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# Achieving Social Justice through Addressing Wealth Inequality

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## Introduction

Wealth, when considered as net worth, is the value of assets minus debts, and also refers to a combination of earnings and savings. Net worth has been given much attention as the key factor to explain socioeconomic disparities. Having more assets and fewer debts positively influences economic well-being (Oliver & Shapiro, 2006). In other words, individuals with higher net worth tend to have more financial security, allowing them to feel more secure if suddenly faced with unemployment or some other interruption of income.

There have been a variety of programs to help individuals to accumulate assets. For instance, assets account programs were introduced in the United States, such as individual retirement accounts (IRAs), Roth IRAs, 401(k)s, medical saving accounts, educational saving accounts, state-managed college savings plans, etc. In addition, people were encouraged to purchase a home through a home mortgage interest deduction, and homeowners' wealth is bolstered as home ownership is one of the most effective ways to accumulate wealth in the United States, especially in times of economic prosperity (Turner & Luea, 2009; Wainer & Zabel, 2020). However, some individuals may not qualify for such benefits depending on their past and current wealth. The people most likely to benefit from these asset programs are people who already have significant wealth (e.g., Cramer, 2006). Even though there are a lot of programs for asset building to protect and increase assets, asset inequality has widened among underprivileged groups (e.g., Zucman, 2019).

As such, current public policies are only beneficial to those who have already accumulated wealth, while poverty policy does not consider programs for asset accumulation for disadvantaged groups and low-income families. Policy makers might doubt poor individuals' ability to save money and accumulate wealth. However, low-income people do, in fact, try to build assets and understand the value of savings (Sherraden, 2015). Despite their efforts toward the acquisition, growth, and maintenance of net worth, wealth inequality in the United States has been increasing (Zucman, 2019). For instance, while overall wealth is slowly growing, the gap between bottom and top households is remarkable. In other words, the richest families control most of the wealth (Shapiro & Wolff, 2001). The proportion of households reporting zero or negative net worth has also been increasing (Shapiro& Wolff, 2001). Therefore, if we regard distribution of wealth as a distribution of power, it is necessary to consider a policy that more effectively distributes wealth (Shapiro & Wolff, 2001).

Assets affect economic, social, and psychological status, as it is related to economic stability and higher self-efficacy. For instance, individuals who have home ownership report fewer financial challenges. They are able to invest in themselves and bolster their human capital development for their future. In particular, for women, single women with higher assets were able to support their families without suffering from poverty (Rocha, 1997), and accumulated assets had a positive impact on economic well-being among females who experienced marital disruption. That is, assets function to increase economic security (McBride, Lombe & Beverly, 2003). For psychological health, assets allow individuals to develop high levels of self-efficacy and are beneficial to decrease an uncertainty in the future. As a result, those who have sufficient assets tend to satisfy their needs and do not fear for their future (McBride, Lombe & Beverly, 2003). Further, assets buffer against marital disruption and enhance family stability (Sherraden, 2015). Additionally, individuals with sufficient assets may be more likely to spend money and time on their education. As such, assets influence all dimensions of our lives, improve our quality of life, and encourage individuals to work hard to maintain their current assets.

As individuals start to acquire their own assets and debts during adulthood by entering the labor force (Oliver & Shapiro, 2006), net worth may play an important role in influencing their economic well-being. For instance, homeownership during adulthood provides a sense of stability. As such, wealth is a key indicator to ensure financial comfort and stability. However, wealth inequality has increased over time among disadvantaged groups, who require more assistance accruing assets and wealth for an increased quality of life. Thus, more diverse government assistance programs and services are required for people with fewer opportunities to accumulate assets to achieve social justice. In particular, as wealth in equality has worsened, particularly since COVID-19, it is important to design alternatives and tailored programs for low-income groups to address and reduce income inequality in our societies.

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