

The great divide in household wealth

BY GENE NICHOL

CHAPEL HILL -- The U.S. Census bureau delivered, on Thursday, the expected news.

Last year, 1 in 7 Americans lived in poverty. That represents the highest rate, nationally, in more than 15 years. The total number of us, almost 44 million, living below the stringent federal poverty standard (about \$22,000 a year for a family of four) was the highest in our history.

For blacks and Hispanics, the numbers were much greater, more than 1 in 4. Child poverty - our most profound national embarrassment - rose from 19 percent to 20.7 percent. The South was, again, by far the country's poorest region. In preliminary estimates, North Carolina's poverty rate was well above 15 percent. And for any who did not believe we needed health care reform, in 2009 almost 51 million Americans had no coverage. If that's not "broken," one wonders what is.

To put such stark numbers into perspective, recent international studies have shown that we not only are the richest nation on Earth, but we also countenance significantly more poverty, and much more child poverty, than most other Western industrial democracies. We have the largest gaps between rich and poor. We make fewer efforts to lift the poorest out of economic distress and take fewer steps to ameliorate economic inequalities than most comparable nations. And while the top 1 percent of Americans claimed about 8 percent of our total national income in the 1970s, it now captures almost 25 percent. We are boldly askew.

Last week the UNC Poverty Center, in partnership with the Z. Smith Reynolds Foundation, also published a study that looks closer to home - one that deepens and augments our understanding of the effects of poverty on our lives. We explored disparity, particularly racial disparity, not in income, but in wealth.

Income studies, of course, are based on the dollars each household manages to bring home. Wealth, on the other hand, refers to the assets we accumulate - to produce additional income, to invest in future opportunities and to buttress against the unpredictable winds of economic challenge.

Nationally, racial wealth disparity has been shown to be deep and, if anything, even more intractable than income inequality. Our study showed, pointedly, that racial wealth disparity in North Carolina is a good deal worse than in the country at large. African-American households here possess only about 13 percent of the wealth held by white households. Net worth comparisons are, remarkably, even more bleak.

Black households have only about a third of the home equity enjoyed by whites. They secure only about a quarter of the pension values and a quarter of the savings of white North Carolinians. Many more black families are "unbanked." Tragically, about half of all African-American households report less than \$100 in personal savings.

Massive differentials exist across both income levels and stages of life. Even high-income black households have demonstrably less wealth than comparable white families. And, for example, black heads of household between the ages of 50 and 65, preparing for retirement, report at the median about \$17,000 in assets. Similarly staged whites, on average, have \$143,000. And single black women fare much, much worse than single black men.

These numbers, of course, are beyond demoralizing. They almost provide cause to give up hope. Almost. And Tar Heels, no doubt, disagree mightily about whether they constitute a moral outrage and, if so, what the most effective steps that could be taken to address them are.

For me, despite unyielding controversy, some things are clear.

I do not believe, for example, that Americans are less generous and less concerned about the plight of their fellows than the citizens of other nations.

I don't believe our poor and marginalized members are less capable of taking advantage of proffered opportunity and challenge than those of other lands.

I don't think that we are less able to fashion solutions to the complex and debilitating problems of poverty than our counterparts elsewhere.

Nor do I believe that we will either thrive as a people or live up to our defining national promise by further dividing into distant camps of haves and have-nots.

I'm confident that any vibrant and worthy sense of morality requires that we recognize our neighbors as brothers and sisters rather than strangers - removed from the fates we claim as our own.

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