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## Assets are a robust way in which to reveal wealth

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Sir, While telling the story of the [shrinking American middle class \(http://www.ft.com/indepth/america-middle-class-meltdown\)](http://www.ft.com/indepth/america-middle-class-meltdown), include a narrative on net worth to parallel income. With respect to class, the term “rich” in economic terms should consider levels of asset ownership, net of debt. Assets are a robust way in which to reveal wealth, as opposed to income, which varies over time and in source. These examples are wage income, partnership, trader, dividend and interest incomes; all very different. Then consider geographical differences where cost of living varies, particularly in large cities where wages are whacked by several taxing authorities.

Net worth is a measure that should be considered in your study of the plight of the middle class. Income from labour and small business partnerships can be volatile year over year. Substantial wealth generation rarely comes from an income stream generated by labour. Conclusions from income and wealth data may be similar, but I would argue that the staying power of a person’s or a household’s balance sheet is more telling for asset-class differentials than that of volatile income streams.

**Brett Ladendorf***Chicago, IL, US*

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