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New Report Highlights How Surging Inequality Widens the Racial Wealth Divide

Washington D.C - Historic racial wealth disparities are being maintained or worsened by policies that have shifted wealth to the richest U.S. households, according to a new report released by the Institute for Policy Studies, ***Dreams Deferred: How Enriching the 1 Percent Widens the Racial Wealth Divide.***

Key Findings Include:

- Between 1983 and 2016, the median black family saw their wealth drop over 50 percent after adjusting for inflation, while over that same period median White wealth increased by 33 percent. Meanwhile, the number of households with \$10 million or more skyrocketed by 856 percent.
- **The median Black family today owns \$3,600**— just 2 percent of the wealth of the \$147,000 the median White family owns. **The median Latino family has assets worth \$6,600** — just 4 percent as much as the median White family. In other words, the median White family has **41 times more wealth than the median Black family** and **22 times more wealth than the median Latino family.**
- If the trajectory of the past three decades continues, **by 2050, median White wealth will be \$174,000, while Latino wealth will be \$8,600 and Black median wealth will be \$600.** Based on the 1983 to 2016 trajectory, the **median Black family is on track to reach zero wealth by 2082.**
- The **proportion of all U.S. households with zero or “negative” wealth**, meaning their debts exceed the value of their assets, **has grown from 1 in 6 in 1983 to 1 in 5 households in 2016.** Families of color are much likelier to be in this precarious financial situation. **Thirty-seven percent of Black families and 33 percent of Latino families have zero or negative wealth**, compared to just 15.5 percent of White families. One piece of good news: the proportion of Latino families with zero or negative net worth

declined between 1983 and 2016, from 40 percent to 33 percent.

- The widening of the racial wealth divide has coincided with the extreme concentration of U.S. wealth. **The Forbes 400 richest Americans own more wealth than the entire Black population plus a quarter of the Latino population combined.**
- **Jeff Bezos**, founder of Amazon, **owns \$160 billion in total wealth**. That is **44 million times more wealth than the median Black family, and 24 million times more wealth than a Latino family.**
- **Low levels of Black and Latino wealth**, combined with their growing proportion of the population, is a **key factor in the decline in overall American median household wealth** from \$84,111 in 1983 to \$81,704 in 2016.

This report comes in the wake of two previous reports from the Program on Inequality at the Institute for Policy Studies, in conjunction with Prosperity Now: “***The Ever-Growing Gap: Failing to Address the Status Quo Will Drive the Racial Wealth Divide for Centuries to Come***” (August 2016) and “***The Road to Zero Wealth: How the Racial Wealth Divide is Hollowing Out America’s Middle Class***” (September 2017).

“Just as racial economic inequality is the foundation of racial inequality, similarly the racial wealth divide is a key indicator of racial economic inequality.” said report co-author Dedrick Asante-Muhammad, an associate fellow at the Institute for Policy Studies. “Wealth is concentrating at an incredibly rapid rate in the United States in our increasingly top-heavy economy. Looking at the racial wealth divide in the context of this concentration of wealth is illuminating.”

“This extraordinary concentration of wealth ripples through all aspects of our society, disrupting our democracy, economic stability and social cohesion.” said Chuck Collins, co-author of the report, director of IPS’s Program on Inequality and co-editor of inequality.org. “Like two strands of the same thread of DNA, the historic racial wealth divide and this recent ‘top heavy’ history of wealth concentrating in fewer hands are two trends that interact and influence one another.”

The report suggests policy solutions that include investments in wealth-building initiatives and an audit of federal wealth-building programs as to their impact on the racial wealth divide, and many others.

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