

# Pundit Fact

## MSNBC's Melber: Congressional wealth climbed while median American saw no change

By Jon Greenberg  
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**"The median net worth of American households hasn't changed much over the past decades, it's about \$20,000 ... but Congress' average median net worth has ballooned, more than doubled."**

[Ari Melber](#) on Wednesday, February 5th, 2014 in a broadcast of MSNBC's "The Cycle"

If Democrats have their way, the growing gap between the wealthy and everyone else will play a major role in the 2014 elections. The trend certainly raises questions about government policies, but it also has implications for the make-up of our government itself.

In an interview with retiring U.S. Rep. Henry Waxman, D-Calif., MSNBC host Ari Melber noted the increasing affluence within the halls of Congress.

"The median net worth of American households hasn't changed much over the past decades, it's about \$20,000," Melber said. "But Congress' average median net worth has ballooned, more than doubled."

As Melber spoke, a chart comparing 1984 and 2009 appeared on the screen. The column showing the median household net worth was about the same in both years. But the column for members of Congress started out tall and became much taller.

Melber cited a [Washington Post](#) article that brought together two sets

of information. One was a detailed survey of the financial status of Americans collected by University of Michigan researchers. The other was the disclosure forms from members of Congress. In constant dollars, the net worth in Congress went from \$280,000 to \$725,000.

Meanwhile, the corresponding figures for the median American household went from \$20,600 to \$20,500.

It's important to note that these numbers don't look at net worth the way most analysts use that term. The *Washington Post* analysis excluded the value of peoples' homes. And home values significantly boost people's net worths, said Richard Fry, a senior economist with the Pew Research Center.

"The total median wealth of American households, if you include the home, was not flat since 1984," Fry said. "There was a big run up house prices over the 25 years."

But the *Post* had a reason for excluding this real estate in their analysis: Members of Congress don't have to disclose the value of their homes. Cutting it out of the tally for regular Americans allowed the newspaper to compare apples to apples.

MSNBC host Melber said if the network decides to quote somebody else's work, they stick to what was originally reported.

"We avoid adding data to the results or findings," Melber said.

The downside of this approach is it left MSNBC viewers with the misleading impression that Americans have far fewer assets than they actually do. [According to the U.S. Census Bureau](#), a more accurate figure today for all Americans, including home value, is a bit under \$69,000. (Members of Congress would have higher net worths, too, using this calculation.)

So while both numbers are higher, Melber's point about the widening gap between the wealth of typical Americans and their elected representatives in Washington is spot on. The gap has grown because as investments, real estate and Wall Street have followed very different trajectories.

To put it simply, stocks and other financial investments have shot up, while real estate has not done nearly as well. [By one analysis](#), home prices fell 31 percent from 2005 to 2011. In the same period, the S&P 500 delivered a 13 percent return.

Who tends to have more money in stocks and such? Wealthy people. And what's the profile of our elected officials in Washington? Affluent.

More than 300 members are in the millionaires club, according to the [Center for Responsive Politics](#).

For John Samples, director of the Center for Representative Government at the Cato Institute, a free-market think tank in Washington, the impact on net worth over time is predictable.

"Higher net worth individuals tend to be more invested in capital markets, which have done well since 2008 and indeed, over the long term," Samples said.

According to the [Census Bureau](#), nearly two-thirds of households with a net worth over \$500,000 owned stocks or mutual funds, compared to about 10 percent of all other households. [In 2012](#), the median net worth in Congress was over a million dollars, putting members squarely in the high-end group.

As for why Congress might have so many members with a high net worth, Sarah Bryner, an analyst with the Center for Responsive Politics, said there is no one answer. A hypothesis? It's not easy to run for office unless you're wealthy.

"If I work for somebody else, I can't tell that person I will need a year and a half off to run for office," Bryner said. "They would laugh at you. But if I own a law firm, then I do have the flexibility to take off large chunks of time to go fundraising."

### **Our ruling**

MSNBC's Melber said that the median net worth of Americans has barely changed since 1984 while it has skyrocketed for members of Congress. Experts confirmed that the real and growing gap between the typical American and a member of Congress is on the order described by Melber. However, when Melber said that the median net worth of American households is about \$20,500, he failed to note that the figure relied on a peculiar definition of net worth that omitted the value of people's homes.

That omission left viewers with a significant misunderstanding of the real number. Because of that, we rate the claim Half True.