts of Households Falling in the Top/Bottom 20% of Both the Income and the Wealth Distributions, and Those Falling in Either the Top/Bottom 20% of the Income or the Wealth Distribution of White Household, Black Households, and the Combined Distribution

Year	Top 20% of Both Wealth and Income Distribution		Top 20% of Either Wealth or Income Distribution		Bottom 20% of Both Wealth and Income Distribution		Bottom 20% of Either Wealth or Income Distribution	
	Number	Proportion	Number	Proportion	Number	Proportion	Number	Proportion
Distribution of White Households								
1999	349	9.00	1188	30.65	273	7.04	1181	30.47
2001	364	9.07	1218	30.34	295	7.35	1213	30.21
2003	364	8.83	1252	30.38	301	7.3	1244	30.19
2005	378	9.28	1243	30.51	320	7.85	1204	29.55
2007	391	9.45	1256	30.37	332	8.03	1192	28.82
2009	367	8.69	1309	30.99	326	7.72	1257	29.76
2011	364	8.63	1315	31.19	344	8.16	1303	30.91
2013	358	8.61	1274	30.64	305	7.34	1277	30.71
2015	324	8.14	1251	31.44	279	7.01	1197	30.08
Average	362.11	8.86	1256.22	30.72	308.33	7.53	1229.78	30.08
Distribution of Black Households								
1999	193	9.94	629	32.41	179	9.22	702	36.17
2001	175	8.49	631	30.60	185	8.97	766	37.15
2003	220	9.87	707	31.70	219	9.82	812	36.41
2005	222	9.42	746	31.66	235	9.97	876	37.18
2007	222	8.97	706	28.54	249	10.06	935	37.79
2009	245	9.41	832	31.96	258	9.91	1133	43.53
2011	233	8.50	852	31.09	339	12.37	1223	44.64
2013	234	8.13	839	29.16	369	12.83	1300	45.19
2015	239	8.13	868	29.54	349	11.88	1357	46.19
Average	220.33	8.98	756.67	30.74	264.67	10.56	1011.56	40.47
Distribution of All Households								
1999	423	7.27	1459	25.08	665	9.27	2051	28.58
2001	438	7.21	1537	25.29	668	8.82	2167	28.61
2003	439	6.91	1593	25.08	723	9.01	2246	27.98
2005	471	7.33	1614	25.10	799	9.68	2247	27.22
2007	495	7.49	1601	24.22	837	9.74	2321	27.00
2009	468	6.86	1691	24.77	770	8.55	2511	27.88
2011	473	6.80	1713	24.63	822	8.90	2670	28.91
2013	462	6.57	1682	23.91	860	9.15	2709	28.83
2015	434	6.27	1625	23.49	840	8.99	2715	29.06
Average	455.89	6.97	1612.78	24.62	776.00	9.12	2404.11	28.23

Note: Weighted quintiles are used. See methods section for how “White” and “Black” households are constructed. “All” households are a combination of White and Black households.

Table 5. Characteristics of Households in the Top 20% of Both the Wealth and the Income Distribution, and Those

in the Top 20% of Either the Wealth or the Income Distributions (averaged 1999-2015)

White Households						
	<u>Top 20% of both the income and wealth distribution</u>			<u>Top 20% of either the income or wealth distribution</u>		
	Mean	SD	Median	Mean	SD	Median
Family Income	272.972	316.443	194.650	173.238	195.951	142.335
Net Worth	2135.166	4416.542	1115.779	1068.266	2815.349	588.233
Age (Head)	53.782	11.649	53.000	52.709	14.536	52.000
Female (Head)	0.045	--	--	0.092	--	--
Married (Head)	0.900	--	--	0.833	--	--
Years of Education	15.458	1.756	16.000	14.857	2.224	16.000
Black Households						
	<u>Top 20% of both the income and wealth distribution</u>			<u>Top 20% of either the income or wealth distribution</u>		
	Mean	SD	Median	Mean	SD	Median
Family Income	119.176	50.989	105.428	85.393	49.263	79.068
Net Worth	345.909	660.696	182.698	170.845	420.221	97.877
Age (Head)	49.271	23.829	49.000	48.215	29.079	47.000
Female (Head)	0.153	--	--	0.276	--	--
Married (Head)	0.769	--	--	0.610	--	--
Years of Education	13.668	1.973	13.000	13.322	3.866	12.000
All Households						
	<u>Top 20% of both the income and wealth distribution</u>			<u>Top 20% of either the income or wealth distribution</u>		
	Mean	SD	Median	Mean	SD	Median
Family Income	251.835	288.235	181.717	161.287	176.105	134.238
Net Worth	1873.922	3999.219	977.041	907.101	2518.340	486.244
Age (Head)	53.436	11.710	53.000	52.025	18.276	51.000
Female (Head)	0.049	--	--	0.104	--	--
Married (Head)	0.898	--	--	0.818	--	--
Years of Education	15.358	1.828	16.000	14.668	2.224	16.000
Household Race						
Both White	0.950	--	--	0.878	--	--
Both Black	0.050	--	--	0.122	--	--

Note. Statistics are taken across all survey years (1999-2015). Summary statistics by year are available in Appendix Table A8. Wealth and income statistics are adjusted to 2017 dollars and are reported in thousands of dollars for ease of presentation. Negative wealth is included in the descriptive statistics when quintiles are not used. Weighted quintiles are used. Family weights are used for the calculation of summary statistics. See methods section for how “White” and “Black” households are constructed. “All” households are a combination of White and Black households.

Table 6. Summary Statistics, Households in the Bottom 20% of Both the Wealth and the Income Distribution and Those in the Bottom 20% of Either the Wealth or Income Distributions (averaged 1999-2015)

White Households						
	<u>Bottom 20% of Both the Income and Wealth Distribution</u>			<u>Bottom 20% of Either the Income or Wealth Distribution</u>		
	Mean	SD	Median	Mean	SD	Median
Family Income	14.429	7.337	14.727	38.608	37.558	25.311
Net Worth	-12.263	72.032	0.000	57.290	1089.308	0.830
Age (Head)	40.772	19.900	34.000	44.455	23.897	38.000
Female (Head)	0.485	--	--	0.385	--	--
Married (Head)	0.149	--	--	0.345	--	--
Years of Education	12.534	3.776	12.000	13.071	3.545	12.000
Black Households						
	<u>Bottom 20% of Both the Income and Wealth Distribution</u>			<u>Bottom 20% of Either the Income or Wealth Distribution</u>		
	Mean	SD	Median	Mean	SD	Median
Family Income	5.958	4.033	6.544	24.917	26.995	15.089
Net Worth	-4.810	19.435	0.000	-3.854	50.604	0.000
Age (Head)	39.780	16.202	37.000	40.509	15.541	37.000
Female (Head)	0.686	--	--	0.605	--	--
Married (Head)	0.045	--	--	0.170	--	--
Years of Education	11.747	5.527	12.000	12.419	4.974	12.000
All Households						
	<u>Bottom 20% of Both the Income and Wealth Distribution</u>			<u>Bottom 20% of Either the Income or Wealth Distribution</u>		
	Mean	SD	Median	Mean	SD	Median
Family Income	11.510	6.739	11.395	30.634	31.976	20.097
Net Worth	-7.498	30.308	0.000	25.698	778.328	0.000
Age (Head)	40.153	17.337	36.000	42.856	22.177	38.000
Female (Head)	0.625	--	--	0.506	--	--
Married (Head)	0.094	--	--	0.251	--	--
Years of Education	12.034	4.769	12.000	12.649	4.331	12.000
Household Race						
Both White	0.288	--	--	0.438	--	--
Both Black	0.712	--	--	0.562	--	--

Note. Statistics are taken across all survey years (1999-2015). Summary statistics by year are available in Appendix Table A8. Wealth and income statistics are adjusted to 2017 dollars and are reported in thousands of dollars for ease of presentation. Weighted quintiles are used. Family weights are used for the calculation of summary statistics. Negative wealth is included in the descriptive statistics when quintiles are not used. See methods section for how “White” and “Black” households are constructed. “All” households are a combination of White and Black households.

Table 1. Summary Statistics by Race of Household (Averaged 1999-2015)

	<u>White Households</u>			<u>Black Households</u>			<u>All Households</u>		
	Mean	SD	Median	Mean	SD	Median	Mean	SD	Median
Income	85.207	124.838	60.383	42.593	40.330	32.016	78.761	117.074	55.030
Wealth	444.795	1823.785	124.103	72.646	353.854	8.304	388.502	1691.080	90.588
Age (Head)	52.686	19.132	52.000	47.473	23.073	46.000	51.898	19.867	51.000
Female (Head)	0.283	--	--	0.529	--	--	0.320	--	--
Married (Head)	0.525	--	--	0.240	--	--	0.482	--	--
Years of Education	13.724	2.706	14.000	12.722	4.463	12.000	13.574	3.055	13.000
Household Race									
Both White	--	--	--	--	--	--	0.849	--	--
Both Black	--	--	--	--	--	--	0.151	--	--
		36426			22066			58492	
Number of Observations									

Note. Statistics are taken across all survey years (1999-2015). Summary statistics by year are available in Appendix Table A1. Wealth and income statistics are adjusted to 2017 dollars and are reported in thousands of dollars for ease of presentation. Family weights are used for the calculation of summary statistics. See methods section for how “White” and “Black” households are constructed. “All” households are the combination of White and Black households.

Table 2. Descriptive Wealth Statistics by Household Wealth Quintiles and Race (Averaged 1999-2015)

	<u>White Households</u>				<u>Black Households</u>				<u>All Households</u>			
	Mean	SD	Median	N	Mean	SD	Median	N	Mean	SD	Median	N
Negative Wealth	-37.038	96.185	-15.588	4360	-23.037	38.952	-9.913	3997	-33.859	86.770	-14.174	8357
Positive Wealth												
Bottom Quintile	1.242	2.339	0.000	7774	0.000	0.000	0.000	7314	0.407	1.019	0.000	15571
2nd Quintile	31.625	19.481	27.923	8030	1.344	1.140	1.052	1855	19.178	13.969	15.939	13972
3rd Quintile	128.388	41.861	124.131	7387	10.412	6.950	8.539	4619	94.151	35.676	90.840	11924
4th Quintile	336.357	96.750	319.872	6808	48.957	19.537	47.350	4371	276.385	86.610	263.712	9101
Top Quintile	1748.987	3800.684	973.408	6427	325.670	739.203	159.726	3907	1574.184	3535.069	864.760	7924

Table 3. Descriptive Income Statistics by Household Wealth Quintiles and Race (Averaged 1999-2015)

	<u>White Households</u>				<u>Black Households</u>				<u>All Households</u>			
	Mean	SD	Median	N	Mean	SD	Median	N	Mean	SD	Median	N
Bottom Quintile	15.700	7.183	16.507	5878	6.684	4.160	7.856	4094	13.366	6.586	14.205	12771
2nd Quintile	37.180	6.281	36.939	6605	18.464	3.806	18.199	4214	33.181	5.864	33.027	11678
3rd Quintile	60.881	7.959	60.478	7575	32.195	4.857	32.092	4220	55.401	7.607	55.070	11688
4th Quintile	94.967	12.597	93.943	8309	51.141	8.201	50.271	4721	88.107	12.337	86.923	11769
Top Quintile	217.701	228.821	165.637	8059	105.315	45.605	90.152	4817	204.003	213.573	156.592	10586

Note: Statistics are taken across all survey years (1999-2015). Summary statistics by year are available in Appendix Table A2. Wealth and income statistics are adjusted to 2017 dollars and are reported in thousands of dollars for ease of presentation. Weighted quintiles are used. Family weights are used for the calculation of summary statistics. See methods section for how “White” and “Black” households are constructed. “All” households are a combination of White and Black households.

Table 4. Counts of Households Falling in the Top/Bottom 20% of Both the Income and the Wealth Distributions, and Those Falling in Either the Top/Bottom 20% of the Income or the Wealth Distribution of White Household, Black Households, and the Combined Distribution

Year	Top 20% of Both Wealth and Income Distribution		Top 20% of Either Wealth or Income Distribution		Bottom 20% of Both Wealth and Income Distribution		Bottom 20% of Either Wealth or Income Distribution	
	Number	Proportion	Number	Proportion	Number	Proportion	Number	Proportion
Distribution of White Households								
1999	349	9.00	1188	30.65	273	7.04	1181	30.47
2001	364	9.07	1218	30.34	295	7.35	1213	30.21
2003	364	8.83	1252	30.38	301	7.3	1244	30.19
2005	378	9.28	1243	30.51	320	7.85	1204	29.55
2007	391	9.45	1256	30.37	332	8.03	1192	28.82
2009	367	8.69	1309	30.99	326	7.72	1257	29.76
2011	364	8.63	1315	31.19	344	8.16	1303	30.91
2013	358	8.61	1274	30.64	305	7.34	1277	30.71
2015	324	8.14	1251	31.44	279	7.01	1197	30.08
Average	362.11	8.86	1256.22	30.72	308.33	7.53	1229.78	30.08
Distribution of Black Households								
1999	193	9.94	629	32.41	179	9.22	702	36.17
2001	175	8.49	631	30.60	185	8.97	766	37.15
2003	220	9.87	707	31.70	219	9.82	812	36.41
2005	222	9.42	746	31.66	235	9.97	876	37.18
2007	222	8.97	706	28.54	249	10.06	935	37.79
2009	245	9.41	832	31.96	258	9.91	1133	43.53
2011	233	8.50	852	31.09	339	12.37	1223	44.64
2013	234	8.13	839	29.16	369	12.83	1300	45.19
2015	239	8.13	868	29.54	349	11.88	1357	46.19
Average	220.33	8.98	756.67	30.74	264.67	10.56	1011.56	40.47
Distribution of All Households								
1999	423	7.27	1459	25.08	665	9.27	2051	28.58
2001	438	7.21	1537	25.29	668	8.82	2167	28.61
2003	439	6.91	1593	25.08	723	9.01	2246	27.98
2005	471	7.33	1614	25.10	799	9.68	2247	27.22
2007	495	7.49	1601	24.22	837	9.74	2321	27.00
2009	468	6.86	1691	24.77	770	8.55	2511	27.88
2011	473	6.80	1713	24.63	822	8.90	2670	28.91
2013	462	6.57	1682	23.91	860	9.15	2709	28.83
2015	434	6.27	1625	23.49	840	8.99	2715	29.06
Average	455.89	6.97	1612.78	24.62	776.00	9.12	2404.11	28.23

Note: Weighted quintiles are used. See methods section for how “White” and “Black” households are constructed. “All” households are a combination of White and Black households.

Table 5. Characteristics of Households in the Top 20% of Both the Wealth and the Income Distribution, and Those in the Top 20% of Either the Wealth or the Income Distributions (averaged 1999-2015)

White Households						
	<u>Top 20% of both the income and wealth distribution</u>			<u>Top 20% of either the income or wealth distribution</u>		
	Mean	SD	Median	Mean	SD	Median
Family Income	272.972	316.443	194.650	173.238	195.951	142.335
Net Worth	2135.166	4416.542	1115.779	1068.266	2815.349	588.233
Age (Head)	53.782	11.649	53.000	52.709	14.536	52.000
Female (Head)	0.045	--	--	0.092	--	--
Married (Head)	0.900	--	--	0.833	--	--
Years of Education	15.458	1.756	16.000	14.857	2.224	16.000
Black Households						
	<u>Top 20% of both the income and wealth distribution</u>			<u>Top 20% of either the income or wealth distribution</u>		
	Mean	SD	Median	Mean	SD	Median
Family Income	119.176	50.989	105.428	85.393	49.263	79.068
Net Worth	345.909	660.696	182.698	170.845	420.221	97.877
Age (Head)	49.271	23.829	49.000	48.215	29.079	47.000
Female (Head)	0.153	--	--	0.276	--	--
Married (Head)	0.769	--	--	0.610	--	--
Years of Education	13.668	1.973	13.000	13.322	3.866	12.000
All Households						
	<u>Top 20% of both the income and wealth distribution</u>			<u>Top 20% of either the income or wealth distribution</u>		
	Mean	SD	Median	Mean	SD	Median
Family Income	251.835	288.235	181.717	161.287	176.105	134.238
Net Worth	1873.922	3999.219	977.041	907.101	2518.340	486.244
Age (Head)	53.436	11.710	53.000	52.025	18.276	51.000
Female (Head)	0.049	--	--	0.104	--	--
Married (Head)	0.898	--	--	0.818	--	--
Years of Education	15.358	1.828	16.000	14.668	2.224	16.000
Household Race						
Both White	0.950	--	--	0.878	--	--
Both Black	0.050	--	--	0.122	--	--

Note. Statistics are taken across all survey years (1999-2015). Summary statistics by year are available in Appendix Table A8. Wealth and income statistics are adjusted to 2017 dollars and are reported in thousands of dollars for ease of presentation. Weighted quintiles are used. Family weights are used for the calculation of summary statistics. See methods section for how “White” and “Black” households are constructed. “All” households are a combination of White and Black households.

Table 6. Summary Statistics, Households in the Bottom 20% of Both the Wealth and the Income Distribution and Those in the Bottom 20% of Either the Wealth or Income Distributions (averaged 1999-2015)

White Households

	<u>Bottom 20% of Both the Income and Wealth Distribution</u>			<u>Bottom 20% of Either the Income or Wealth Distribution</u>		
	Mean	SD	Median	Mean	SD	Median
Family Income	14.429	7.337	14.727	38.608	37.558	25.311
Net Worth	-12.263	72.032	0.000	57.290	1089.308	0.830
Age (Head)	40.772	19.900	34.000	44.455	23.897	38.000
Female (Head)	0.485	--	--	0.385	--	--
Married (Head)	0.149	--	--	0.345	--	--
Years of Education	12.534	3.776	12.000	13.071	3.545	12.000

Black Households

	<u>Bottom 20% of Both the Income and Wealth Distribution</u>			<u>Bottom 20% of Either the Income or Wealth Distribution</u>		
	Mean	SD	Median	Mean	SD	Median
Family Income	5.958	4.033	6.544	24.917	26.995	15.089
Net Worth	-4.810	19.435	0.000	-3.854	50.604	0.000
Age (Head)	39.780	16.202	37.000	40.509	15.541	37.000
Female (Head)	0.686	--	--	0.605	--	--
Married (Head)	0.045	--	--	0.170	--	--
Years of Education	11.747	5.527	12.000	12.419	4.974	12.000

All Households

	<u>Bottom 20% of Both the Income and Wealth Distribution</u>			<u>Bottom 20% of Either the Income or Wealth Distribution</u>		
	Mean	SD	Median	Mean	SD	Median
Family Income	11.510	6.739	11.395	30.634	31.976	20.097
Net Worth	-7.498	30.308	0.000	25.698	778.328	0.000
Age (Head)	40.153	17.337	36.000	42.856	22.177	38.000
Female (Head)	0.625	--	--	0.506	--	--
Married (Head)	0.094	--	--	0.251	--	--
Years of Education	12.034	4.769	12.000	12.649	4.331	12.000
Household Race						
Both White	0.288	--	--	0.438	--	--
Both Black	0.712	--	--	0.562	--	--

Note. Statistics are taken across all survey years (1999-2015). Summary statistics by year are available in Appendix Table A8. Wealth and income statistics are adjusted to 2017 dollars and are reported in thousands of dollars for ease of presentation. Weighted quintiles are used. Family weights are used for the calculation of summary statistics. See methods section for how “White” and “Black” households are constructed. “All” households are a combination of White and Black households.

Figure 1. Share of Positive Wealth Held by Quintiles of the Wealth Distribution for White Households

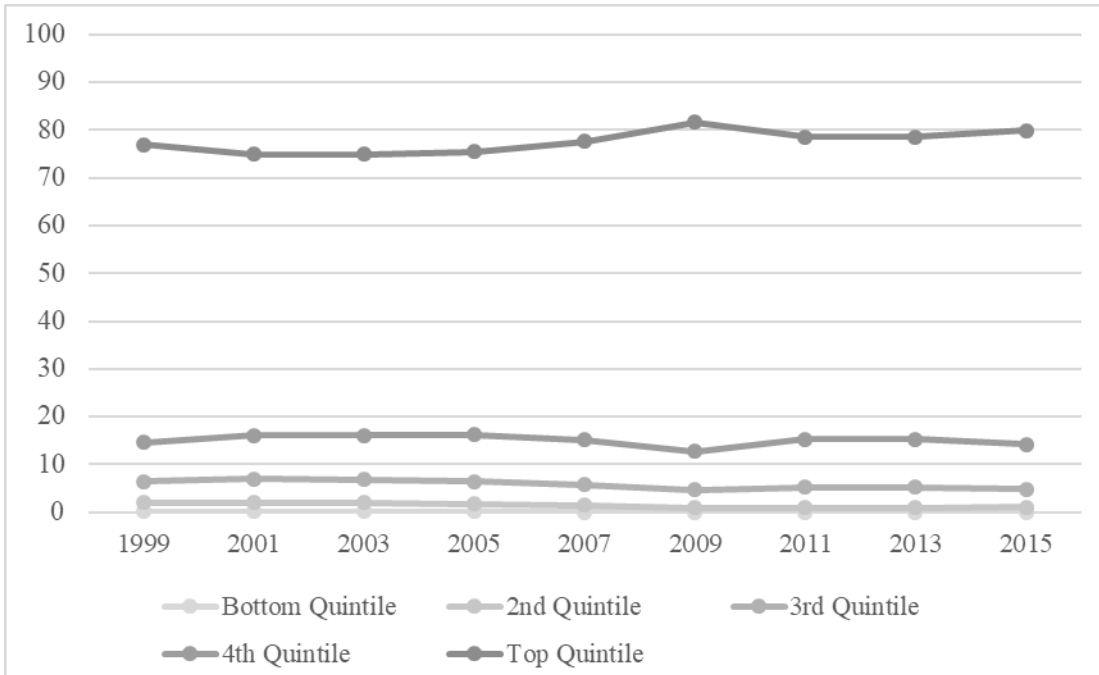
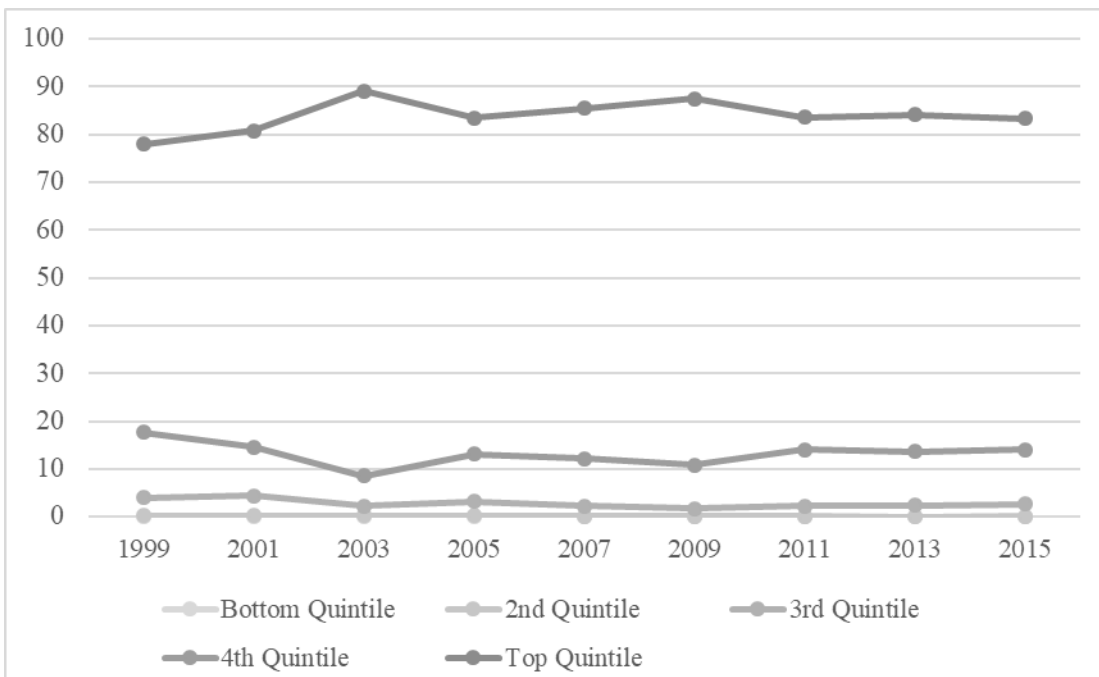


Figure 2. Share of Positive Wealth Held by Quintiles of the Wealth Distribution for Black Households



Note. Wealth is transformed so that negative values are equal to zero, eliminating the possibility for negative shares and shares greater than one hundred percent, but maintaining the composition of the quintiles. Family weights are used for the analysis. See methods section for how “White” and “Black” households are constructed. Table A4 reports the information that constructs Figures 1 and 2.

Figure 3. Share of Income Held by Quintiles of the Wealth Distribution for White Households

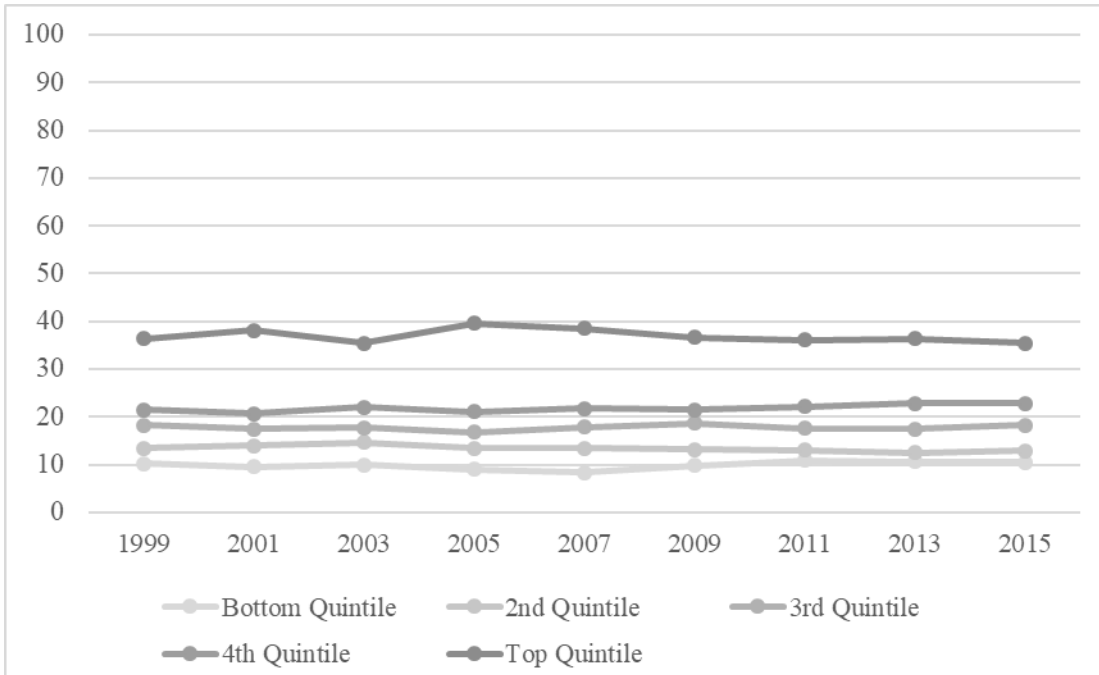
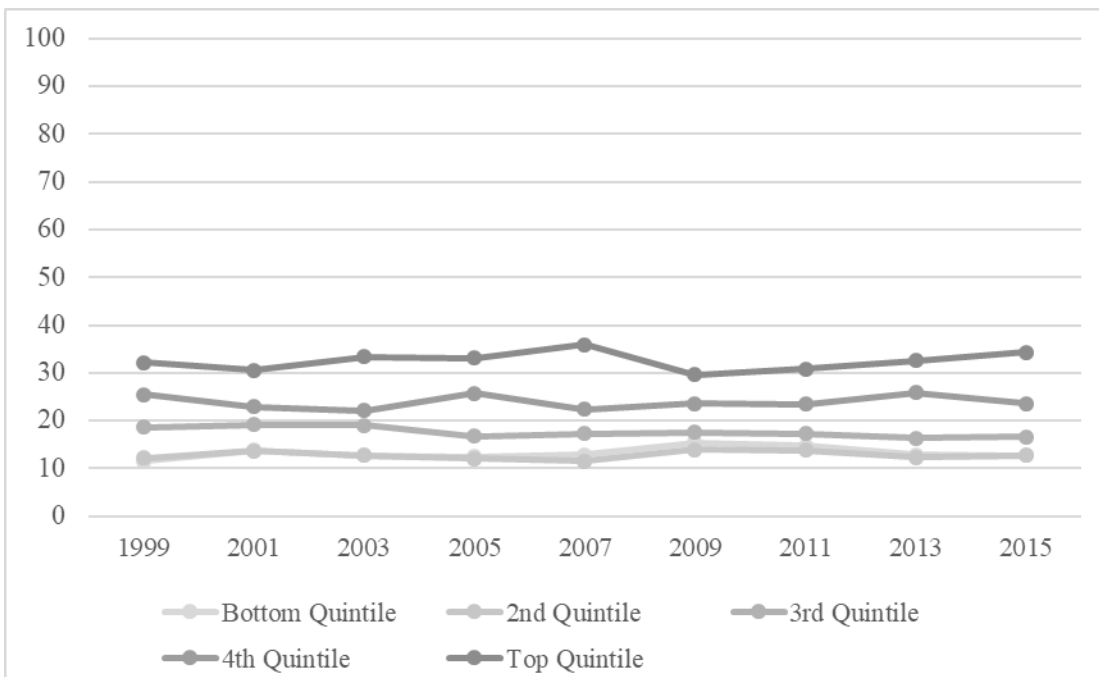


Figure 4. Share of Income Held by Quintiles of the Wealth Distribution for Black Households



Note. Wealth is transformed so that negative values are equal to zero, eliminating the possibility for negative shares and shares greater than one hundred percent, but maintaining the composition of the quintiles. Family weights are used for the analysis. See methods section for how “White” and “Black” households are constructed. Table A5 reports the information that constructs Figures 3 and 4.

Figure 5. Share of Positive Wealth Held by Quintiles of the Income Distribution for White Households

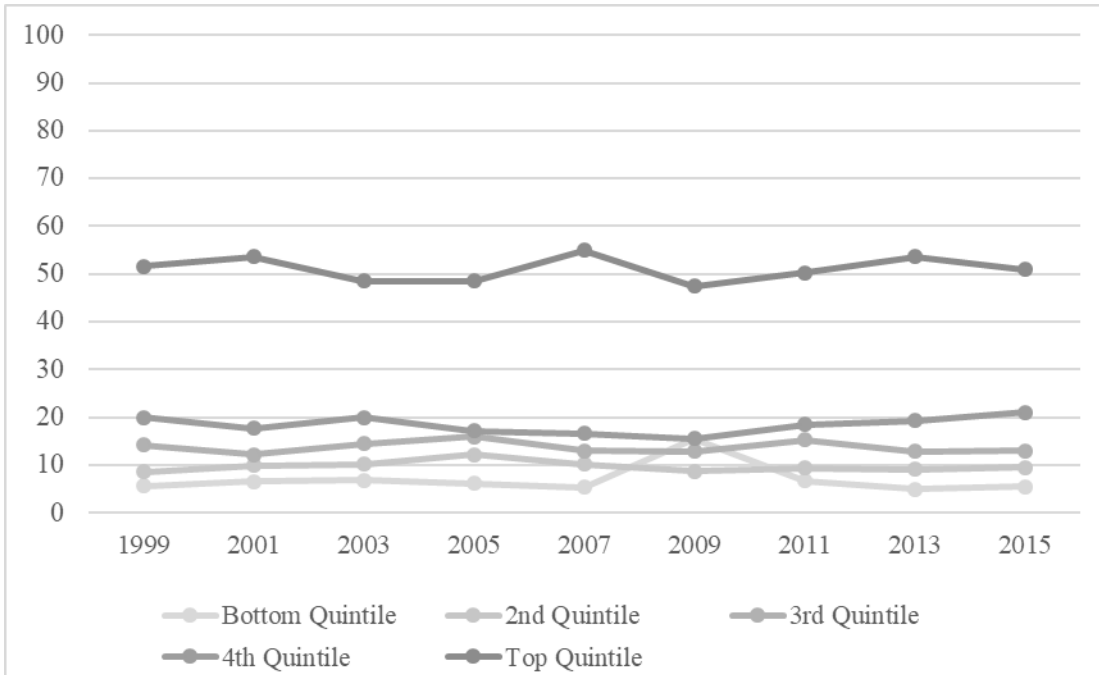
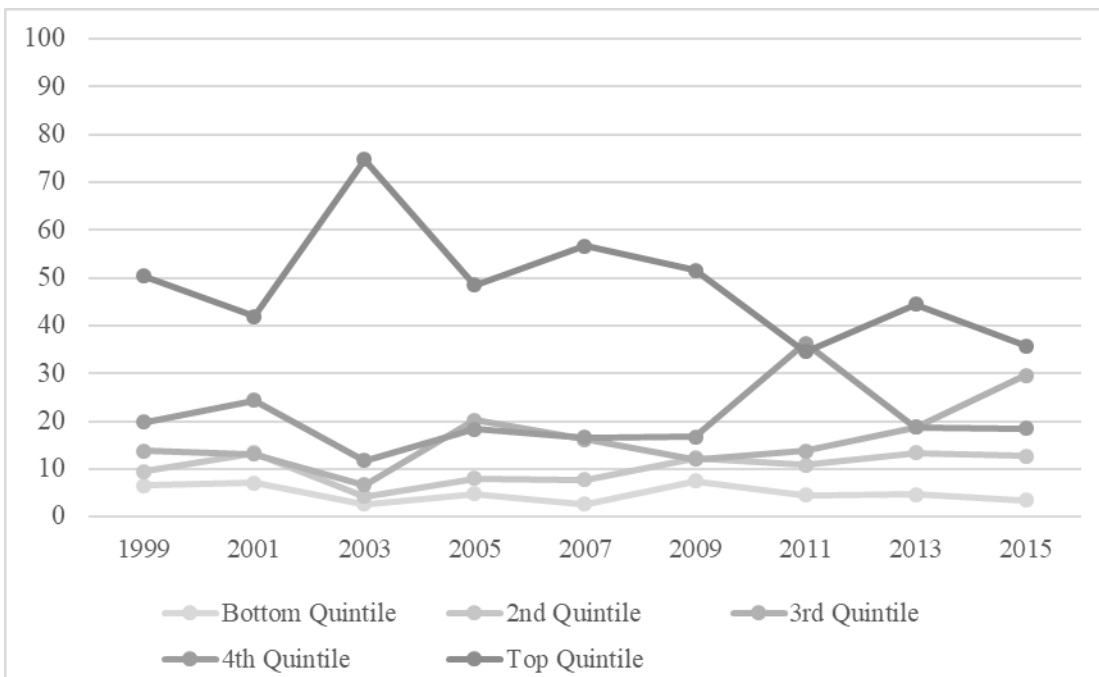


Figure 6. Share of Positive Wealth Held by Quintiles of the Income Distribution for Black Households



Note: Wealth is transformed so that negative values are equal to zero, eliminating the possibility for negative shares and shares greater than one hundred percent, but maintaining the composition of the quintiles. Family weights are used for the analysis. See methods section for how “White” and “Black” households are constructed. Table A6 reports the information that constructs Figures 5 and 6.

Figure 7. Share of Income Held by Quintiles of the Income Distribution for White Households

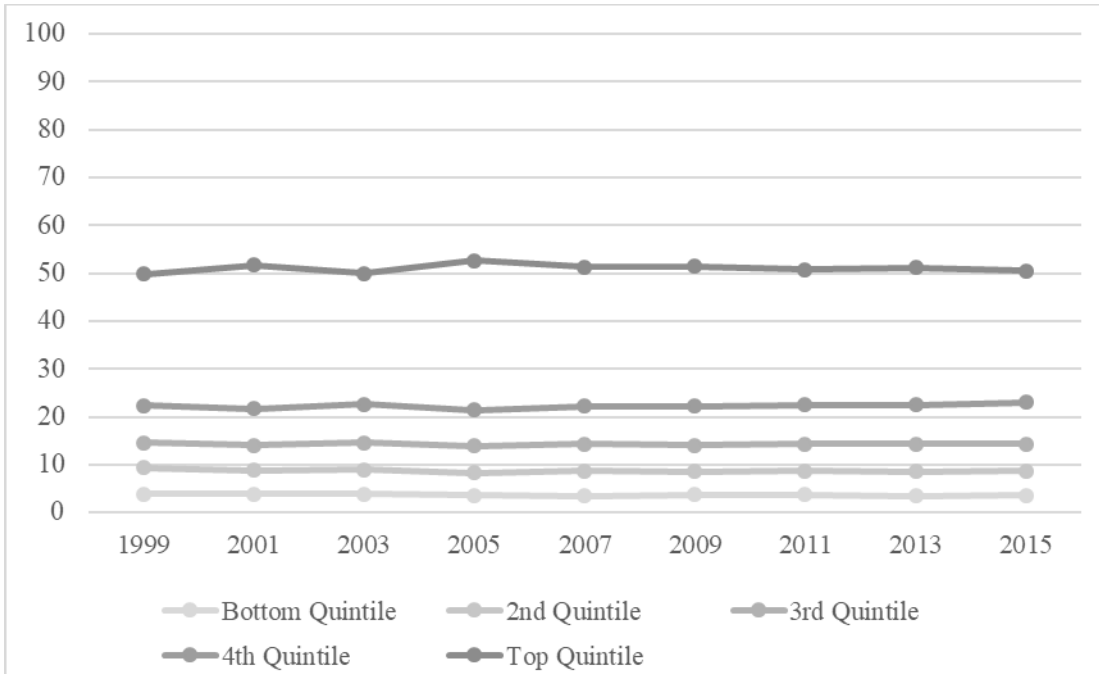
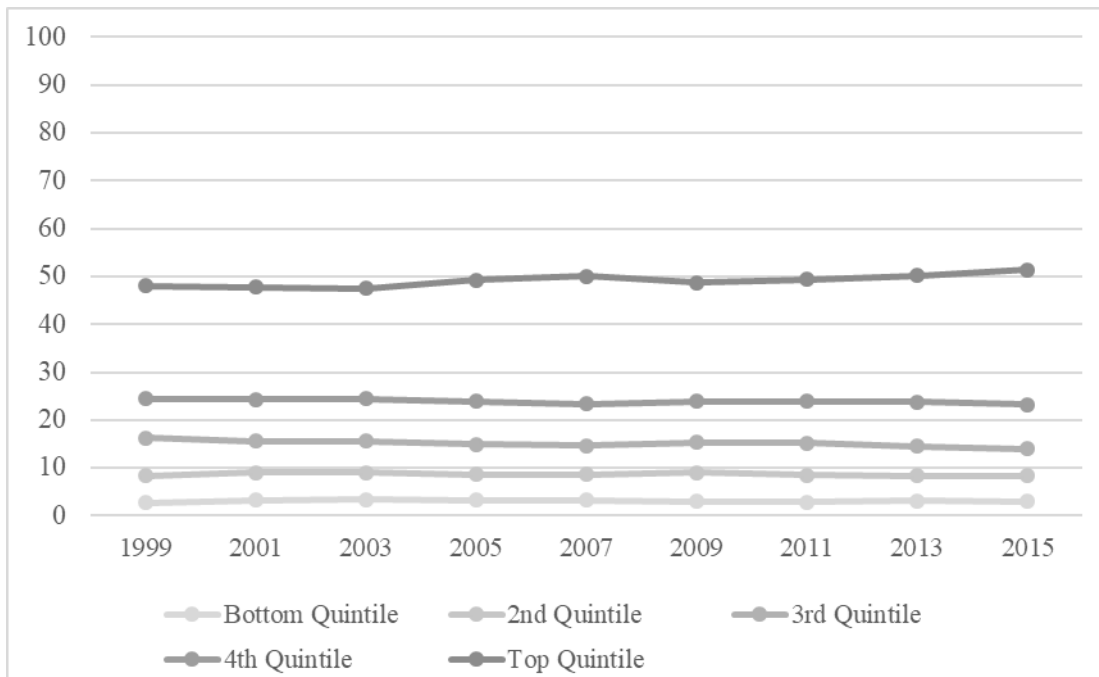
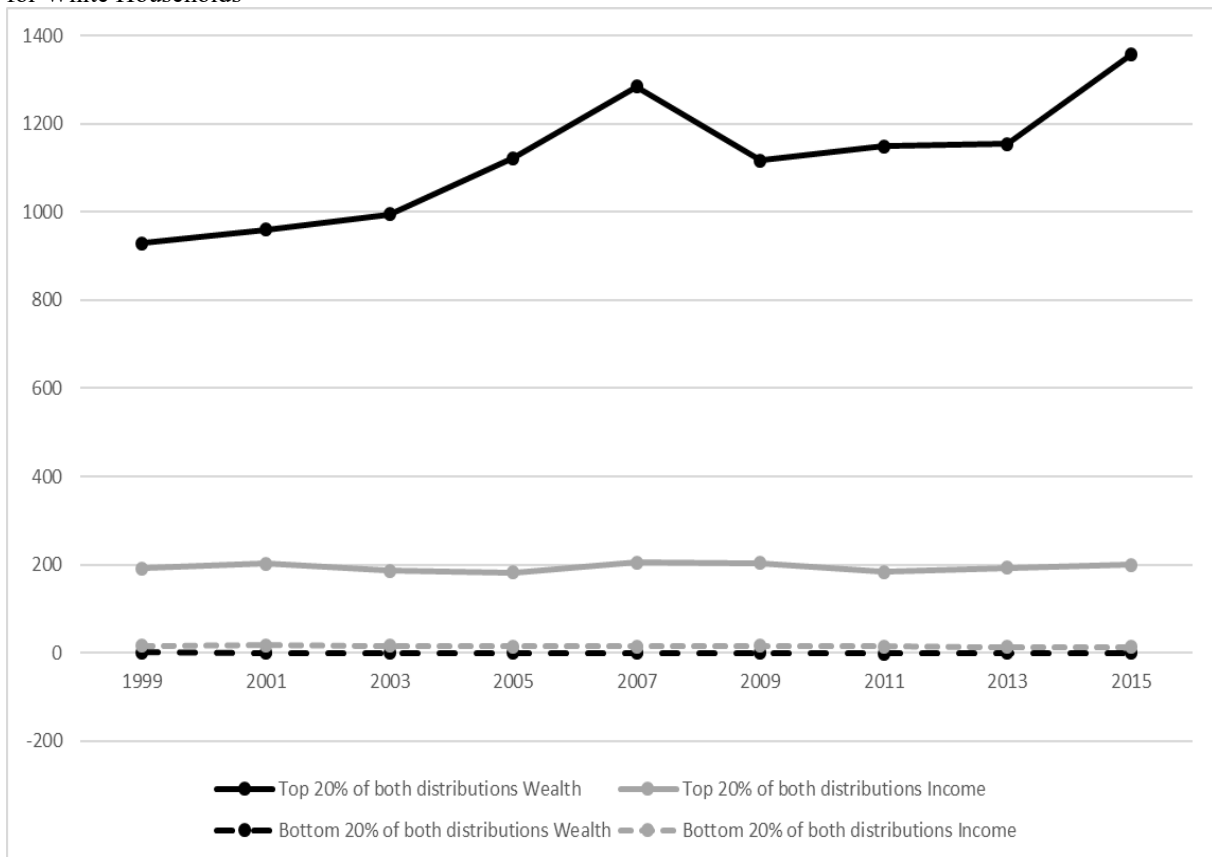


Figure 8: Share of Income Held by Quintiles of the Income Distribution for Black Households



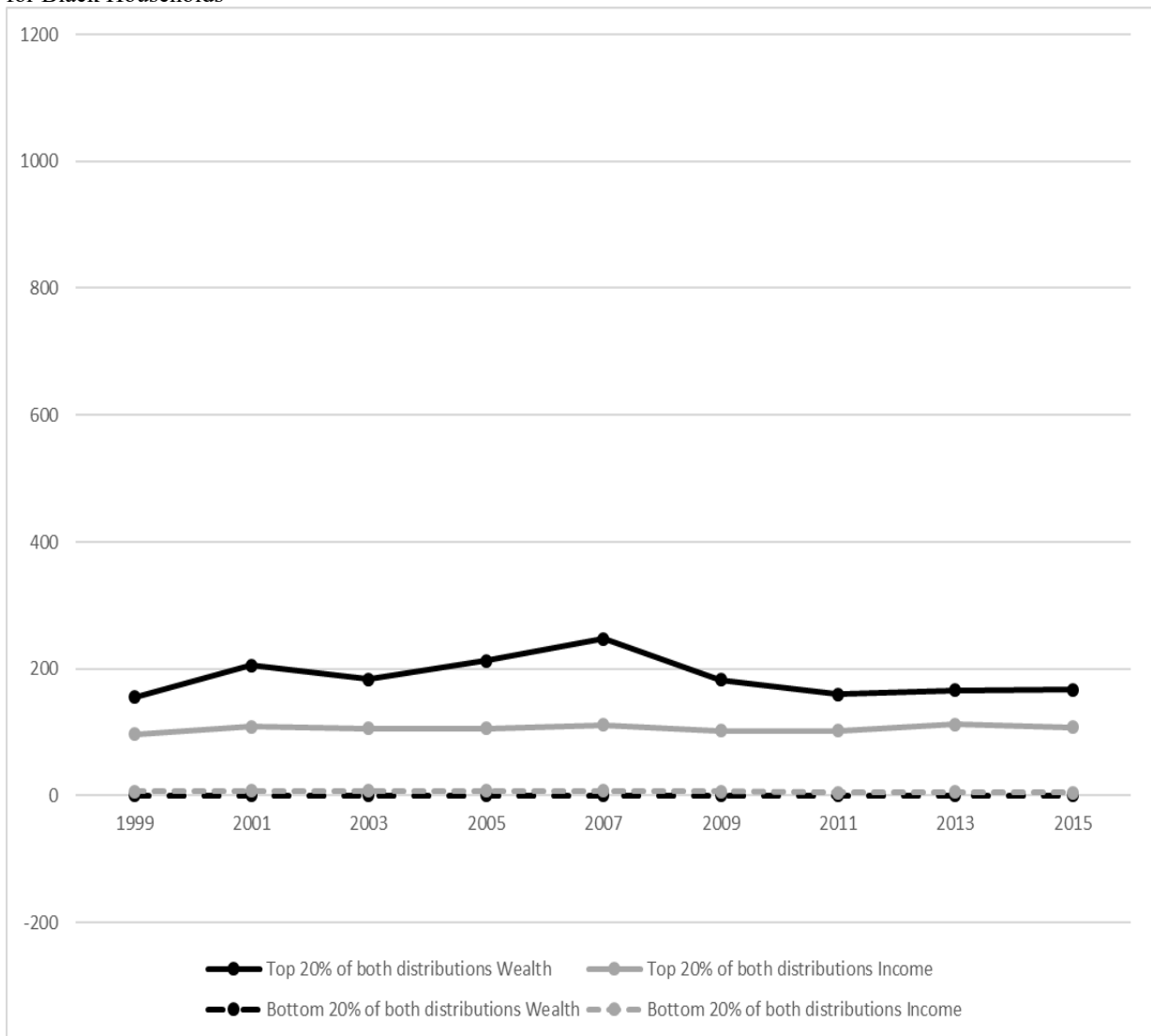
Note. See methods section for how “White” and “Black” households are constructed. Family weights are used for the analysis. Table A7 reports the information that constructs Figures 7 and 8.

Figure 9. Median Wealth and Median Income of Households in the Top 20% of Both the Income and the Wealth Distributions, and Households in the Bottom 20% of Both the Income and the Wealth Distributions for White Households



Note. Y-axis represents a dollar amount. The lines represent the median of either wealth (black) or income (gray). The dashed lines represent the bottom 20% of both the income and wealth distributions, and the solid lines represent the top 20% of both distributions. Wealth and income statistics are adjusted to 2017 dollars and are reported in thousands of dollars for ease of presentation. Weighted quintiles are used. Family weights are used for the calculation of summary statistics. See methods section for how “White” and “Black” households are constructed.

Figure 10. Median Wealth and Median Income of Households in the Top 20% of Both the Income and the Wealth Distributions, and Households in the Bottom 20% of Both the Income and the Wealth Distributions for Black Households



Note: Y-axis represents a dollar amount. The lines represent the median of either wealth (black) or income (gray). The dashed lines represent the bottom 20% of both the income and wealth distributions, and the solid lines represent the top 20% of both distributions. Wealth and income statistics are adjusted to 2017 dollars and are reported in thousands of dollars for ease of presentation. Weighted quintiles are used. Family weights are used for the calculation of summary statistics. See methods section for how “White” and “Black” households are constructed.