

## Ways & Means Transcript—S2E5—Bootstraps and Silver Spoons

Emily Hanford (EH): From Duke University's Sanford School of Public Policy, this is Ways and Means. We spotlight bright ideas for how to improve human society. I'm Emily Hanford.

Taisha Sturdivant (TS): I didn't believe in Santa Claus, for example. If my mother was in a financial position to give us a gift for Christmas, we had a gift. If not, we would go and we would serve meals at a homeless shelter.

EH: This is Taisha Sturdivant. She grew up in a poor neighborhood in Boston with her mom and her two siblings. The family lived paycheck to paycheck. There were a few extras, no financial cushion, and lots of worries about money. And then, when Taisha was 7, she learned her mom had AIDS.

TS: I couldn't really grasp exactly what it meant for her to be sick, but I do recall, you know, when we first learned that my mother was sick, my brother and my sister, they were a little older than I am and they said, "It means mommy's gonna die soon." And that's what they told me as a really young child and, for a while, growing up I sort of almost expected that I wasn't gonna have a mom for much longer like, on any given day perhaps she could be gone.

EH: Taisha was 15 when her mom died. The siblings split up and, for the rest of high school, Taisha lived here and there, with friends and relatives, wherever she could, never sure if she was overstaying her welcome.

TS: I always- I was always, like, paranoid about, like, leaving a mess anywhere because I didn't want anyone to get mad. So, I was always cleaning up. I mean, it was hard to feel like you have no place to call home.

EH: Her sadness over her mother's death bubbled into anger. She got into fights at school. It all came to a head one night. She was staying with a relative and, when Taisha didn't come home when she was supposed to, she got an earful.

TS: The impression that she left on me was almost, like, you know, "You have to earn your keep and I can put you out at any moment because you're not child." It was from that moment that I, sort of, decided that I would never ask anyone for anything.

EH: She worked hard and she made it through high school, then college, and, this past May, Taisha Sturdivant graduated from Boston College Law School. Relatives came from near and far to applaud her accomplishment.

TS: You know, my mom, her dying wish was to see me graduate from high school.

EH: Taisha's mom had dropped out of high school.

TS: For me to graduate from law school was, like, beyond, I think, a lot of people's wildest imaginations. So, literally when I walked across the stage, like, the auditorium erupted. I mean, literally, folks- I've had the Dean of the school- everyone was like, "How many people did you have here?"

EH: Coming up on this episode of Ways and Means, most of us would say Taisha Sturdivant made it. She pulled herself up by her own bootstraps, and it's true. As a lawyer, she will probably have a good income throughout her life, but there is no guarantee she'll be wealthy. Today we'll take a look at new economic research that reveals how wealth is actually built in America, and how difficult it is for some people to gain wealth, even when they do everything right. Taisha Sturdivant is African-American. In the poor Boston neighborhood where she grew up, almost all her neighbors were black or brown and no one had much money.

William Darity Jr. (WD): In the city of Boston, the typical black household, the median has 8 dollars of net worth whereas the typical white household has an excess of 200,000 dollars in net worth.

EH: This is Duke University economist William Darity Jr. He's better known as "Sandy".

WD: These are astronomical differences in the average wealth position of black and white households.

EH: This finding is actually more like 8 dollars to 240,000 dollars, says Sandy. And it comes from a project that he and a large team of researchers have been working on called "The Color of Wealth". They're collecting financial data from families in big cities across the country. Here's how it works: first, the researchers ask people about their race and ethnic background. Then, they dig in to their financial situation, not just whether they have a job and how much money they make.

WD: We actually ask people about what types of assets they own and what types of debts they are incurring.

EH: Researchers ask really detailed financial questions.

WD: Anything from whether or not you own a motor vehicle, to whether or not you own your house, to whether or not you have financial assets.

EH: Once they've counted up the assets, they calculate each family's debts.

WD: We're asking about home mortgages. We're asking about whether or not folks are holding educational debt, whether or not people are incurring debt because of medical expenses that they've been faced with, etcetera.

EH: Researchers who look at economic disparities often focus just on income, but Sandy and the researchers he's working with are getting a much more nuanced picture of a family's wealth. The research team examined family wealth across a range of ethnic and racial backgrounds, but to make things simple, we're gonna focus on the differences between a typical white family and a typical black family.

WD: One of the most staggering findings is the estimates that we generated with the Washington D.C. data where, at the median, the typical white household has 81 times the net worth of the typical black household.

EH: You heard that right. White households in Washington D.C. have 81 times the net worth of the typical black household in D.C. This kind of disparity has huge consequences. It's not just whether you

can afford takeout tonight, or fly to the Caribbean for Christmas. It matters in terms of how wealthy you'll be for your whole life, and how wealthy your kids will be, and how wealthy their kids will be.

WD: Wealthier households are better able to provide quality educational opportunities for their offspring. They're better able to provide the quest for the next generation. They're better able to purchase their way into neighborhoods and communities with higher levels of amenities, including, perhaps, quality schools.

EH: In short, the rich do indeed get richer- and the self-made man or woman? That's becoming increasingly rare. There's an emerging body of evidence that suggests that as the income gap widens, family financial backgrounds are playing a stronger role in determining a person's success. After Taisha Sturdivant's mom passed away, there was no family wealth to fall back on. Taisha and her older siblings tried at first to make enough money to stay in the family apartment. Taisha, who was still in high school, got a paid internship at the admissions office of a local college.

TS: I also worked, you know, for a jewelry store and they paid me under the table and I worked for as many hours as humanly possible and so, I think, from like the tenth grade onward I literally worked about 40 hours a week. And, so, yeah, I worked a lot and I did not sleep very much.

EH: Taisha also got Social Security benefits. Her brother and sister both had jobs, but it wasn't enough.

TS: You know, we might be able to pay the landlord but then we could not pay the utility companies and it was a lot of pressure to place on my brother and my sister and ask them to sacrifice all of their financial earnings and to raise their baby sister. And I was quite difficult at that time, had a lot of attitude, I thought I knew it all. It was just a lot to place on their shoulders and so that situation sort of crumbled. And so, from there, we sort of, you know, split up and then it was like I was completely on survival mode from then on out.

EH: Today, Taisha is a lawyer specializing in affordable housing. She gives a lot of the credit for her success to the staff at an alternative high school who helped her get on the right track. A few months ago, she passed the bar, and got a job at a law firm in Boston. She pulled herself up by her bootstraps, right? She has a good income, a comfortable life, but she doesn't have wealth, at least not yet. And as we're learning, building wealth can take much more than hard work and a good income.

WD: In our work, we're absolutely convinced that the most important factor dictating the wealth position of a contemporary family is what was the wealth position of the previous` generations of that family.

EH: And so, what about this idea of "bootstrapping"? The phrase appears to date back to the 19th century. Boots had a little loop on the back that men used to pull their boots on. The phrase "pull yourself up by your bootstraps" indicated an impossible task. It's impossible to lift yourself up by your own bootstraps, right? Yet the phrase was soon central to the American story- that anyone can rise up from humble beginnings by sheer determination and hard work, that anyone can go from being a poor man or woman to a rich one.

WD: I mean, our perspective is a rejection of the bootstrapping kind of argument that people are actually, people with higher levels of wealth in fact did have bootstraps, and they also had ladders.

EH: Meaning a good chunk of Americans do not build their wealth from scratch. Instead, a significant number of wealthy people start their lives several rungs up the ladder, the ladder of inherited wealth.

WD: The way in which we're thinking about it and the importance that we're ascribing to parental and grand-parental resources really is repudiating the notion that, you know, families with high levels of wealth are in that position because there is some sort of self-made hero within the family. That's actually a very exceptional case.

Donald Trump (DT): It's not been easy for me, it has not been easy for me.

EH: This is Donald Trump, back in 2015 on the campaign trail in New Hampshire. He was at a town hall event where he recalled how he got his start in business.

DT: You know, I started off in Brooklyn, my father gave me a small loan of \$1,000,000. I came into Manhattan and I had to pay him back and I had to pay him back with interest, but I came into Manhattan and I started buying up properties and I did great and then I built a grand, high-end, and then I got-

WD: Yeah, a small loan, yeah. I mean, Donald Trump's story is actually one that would really highlight the kind of narrative my research team is building around, benefiting from what your parents and your grandparents had in the way of resources.

EH: In the United States, because there's such a big wealth gap on average between white families and black families, it's very hard for blacks to catch up, even if they get a lot of education, like Taisha did.

WD: If we looked at the national data, we'd find that black households with a head who has a college degree- that household will have \$10,000 less in net worth than a white household where the head has not finished high school.

EH: Just going to repeat that: a black family where the main breadwinner has a college degree has less wealth than a white family where the breadwinner hasn't even finished high school. What would close a gap like this? Some people turn to the bootstrapping idea; they say that black families need to work harder, to save more, to make better choices. But Sandy says "no".

WD: These kinds of disparities are astonishing because the magnitude for them is so great that you can't imagine some kind of behavioral change on the part of blacks that would actually close this gap.

EH: "For example", he says, "take the idea of getting black families to save more."

WD: Changing savings behavior doesn't do it, if we were looking at the national level. The typical black family would have to save 100% of its income for three consecutive years to be able to close the wealth gap.

EH: In other words, the wealth gap is so big that for the average black family to catch up to the average white family, the black family would have to put every penny of its earnings into the bank for three years while the white family could continue to spend and save at the same rate. And, in fact, if you look at what percentage of income people put into their savings, you find that blacks and whites save at about the same rate.

WD: So, there's not really much of any significance that black folks could do unilaterally to close the gap. And so, it points us towards re-distributive measures.

EH: Re-distributive measures- Sandy Darity is talking about finding ways to re-align wealth in this country, to use public policy to give more to those with less. To some people, this sounds like socialism, and they're flat-out against it. But, we already have policies in place that re-distribute income- social security, for example. Most economic research shows social security explicitly transfers money from people who earned more during their working years to those who earned less. Also, Sandy argues the wealth gap between whites and blacks didn't just happen. It exists because of explicit government policies that have denied economic and wealth building opportunities to African-Americans for generations. For example, in January 1865, as the American Civil War was nearing its end, Union General William Sherman issued an order directing that huge swaths of land be used to resettle emancipated slaves. The idea was that each black family would get 40 acres; but, less than a year later, President Lincoln's successor, Andrew Johnson, overturned the order. The freed slaves got nothing to compensate them for generations of working without pay, even so, Sandy says.

WD: Black folks somehow managed to accumulate 15 million acres of land by the early 20th century by dint of their own efforts. I mean, this is, it's almost miraculous in some sense.

EH: They were doing their best to pull themselves up, but blacks kept getting shut out of opportunities for prosperity. Take the GI Bill- it paid for veterans returning from World War II to attend college. It also helped them get subsidized mortgages and low-interest loans to start businesses. The problem was the programs were often administered in ways that excluded blacks.

WD: And so, as a consequence, the major kinds of wealth enhancing social mobility policies the United States had introduced after World War II were policies that blacks were denied the opportunity to access.

EH: Sandy Darity has looked closely at various ways to re-distribute wealth. He's writing a book about his ideas. One idea is reparations; giving black Americans who descend from slaves a chunk of money to help make up for the wealth disparity that has grown over the generations. Another idea is the "baby-bond" initiative. Sandy's been working on the project with Derek Hamilton, an economist at the New School in New York.

WD: The idea is that every newborn infant in the United States would receive a federally-funded endowment, or trust fund.

EH: A child born into a wealthier family would receive a nominal amount, say 50 dollars. Poorer children would receive more, up to 50 or 60 thousand dollars once the bond matures. How would tax-payers afford this? To this question, Sandy Darity points to the fact that the country was somehow able to afford the banking bailout not long ago. Whether it's reparations, or baby bonds, or some other idea, Sandy says "the only way to solve America's racial wealth gap is to think big. Many things are possible that once seemed unimaginable," he says, "For example, at one point it was impossible to imagine that slavery would ever end."

WD: I think it's critical that we have imagination. Imagination coupled with aspiration. Incremental changes with existing programs and policies are not going to make any significant headway in addressing racial or general wealth inequality in the United States. So, I think it's vital that we dream big.

TS: I often tell people I feel like I have a foot in two different worlds.

EH: When Taisha Sturdivant heard about the wealth disparity that Sandy Darity's project uncovered, she said she wasn't surprised.

TS: The people who I love, who I cherish, and who I'm around most often in my personal life are not financially secure, for the most part.

EH: And even Taisha, with her law degree and a good job, still worries about money. She recently got engaged, but the wedding she's planning will not be a lavish affair.

TS: I might have a decent income right now but I don't have wealth. And so, I don't have stability yet. If I don't maintain the same income level, it might be very hard to pay back my student loans. It might be very hard to pay market rent in Boston, which is a very expensive city. And so, until I sort of have, you know, a really large amount of money saved for a rainy day, I don't plan to celebrate. Not yet.

EH: Ways and Means is produced by Carol Jackson, Alison Jones, and Karen Kemp. Sandy Darity is a professor of Public Policy, African American Studies, and Economics at Duke University. He also directs the Samuel DuBois Cook Center on Social Equity. We'll have a link to the "Color of Wealth Report" on our website, [waysandmeansshow.org](http://waysandmeansshow.org). Derek Hamilton of the New School served as co-primary investigative for the Boston Report. The reports are made possible by the Ford Foundation's "Building Economic Security Over a Lifetime" Initiative. The report on the wealth gap in Boston had additional support from the Federal Reserve Bank of Boston. Also, we're premiering a short video featuring Sandy Darity and his work. You can find it at our website- that's [waysandmeansshow.org](http://waysandmeansshow.org). We'll have a link to some supporting research we used for this episode, including the book "Unequal Chances, Family Background, and Economic Success" and a terrific article, "The Case for Reparations". It was written by Tanahasse Coats and published in The Atlantic. Thanks to Taisha Sturdivant for sharing her story. Special thanks to Jerry Howland for his help on this episode. Also, we wanted to let you know that our production team has another podcast you might find interesting. It's called "Policy 360". The series includes conversations about some of the most pressing policy issues we're facing in the U.S. and the world. New episodes come out weekly. Look for it wherever you get your podcasts. Policy 360 with Kelly Brownell. Our assistant producer is Joe Luther. Katherine Zhou creates our episode art. We get engineering help from Johnny Vince Evans. Until next time, I'm Emily Hanford.

Song clip: Nothing's impossible I have found. For, when my chin is on the ground,  
I pick myself up, dust myself off, start all over again. Don't lose your confidence if you slip. Be grateful for a pleasant trip, and pick yourself up, dust yourself off, start all over again.