

Wealth, race, and the working class from 2010-2019

Fenaba R. Addo, Ph.D.

William A. Darity, Jr., Ph.D.

Abstract

What does it mean to be working class in a society of extreme racial wealth inequality? Using four waves of data from the Survey of Consumer Finances, we investigate the wealth holdings of Black, Latinx, and White working-class households during the post Great Recession (Pre-Covid-19) period that spanned 2010 to 2019. We then explore the relationship between working class and middle-class attainment using a wealth-based metric.

We find that working class households composed 56-58 percent of the 25-64-year-old labor force, declining less than two percentage points by 2019. They have a median net worth that is one quarter of the median wealth of professional class households. White working-class households have a significantly higher net worth than Black and Latinx households, independent of their specific occupational classifications. In the case of Black households, racial identity is a stronger predictor of wealth attainment than occupational sector.

Introduction

Racial wealth inequality in the United States is massive, persistent, and well-documented. In the immediate years post-recession, Black-White wealth disparities widened, and, five years later, Black households held one-tenth the net worth of White households (Dettling et al. 2017). As the labor and housing markets recovered after experiencing record rates of unemployment and foreclosures, returns from the rising economy were not shared equally across U.S.

households. Using data from the Survey of Consumer Finances, we investigate the financial status of households headed by adults tied to the labor market in the period of post-Great Recession economic growth between 2010 and 2019.

We categorize the working-class population based on their attachment to the labor market and in relations to the means of production. We bridge literatures on class and status attainment through the lens of stratification economics (Darity Jr et al. 2017). We are able to highlight the persistence of fundamental economic inequality during one of the longest periods of prosperity in modern day America. Wealth and wealth inequality measures have become increasingly important for understanding the economic lives of Americans, and, in particular, economic disparities across racial groups. The increasing role of consumer and education debt in American households, along with a diminished role for the social safety net, has meant a greater reliance and increased importance of private charitable contributions.

Recently, Darity, Addo and Smith (2020) made the case for a wealth-based definition of middle-class status to capture more accurately the subaltern status of Black Americans, a comparatively privileged subgroup within a larger marginalized one. This is important because wealth in the US can be transformative. It serves both as a means of social mobility and of solidifying social, political, and economic status. In contrast, the cumulative, intergenerational inability to acquire wealth in Black households continues to contribute to their sedimentation at the bottom of the socioeconomic distribution (Oliver and Shapiro 2006). While a different set of historical processes led to their current status, the statistics on wealth disparities between Latinx and (non-Latinx) white households are remarkably similar to those between (non-Latinx) black and white households.

We also are interested in unpacking how the relationship between working class status and net worth changed during this recovery period. We document wealth holdings of households classified as working class within Black, White, and Latinx populations after the Great Recession, including an assessment of their asset and debt profiles. In addition to providing an overall accounting of changes in working class households' financial balance sheet in the years post-recession, we also are interested in the degree of financial precarity experienced by these households. We accomplish this by exploring the relationship between a wealth-based threshold of "middle class" attainment and working-class status over the same period. In the final section, we examine the potential for overlap among the two groups, and whether the patterns differ by race and ethnicity.

The Great Recession, Race, and Wealth Inequality

In the years immediately following the Great Recession, a proliferation of studies examined changes in wealth holdings before and after the downturn and examined the impact of the downturn on the degree of racial/ethnic wealth inequality. Black and Latinx households lost a greater percentage of their wealth, 48 and 44 percent respectively, than white households who lost 26 percent (McKernan et al. 2014). Uneven recoveries from the recession translated into median and average wealth disparities that continued to widen post-recession.

By 2016 the Black-White wealth differentials were larger than pre-Great Recession estimates (Weller and Hanks 2018). White households displayed an ability to recover more quickly. (Compton, Giedeman, and Muller 2018). The intersection of labor force attachment and wealth is especially important when unpacking racialized trends in recovery rates during post-recessionary periods (Compton, Giedeman, and Muller 2018). Pfeffer, Danzinger, and Schoeni

(2013) found that households that experienced unemployment had the largest proportionate losses in wealth. During the recession, the Black unemployment rate peaked at 21.2 percent, the Latinx reach reached 15 percent, followed by the White peak rate of 10.6 percent (Pew Research Center 2020).

Separating the differential contributions of specific assets and debts also is necessary for understanding the post-recession recovery and given they are not distributed equally within race and ethnicity groups. Racial wealth gap is driven more strongly by black-white differences in assets rather than liabilities. For example, lower levels of liquid savings and income means tapping into long-term savings vehicles when experiencing negative economic shocks. This helps explain the larger decline in retirement assets among Black households during the Great Recession (McKernan et al. 2013).

Prior to the recession, homeownership rates for blacks were 48 percent, up from 43 percent a decade earlier (Taylor et al. 2011) while Latino rates surpassed 45 percent (HUD 2000) the highest levels on record. Among households who own their homes, it constitutes a larger share of their wealth portfolio for Black homeowners, and accounts for a greater share of the racial wealth gap at the lower ends of the wealth distribution (Maroto 2016).

Discriminatory practices that created barriers to home buying translate into Black households having shorter tenures in homeownership. Persistent residential segregation reduces growth in home equity for black households. From the late 1990s to the peak of the housing boom in the mid-2000s, research indicates that black and Latino households were more likely to lose their homes due to involuntary events such as foreclosure (Sharp and Hall 2014).

In addition, they were more likely to receive subprime loans, even if they qualified for loans with lower interest rates and better terms. There was evidence that lenders were less likely

to offer Black applicants lower-priced loans even if they qualified (Bocian, Ernst, and Li 2008; Faber 2013).

As the recession receded, the net worth of white households rose to thirteen times the level of the median wealth of Black households, up from eight times before the Great Recession (Leigh and Huff 2007). A significant portion of this trend was a direct result of rapid declines in home equity; indeed, Black households experienced greater declines in home equity post-recession (Burd-Sharps and Rasch 2015).

MSAs with larger concentrations of Black and Hispanic households experienced higher rates of foreclosure (Rugh and Massey 2010). Black and Latinx homeownership rates dropped disproportionately in comparison with the decline in White rates. Moreover, Black homeowners continued to experience wealth losses in the years post-recession, 2009-2011 (Burd-Sharps and Rasch 2015; Tippett et al. 2014).

The composition of debt portfolios may differ by race and class status. Credit market discrimination and related barriers to borrowing historically contributed to Black households having lower levels of outstanding debt than White households (Ards and Myers Jr 2001; Ards et al. 2015). These adverse conditions also have meant that white households with wealth are more likely to hold “good” debt-- liabilities tied to creating more wealth, including mortgages or small-business loans.

Low-wealth populations and members of marginalized communities are more likely to hold “bad debts” —liabilities often tied to exploitative and extractive lending systems, including penal fines and fees and payday loans. Recently, Seamster (2019) outlined the racialized nature of debt holdings given differential treatment of debtors in the US by race.

One striking trend during this period was the rise of student debt. As more people enrolled in higher education, aggregate student debt, which surpassed \$1.7 trillion by the end of 2019 and rose continuously through the Great Recession and the years afterward, composed a larger share of Black financial portfolio and increased disproportionately for Black households (Seamster and Charron-Chénier 2017). The growth of student debt and growing Black-white disparities in magnitude and repayment rates (Addo, Houle, and Simon 2016; Houle and Addo 2019; Scott-Clayton 2018), during this period, shed light on the perpetuation of wealth inequality on both sides of the household balance sheet.

At the intersections of race, working class status, and wealth inequality

After the official end of the Great Recession in July 2009, the US experienced its longest economic expansion on record (Budget and Priorities 2020). But who benefitted from the recovery? While much of the literature on economic inequality focused on growing racial wealth disparities, increasing concentration of wealth (e.g. the 1 percent), and the condition of the “middle class”, there was little systematic discussion of the condition of the working class. This is not new.

Social welfare policies and safety nets programs have focused on the poorest households. Yet, many households may not qualify for such support and remain economic fragile. These observations combined with labor market stagnation of the working class have been cited for driving political resentment during the 2016 election (Williams 2016) and, among white Americans, their belief that they were falling before black people (Jardina 2019). Horton et al. (2000) identified a need for more sociological work on race and class to examine the working-class population, given the predominance of studies on middle class attainment and poverty.

Conventionally, sociologists have drawn upon a definition of social class that combines both occupation and income to classify individuals and uses this definition to delineate three distinct class categories: bottom, working, and middle (and upper). This approach is best captured by attempts to identify the Black middle class, most notably, via Frazier's (1957) and Wilson's (1978) occupational status centered criteria.

More recently, Oliver and Shapiro's definition of black middle-class status, inclusive of educational attainment, income, and asset ownership, raised awareness of the low-wealth position of Black households. We believe the incorporation of wealth is important and necessary for capturing the extent of inequality within US society and for understanding why it persists. This paper builds on research that centers wealth as a defining feature of racial inequality in the United States.

We also use an occupation-based definition to delineate the working class. The working class, in our study, consists of "productive labor", in the Marxist sense (Darity 2019), persons who are neither business owners nor hired managers. Productive laborers are persons whose hired employment directly contributes to the generation of profit.

In contrast, we identify the professional class as "unproductive labor" again in the Marxist sense. Here we list business owners and hired managers as well as the general run of persons whose employment does not directly contribute to the generation of profits. This includes university faculty and administrators, civil servants, and artists and entertainers. Unproductive does not mean unnecessary, but it does mean that these individuals are not actively engaged in generating the social surplus. In fact, they are maintained out of the social surplus.

Our definition of class position relies solely on one's relationship to work and the labor market, in contrast to more common empirical treatments of class status that tend to combine

occupation and income (see (Frazier 1957)). We hypothesize that not only will the working class have lower wealth than professional class households, but also that the source of their wealth is more strictly dependent on savings out of personal income, rather than intergenerational transmission of resources. We speculate that due to cross-generational wealth inequality, persons in professional class occupations may have significantly greater access to parental and grandparental wealth. In turn, racialized differences in social mobility and parental and grandparental wealth will lead to disparities within social class strata based upon race/ethnic.

Data and Measures

We draw data from the 2010, 2013, 2016 and 2019 Survey of Consumer Finances (SCF), the four surveys available since the official end of the recession in June 2009. These surveys all were conducted prior to the onset of the novel coronavirus crisis. Sponsored by the Federal Reserve Board, the SCF is designed to gather information on the financial characteristics of US households.

The SCF uses a dual sample framework with includes a standard multistage area probability sampling and a supplementary sample of high net worth families selected from tax return data. Therefore, the SCF is more representative of the wealth distribution in the US compared with other surveys, like the PSID, which use standard probability sampling methods.

Another advantage of the SCF is the handling of missing values. The SCF employs multiple imputation methods on five separate versions of the dataset (Wright 1979). Survey analysis weights provided by the SCF account for the dual sample frame. We draw all financial variables from a merged file of the full public data and the summary extract file.

Our analytic sample consists of survey respondents between the ages of 25 and 64, who were not retired, disabled, or out of the labor force. These are prime years for wealth building and wealth accumulation. The earliest phase of these years, young adulthood, is also the period when a relatively compressed pattern of wealth begins to diverge by race/ethnicity (Zumbrun 2015). Financial values for the 2010, 2013, and 2016 waves have been adjusted for inflation and are reported in 2019 dollars using the CPI-R-US. All analyses were conducted in Stata using the svy commands.

Net Worth. Net worth, measured at the household level, is the difference between total assets and total debts. Total assets are the summation of financial and non-financial assets and total debts include both secured and unsecured. For the SCF, we use the created wealth variable provided as part of the summary extract files. The SCF does not collect information on future Social Security benefits and employer-sponsored defined pension plans (Bricker et al. 2017).

Working Class Status. We use the SCF created macro variables for classifying work status and the occupational classification of the household head. There are two criteria that must be met. The respondent must have indicated, first, they were employed by someone else, and second, they did not hold a managerial or professional occupation. The non-professional occupational category is quite large. Two primary occupational groups are designated by the SCF: first, technical/sales/services and second, production/craft/repair workers, operators, laborers, farmers, foresters, fishers and more.

For the purposes of the current analysis we choose not to change these groupings. Non-working class headed households consist of persons who specified that they work for someone else and held a managerial or professional occupation or that they work for themselves in a managerial/professional position. Self-employed individuals who did not hold a

managerial/professional position were grouped for the working-class group. We are fully aware that this is a basic definition for operationalizing the working class. This is intentional insofar as we are interested in distinguishing one's attachment to the labor market and social position based on their occupational category.

Race and Ethnicity. The four main racial and ethnic categories include non-Latinx Black, non-Latinx White, and Latinx. There is a multiple race or other race category included in the publicly available dataset, which we do not include in the descriptive tables, given ambiguity about whom is represented. However, these respondents are included in the regression analyses.

Results

Composition of Working-Class Population by Race and Ethnicity: Between 2010-2019

[INSERT TABLE 1 HERE]

Among household heads aged 25 through 64 who indicated they were actively employed, i.e. not retired nor out of the labor force, there has been a steady increase in the labor force participation over the period from 2010 to 2019 (from 81.2 percent to 83.7 (see Table 1).

Working class households remained the largest share of the working age population in the years after the recession, comprising between 56.6-58.4 percent of the population and declining by 1.5 percentage points by 2019.

As the economy improved after 2009, labor force participation of Black workers increased, up 7 percentage points from 2010 and reaching a peak of 80.5 percent by 2019. The gains for White and Latinx workers were more modest, 2.5 and 0.93 percent, respectively.

Among White households the overall percentages of working class households were lower ranging from 52-53 percent, higher for Black workers (59-68 percent), and the highest among

Latinx households (78-79 percent). For all three racial and ethnic groups, the share of working-class households declined between 2010 and 2019 with the largest drop among Black households (4.8 percent), and a less than a one percent change within the Latinx and White populations.

Both the composition and shift in worker employment by occupational sector vary by race and ethnicity. Within the working class, White workers are divided evenly between the technical/sales/service positions and the other categories; Latinx workers are more heavily concentrated in the other category, while Black workers report that they are more likely to hold technical/sales/service jobs. By 2019, declines proportion of working-class households among the black population are reflected in fewer workers holding technical/sales/service positions. This contrasts with Latinx workers whose technical/sales/service category increased, as the share of the working-class population increased with the falling share of the Latinx professional/managerial class.

Net Worth and the Distribution of Assets and Debts of Working Class and Professional Class Households, by Race and Ethnicity

[INSERT TABLE 2 HERE]

As the economy rebounded both working and non-working-class households increased their median net worth. The median net worth of all working-class households increased \$20,243, or 40.68 percent over the ten-year period post-recession (see Table 2). The median net worth of professional class households increased 16.2 percent, an absolute gain of \$31,000.

However, disaggregation by race and ethnicity exposes persistent disparities. The median net worth of White households, working and non-working class, consistently was higher than the median net worth of Black and Latinx households. It was also the case that White working-class

household wealth was higher than Black and Latinx non-working-class wealth in every survey year. White working-class households also displayed the largest absolute change in net worth, an increase of \$37,154.

By 2019, White working-class households had almost three times the median wealth of Black non-working-class households and close to six times the wealth of Black working class households. However, relative differences in Latinx and White wealth were slightly lower, since the wealth of Latinx working class and professional households steadily improved over the period, both groups experienced the greatest largest proportionate growth.

White professional-class households have 2.5 to 3 times the median net worth of their working-class counterparts. The wealth gap declined as working-class wealth grew to over \$100,000 by 2019, an increase of 48.2 percent since 2010. For Black and Latinx households, working class net worth also increased proportionately more than among their non-working-class counterparts, 16.6 percent versus 12.6 percent, and, 78 percent versus 54 percent, respectively. By 2019, Latinx professional class households had an average median net worth of \$104,800, the only non-White group to surpass \$100,000.

[INSERT FIGURES 1-6 HERE]

Our next set of tables (Figures 1-6) examine the wealth portfolios of White, Black, and Latinx households by class status. The charts contain both the proportion of an asset or debt category held and the median value of that asset or debt conditional on being greater than zero for all survey waves.

We highlight a few striking results. First, there is much more volatility of asset and debt holdings than changes in their value across the period. Moreover, the most commonly held assets have the lowest median values, including liquid assets and car ownership. Second, housing

properties and debts related to housing and residential properties maintained the highest median values, with housing value peaking in 2019. Third, Latinx working class households were the only group whose homeownership rate was higher, 53 percent, in 2019 than it was in 2010, 48.5 percent. Fourth, within Black working and professional class households, financial asset holdings grew as did the value of businesses owned.

Finally, the proportion of households holding credit card, education and vehicle debt all increased for the White working and professional classes, as well as for the Black professional and the Latinx working class. Small sample sizes and too few households with a particular asset translated into greater volatility in the net values of non-financial assets related to business interests and the other category among Latinx households.

Because housing and homeownership comprised the larger share and highest values for all race and ethnicity, we replicated the top panel of Table 2 for non-housing net worth, see Panel B in Table 2. Removing the net value of one's home significantly reduces median household net worth. Similar to total net worth, the non-housing wealth of working-class households improved more than professional class households in percentage terms. In absolute terms, professional class households' total non-household net worth improved more. However, this, was not the case with Black non-working-class households whose median non-housing net worth declined since 2010, and they ended the period as net debtors in this column.

Would these households be considered wealth poor, insofar as their total wealth was less than three months of the monthly income poverty threshold? Figure 2 displays the proportion of households that are asset poor by total net worth and total non-housing net worth. Two important findings to note from this chart. There is little to no difference in the share of Black working and professional class households that are wealth poor. This is not the case among White and Latinx

households whose working-class households are two times more likely to wealth poor. And second, the majority of Black and Latinx households, working class and professional, are poor if based on only their non-housing wealth. Alternatively stated, the non-housing wealth holdings of these households would classify them as asset poor, and for Black households the proportion hovers around two-thirds of adult households.

[Table 3 Here]

Our final set of tables examined the comparative receipt of gifts and inheritances by race and class in the paper. The differences by race and ethnicity are vast. White working and professional class households are more likely to receive and expect gifts and inheritances. With the exception of 2019 for Black households and 2016 for Latinx, the median amount received by professional class households was more than working class households, suggesting that familial wealth transfers among professional households are larger and may contribute to their larger wealth standing compared to working-class households. And although the 2019 results for median inheritances for black and Latinx respondents for 2019 appear comparable to the white results, the cell sizes are very low and identifying off of less than 100 survey respondents.

[Table 3 Here]

Working-class status and middle-class attainment

The final part of the analyses examines the association between working class households and achieving a relative threshold of financial security. We created a binary variable equal to one if the respondent's net worth status in falls within the top three wealth quintiles. This definition draws upon a wealth based definition to define middle class status as the middle three quintiles of the overall wealth distribution (Wolff 2017; W. Darity Jr, Addo, and Smith 2020). Instead of

trying to augment a definition of working class that incorporates wealth, we instead use this opportunity to augment discussions related to class, wealth, and work, and create a bridge between (working) class and (middle class attainment) status via wealth.

[INSERT TABLE 3 HERE]

Table 3 indicates that the median wealth to meet the third quintile threshold rose 34 percent between 2010 and 2019. Across the entire distribution median wealth levels improved among households headed by someone in the labor force. Panel B of Table 4 presents the percent of working-class households within each quintile by race and ethnicity.

As is evidenced in the table, the comparative size of the black middle class vis a vis the white middle class is stunning, being working-class and have a net worth in the top three quintiles varies significant by race. By 2013, four years post-recession, sixty percent of White working-class households met the middle-class threshold with very little change afterwards, increasing 1 percent by 2019. In contrast, as the threshold for middle class status rose, fewer black working households were able to meet it.

The percent of working-class black households with middle class levels of wealth, or higher, dropped 6 percentage points, with less than a third qualifying in 2019. Black professional class households also fell from the middle-class threshold, dropping from a high of 48 percent in 2016 down to 42 percent in 2019. Latinx households experienced the largest growth from a low in 2013 of just over one-third of their households meeting the criteria in 2013 to 40 percent by 2019. At the upper end of the wealth distribution, the top 20%, Black and Latinx working class households are negligibly represented, reaching a high of 4% and 3%, respectively, in 2019.

[INSERT TABLE 4 HERE]

Table 4 present the results from logistic regression models estimating the marginal effect of working-class status on being at least middle class, dictated by their wealth holdings. All models include standard controls for the household head's age, educational attainment, current relationship status, whether they have any children, an indicator for fair or poor health, whether the respondent smokes, household income, and a measure of financial risk.

The probability of a working-class household being at least middle class, in a given year, fluctuated over the period. By 2019 a working-class household was 4.9 percent less likely to be at least middle class compared to working-class households. Households headed by Black and Latinx adults in the labor force also were less likely to achieve middle class status relative to White households.

The correlation for Blacks peaked in 2019 when they were 18.0 percent less likely to be middle class, whereas among Latinx households the association declined from a high of 8.0 percent in 2013 to 5.5 percent by 2019. In the case of black households, one's racial categorization is a stronger predictor of wealth attainment than their occupational sector.

The second panel disaggregates the working-class group into the two occupational sectors, the sales and service sector and the other category composed largely of manufacturing sector employment including craftsmen and farm laborers. The results indicate that the sales and service employment account for the largest portion of the negative relationship over the period. With the exception in 2016, sales and services workers were much less likely to be middle class compared to the professional class households. As the composition of these groups shifted and

the middle-class threshold increased over the period, however, both sectors were negatively associated with middle class wealth attainment.

In the final models (Charts 7-10 and Table 5) we examine whether there are racial disparities in the relationship between working class status and middle-class attainment by adding an interaction of the racial categories with working class status. The figures present the predicted probability of middle-class attainment by race or ethnicity and working-class status and table list the estimates of the working-class gap and differences across racial categories.

There are two main findings worth pointing out here. First, in all four racial categories in all four years the probability of achieving middle class status for professional households is greater than working class households and within White professional class households this probability remained above 0.60. Second, the working-professional gap grows for Black households as the chances of middle-class attainment decreases for Black working-class households.

It is also the case that in all four survey years the difference in middle class attainment between the working and non-working class within all four racial categories are significantly different from one another. For example, in 2013 and within White households the working-class gap in achieving the middle class is significantly larger (-0.190) than Black, Latinx, and other households growing to 0.262 by 2019.

[INSERT FIGURES 7-10 HERE]

Conclusion

The current study is driven by a central question: What does it mean to be working class in a society of extreme racial wealth inequality? More specific to our analysis, we investigated racial differences in wealth of working-class households Post-Great Recession, pre-COVID-19,

and during the longest economic recovery in recorded US history. During the post-Great Recession period between 2010 and 2019, we see on-going racial wealth gaps that trump occupational-class categorizations. We find that as the economy recovered and more adults returned to the labor force, wealth inequality grew, with fewer Black and Latinx working-class households benefitting enough to achieve societal thresholds of financial security. In addition, these households steadily increased their debt holdings, despite asset holdings either declining or remaining the same.

This is an intersectional analysis of race and class. To our knowledge this is the first paper to examine trends in wealth inequality with working class populations and differences by race and ethnicity. Our occupational based definition of working and professional class allows us to show that economic security and opportunity vary significantly across racial and ethnic groups. Using wealth as a standard, the middle class status of black households is extraordinarily fragile. And black households, regardless of class position, are sharply absent from the uppermost quintile. In fact, the data on the distribution of households in the top wealth quintile is devastating (Panel C of Table 4). Even though the percent double from 2010 to 2019, less than 5 percent of Black working class households held enough wealth to meet the threshold over the period and less than 10 percent of Black professional households did.

Although the SCF is one of the best surveys for comprehensive wealth information on American households, it is cross-sectional and does not contain intergenerational wealth information. Our summary descriptives on the receipt of gifts and inheritances indicated that more White households have greater access to parental and grandparental wealth, and more White professional class households relative to the White working class. This is suggestive that

wealth transfers play an important role in maintaining racial wealth inequality independent of class.

The public use SCF files restrict a lot of demographic information in order to prevent identification of study respondents. As a result, there are no geographic indicators available to include in the analysis. In addition, a sampling framework that only interviews men as the household head in partnered households restricts the ability to include a nuanced gender analysis. This is of special concern given evidence of persistent racialized gender wealth gaps among young adults and female-headed household post-recession (Bhattacharya, Price, and Addo 2019). Unfortunately, another limitation of the SCF is that it does not have detailed information on fines and fees and other debts related to the criminal justice industry (Harris, Evans, and Beckett 2010), nor does it separate out medical debt from other debt.

Finally, because the data from the most recent Survey of Consumer Finances is from 2019, it predates the COVID 19 crisis. While we have no direct evidence on changes in levels of wealth by race and class after the onset of the pandemic, there is evidence that suggests that racial differences must have been aggravated by the crisis. For example, economist Robert Fairlie (2020) has estimated that by the end of April 2020, forty-one percent of all black owned businesses had gone out of operation. We only can conclude that the black-white gulf in wealth has widened since the beginning of the pandemic year.

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Table 1. Share of Working Class, Professional Class Populations, by Race and Ethnicity, 2010-2019

	2010	2013	2016	2019
Full Sample				
In Labor Force	81.20	80.41	82.25	83.69
Working Class in LF	58.35	56.57	57.80	56.92
<i>Occupational sector within WC</i>				
tech/sales/service	51.65	51.07	53.80	50.78
manufacturing, farm, other	48.35	48.93	46.20	49.22
Professional Class in LF	41.65	43.43	42.20	43.08
Non-Latinx White				
In Labor Force	82.23	81.81	83.48	84.68
Working Class in LF	53.35	52.91	52.67	53.32
<i>Occupational sector within WC</i>				
tech/sales/service	50.47	50.90	51.60	49.78
manufacturing, farm, other	49.53	49.10	48.40	50.22
Professional Class in LF	46.65	47.09	47.33	46.68
Non-Latinx Black				
In Labor Force	72.78	72.03	76.30	80.49
Working Class in LF	68.44	58.50	65.36	63.59
<i>Occupational sector within WC</i>				
tech/sales/service	59.37	57.21	64.22	52.00
manufacturing, farm, other	40.63	42.79	35.78	48.00
Professional Class in LF	31.56	41.50	34.64	36.41
Latinx				
In Labor Force	85.84	84.72	86.10	86.77
Professional Class in LF	21.47	21.26	20.93	22.27
Working Class in LF	78.53	78.74	79.87	77.73
<i>Occupational sector within WC</i>				
tech/sales/service	45.83	41.10	46.14	47.88
manufacturing, farm, other	54.17	58.90	53.86	52.12
Professional Class in LF	21.47	21.26	20.93	22.27

Note: Analytic sample is based on households between the ages of 25-64, exclude retired and not working; \$2019 value

Table 2. Net Wealth and Non-Housing Net Wealth by Working Class Status, 2010-2019

Panel A.

	2010	2013	2016	2019	Absolute Change (2019-2010)	% change (2019-2010)
Full Sample						
Working Class in LF	\$49,757	\$45,135	\$55,199	\$70,000	\$20,243	40.68
Professional Class in LF	\$187,106	\$201,295	\$211,332	\$218,200	\$31,094	16.62
White Households						
Working Class in LF	\$77,116	\$74,566	\$100,720	\$114,270	\$37,154	48.18
Professional Class in LF	\$274,650	\$294,914	\$284,293	\$276,000	\$1,350	0.49
	\$197,533	\$220,348	\$183,573	\$161,730		
Black Households						
Working Class in LF	\$17,085	\$14,551	\$15,167	\$19,920	\$2,835	16.60
Professional Class in LF	\$34,464	\$17,351	\$46,138	\$38,800	\$4,336	12.58
Latinx Households						
Working Class in LF	\$20,042	\$16,308	\$21,069	\$35,660	\$15,618	77.93
Professional Class in LF	\$68,091	\$49,637	\$93,818	\$104,810	\$36,719	53.93

Panel B.

Non-Housing Net Worth

	2010	2013	2016	2019	Absolute Change (2019-2010)	% change (2019-2010)
Full Sample						
Working Class in LF	\$2,003	\$6,523	\$5,425	\$6,290	\$4,287	214.03
Professional Class in LF	\$19,253	\$27,279	\$29,248	\$27,150	\$7,897	41.02

White Households						
Working Class in LF	\$2,711	\$8,456	\$9,572	\$8,600	\$5,889	217.21
Professional Class in LF	\$41,003	\$65,671	\$58,709	\$65,480	\$24,477	59.70
Black Households						
Working Class in LF	\$1,060	\$2,680	\$2,872	\$3,970	\$2,910	274.38
Professional Class in LF	\$6,268	\$0	-\$9,562	-\$7,600	-\$13,868	-221.25
Latinx Households						
Working Class in LF	\$2,356	\$5,491	\$3,882	\$4,510	\$2,154	91.39
Professional Class in LF	-\$1,166	\$6,699	\$8,711	\$8,600	\$9,766	-837.27
Note: Analytic sample is based on households between the ages of 25-64, exclude retired and not working; \$2019 value						

Table 3. Receipt of gift/inheritances, by class status and race or ethnicity, 2010-2019

	Year	Received inheritance/gift		Expected inheritance		Median non-zero inheritance	
		Working Class	Prof. Class	Working Class	Prof. Class	Working Class	Prof. Class
White	2010	0.20	0.26	0.15	0.21	29,377	70,506
	2013	0.20	0.27	0.18	0.25	56,063	72,552
	2016	0.21	0.23	0.17	0.24	42,615	58,595
	2019	0.22	0.25	0.18	0.28	40,000	70,000
Black	2010	0.08	0.14	0.06	0.07	29,377	72,856
	2013	0.10	0.08	0.07	0.05	46,169	65,956
	2016	0.06	0.09	0.03	0.05	21,307	46,876
	2019	0.09	0.08	0.07	0.08	73,000	63,000
Latinx	2010	0.04	0.08	0.04	0.05	12,926	52,879
	2013	0.03	0.12	0.03	0.08	14,291	109,927
	2016	0.06	0.06	0.06	0.13	42,615	21,307
	2019	0.07	0.12	0.03	0.07	35,000	110,000

Table 4. Distribution of Net Worth by Quintiles, 2010-2019**Panel A.**

Quintile	2010	2013	2016	2019
1	-\$1,177	-\$2,251	-\$1,058	-\$500
2	\$17,320	\$16,275	\$19,942	\$23,950
3	\$90,725	\$89,391	\$103,486	\$121,800
4	\$277,254	\$271,149	\$296,737	\$315,400
5	\$1,121,928	\$1,034,696	\$1,262,003	\$1,219,500

Panel B.**Percent in the top three wealth quintiles**

	2010	2013	2016	2019
White				
Working Class	60	60	62	61
Managerial/Professional	79	79	79	79
Black				
Working Class	36	33	31	30
Managerial/Professional	46	36	48	42
Latinx				
Working Class	35	35	36	40
Managerial/Professional	55	51	62	55

Panel C.**Percent in the fifth quintile, top 20%**

	2010	2013	2016	2019
White				
Working Class	13	13	14	13
Managerial/Professional	38	39	37	34
Black				
Working Class	2	2	2	4
Managerial/Professional	7	7	6	7
Latinx				
Working Class	2	3	2	3

Managerial/Professional	11	7	20	20
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Table 5. Logistic Regression models predicting middle class attainment among working class, 2010-2019

	2010		2013		2016		2019	
A.								
Working Class (ref: Professional Class)	-0.046	***	-0.014	***	-0.063	***	-0.049	***
	(0.008)		(0.009)		(0.008)		(0.009)	
Black	-0.155	***	-0.171	***	-0.159	***	-0.180	***
	(0.011)		(0.012)		(0.010)		(0.012)	
Latinx	-0.080	***	-0.070	***	-0.072	***	-0.055	***
	(0.012)		(0.012)		(0.011)		(0.013)	
Other	-0.085	***	-0.067	***	-0.054	***	-0.065	***
	(0.011)		(0.011)		(0.011)		(0.012)	
B.								
technical/sales/services (ref: Professional Class)	-0.059	***	-0.034	***	-0.058	***	-0.057	***
	(0.009)		(0.010)		(0.009)		(0.010)	
other (incl. production/craft/repair workers, operators, laborers, farmers, foresters, fishers)	-0.029	**	0.014		-0.073	***	-0.037	**
	(0.010)		(0.010)		(0.010)		(0.011)	
Black	-0.154	***	-0.172	***	-0.159	***	-0.180	***
	(0.011)		(0.012)		(0.010)		(0.012)	
Latinx	-0.080	***	-0.071	***	-0.072	***	-0.055	***
	(0.012)		(0.013)		(0.011)		(0.013)	
Other	-0.083	***	-0.064	***	-0.055	***	-0.064	***
	(0.011)		(0.011)		(0.011)		(0.012)	

Note: Standard errors in parentheses. All models adjust for age categories, educational attainment, current relationship status, presences of children (age<18), current smoker, risk aversion, household income, and indicator for fair/poor health.

Chart 1. Asset/Debt Holdings and Median Values, 2010-2019
White Working Class Households

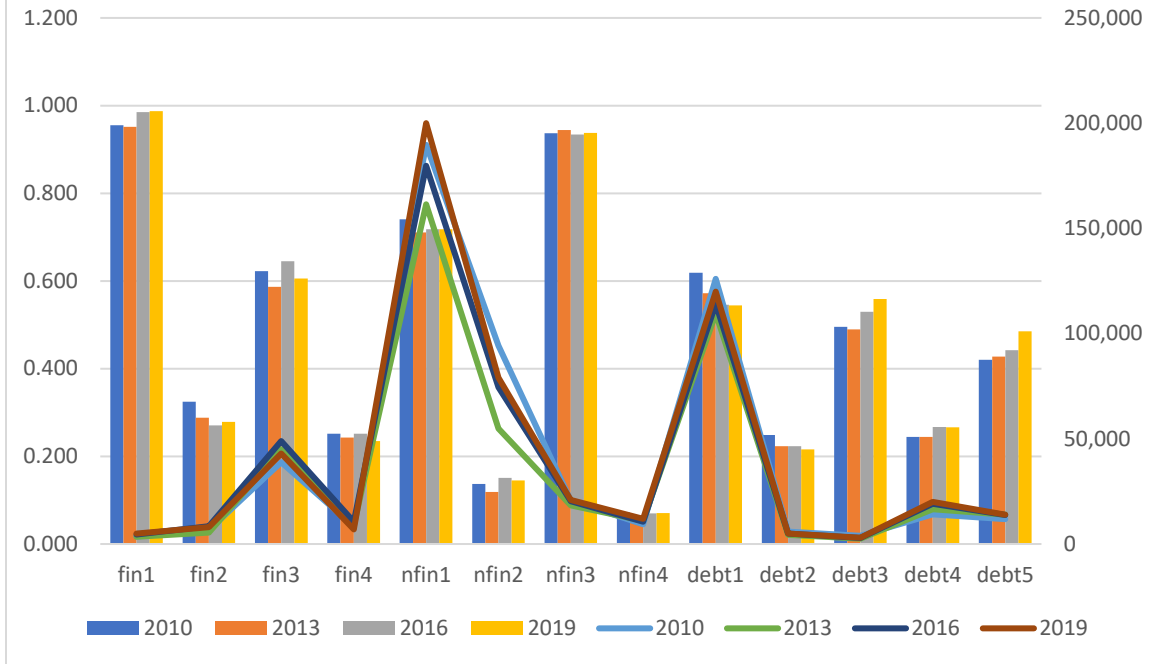


Chart 2. Asset/Debt Holdings and Median Values, 2010-2019
White Professional Class Households

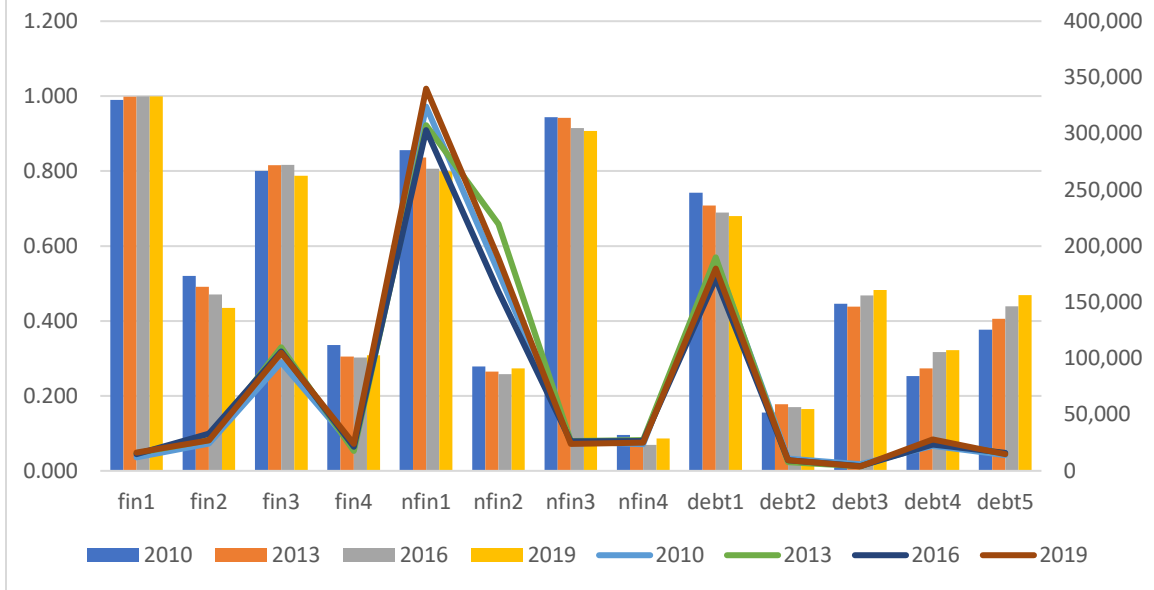


Chart 3. Asset/Debt Holdings and Median Values, 2010-2019
Black Working Class Households

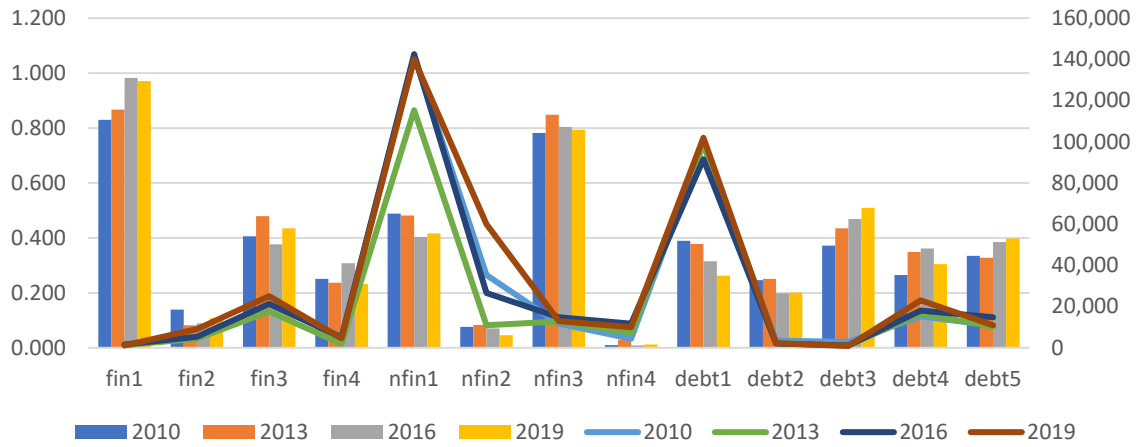
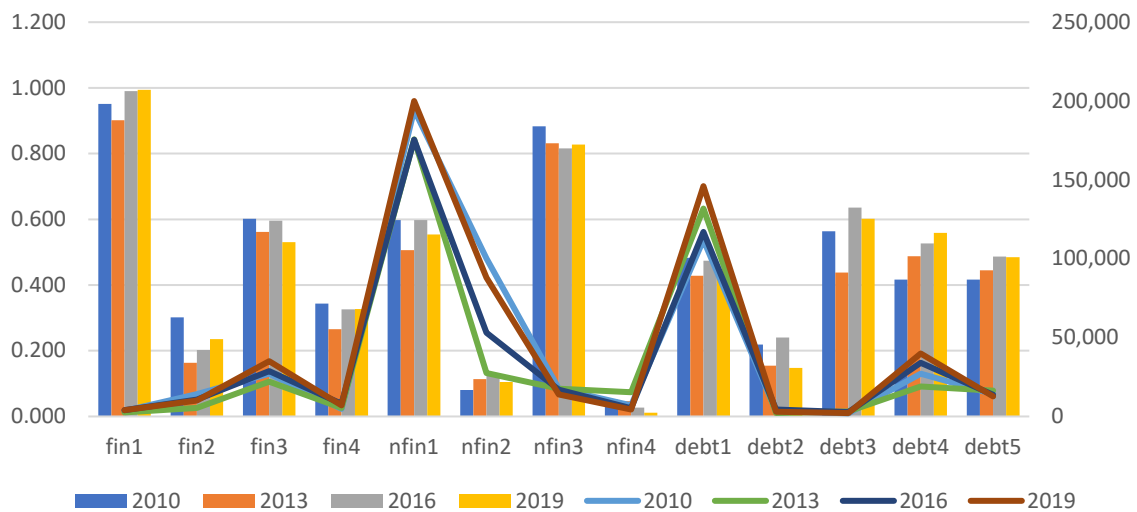
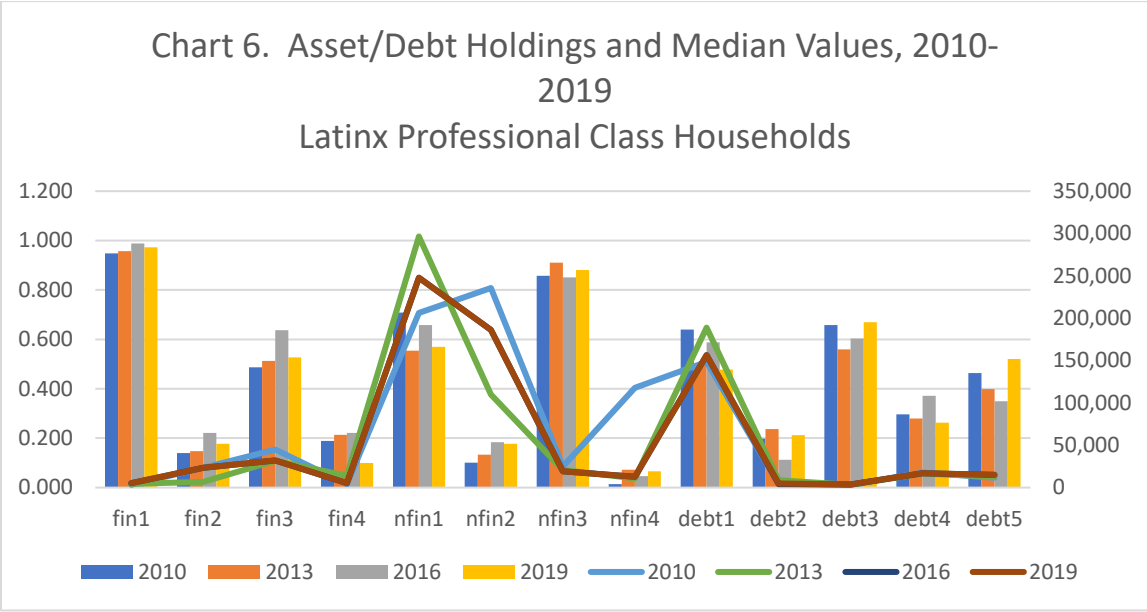
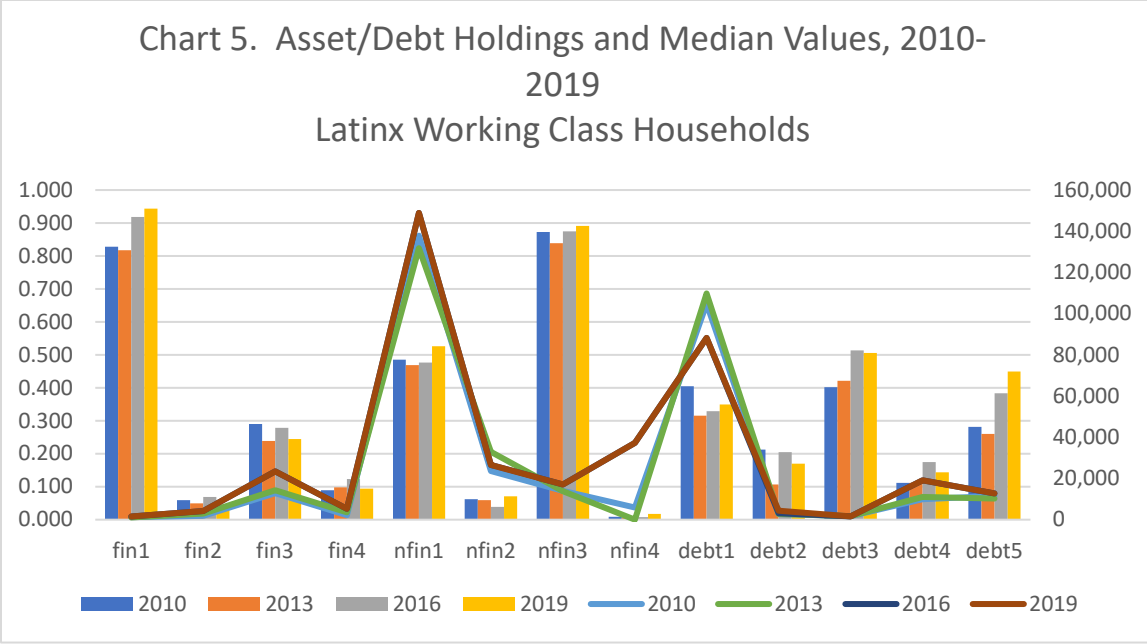


Chart 4. Asset/Debt Holdings and Median Values, 2010-2019
Black Professional Class Households





Financial Assets:

- Fin1: transactions accounts (liquid assets)
- Fin 2: CDS, mutual funds, stocks, savings bonds and total bonds
- Fin 3: IRAs, future pensions
- Fin 4: while life insurance, managed assets, other fin assets

Non-Financial Assets:

- NFin 1: All residential and nonresidential real estate
- Nfin 2: business interests

Nfin 3: vehicles

Nfin 4: other nonfin assets

Debts:

Debt1: debt for housing and nonresidential properties

Debt2: other lines of credit, other debts

Debt3: credit card debt

Debt4: education loan debt

Debt5: vehicle loan debt

Chart 7. Wealth poverty: net worth and non-housing net worth

Wealth Poor Working Class
 Wealth Poor Professional Class
 Non-Housing Wealth Poor Working Class
 Non-Housing Wealth Poor Professional Class

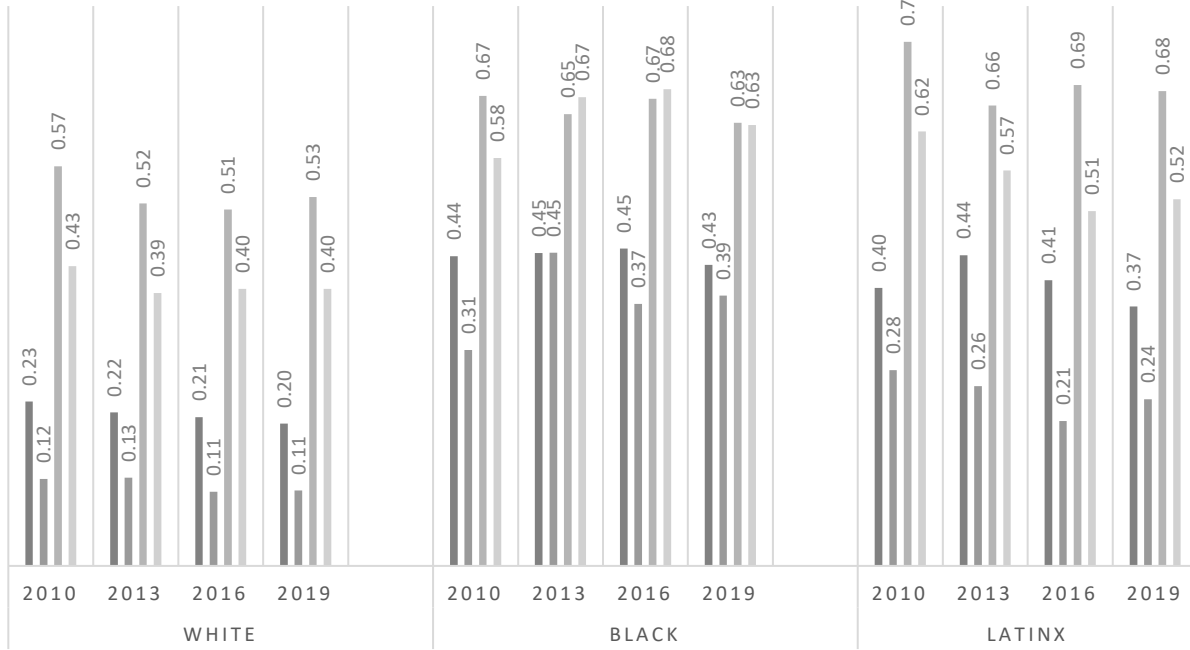
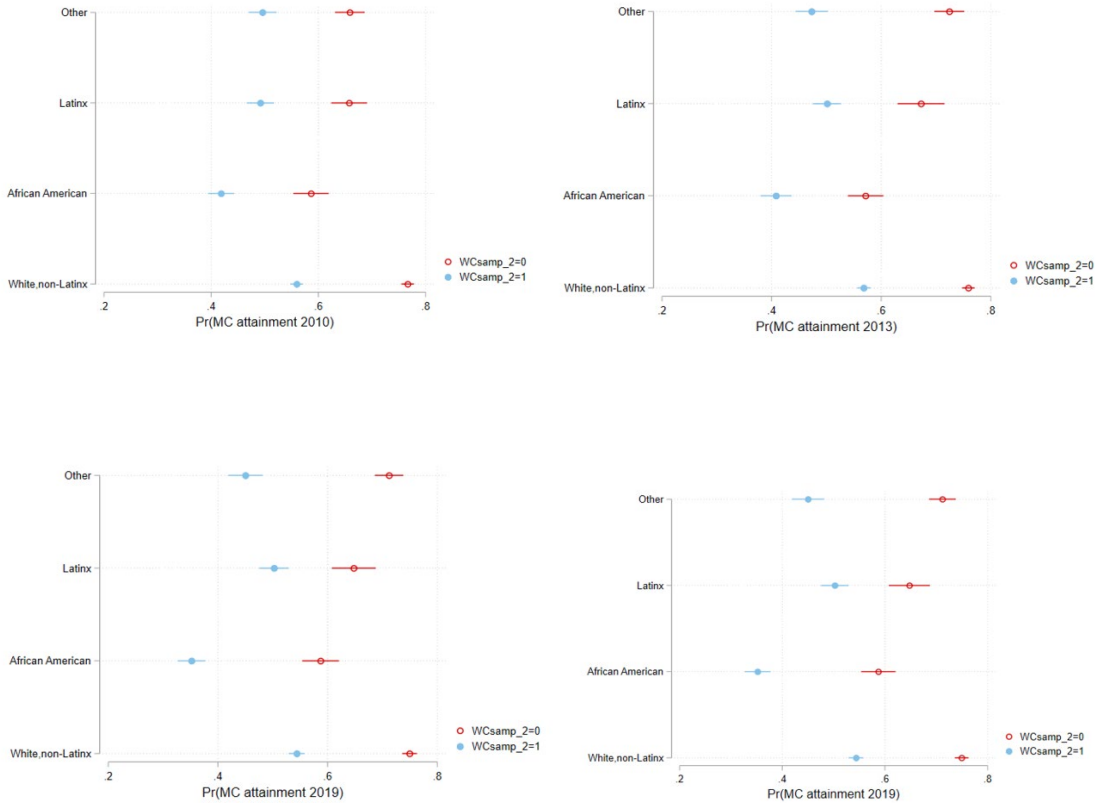


Chart 7. Probability of Middle-Class Attainment by Race and Ethnicity and Working Class Status



Differences in middle class attainment by working-class status		2010	2013	2016	2019	P<0.05*
a	White	-0.207 *	-0.191 *	-0.210 *	-0.206 *	b,c,d
b	Black	-0.168 *	-0.163 *	-0.235 *	-0.235 *	a,c,d
c	Latinx	-0.166 *	-0.171 *	-0.246 *	-0.145 *	a,b,d
d	Other	-0.163 *	-0.251 *	-0.216 *	-0.262 *	a,b,c

*Testing for significant differences across race and ethnicity; the relationships held for all four survey years