The downside of an up market

# The soaring stock market has increased U.S. wealth—and inequality.

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Investors in the U.S. stock market are riding what some are calling the longest-running bull market ever seen in the American economy. By some calculations, the market has been on the rise since March 9, 2009, and during that period it has created some $18 trillion in wealth. Many Americans are celebrating this run, and over the past decade politicians of both parties have taken credit for it.

But the personal wealth created by the stock market is concentrated dramatically in the hands of the wealthiest households. Of the $18 trillion created, 85 percent of it—or about $15 trillion—has gone to the richest 10 percent. About half of all Americans have nothing at all invested in the market. The median American household has 34 percent less wealth than it did before the Great Recession.

The booming stock market has thus amplified the inequalities in wealth that have been steadily increasing over the past four decades. In that period, the top 1 percent of Americans have seen their share of the nation's wealth rise from 24 percent to 39 percent, a concentration of wealth not seen since the early 20th century. Though the president calls this the "greatest economy on record," it is not that for hourly workers, who have seen their wages remain flat over the past ten years and their earnings outpaced by the cost of housing. A recent United Way study found that 43 percent of households don't earn enough to cover the basics—housing, food, child care, health care, transportation, and a mobile phone.

Economic health is measured by more than a rising stock market.

One creative, market-based way to let more Americans share in the wealth is the creation of "social wealth funds," invested and managed by the government. Each citizen is given a share and receives dividends as the value of the fund grows. The People's Policy Project, which has extensively researched this concept, points out that a version of such a fund has operated for decades in Alaska, where each citizen gets a check from the Alaska Permanent Fund based on the income the state earns from the sale and lease of its natural resources. That form of sharing the wealth has the enthusiastic backing of virtually all Alaskans regardless of ideology or political party. It's an approach that could be expanded and adapted for the whole country.

A soaring stock market is undeniable good news for those who see their wealth increase and their retirement accounts grow. The growth in the market also supports cherished nonprofit institutions—including churches and educational institutions—that have funds invested in the market or receive generous donations from people who are profiting. But the health of an economy is measured by many other things than the rise of the market. The greatest economy is one in which the benefits of economic growth are the most widely shared.

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