



# Cultural Financial Literacy 2.0

## Introduction

### February 2025



# Cultural Financial History



Economic History of Slavery &  
Capitalism in America  
Introduction

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# Course Information

This course is an introduction to Financial Literacy from a cultural lens by understanding the history of America's economic system and the value of money.

This course explores the origins of America's economic system built entirely on the institution of slavery. Cotton was KING and shaped the development of capitalism.

This course is a train-the-trainer for individuals who teach financial literacy and is meant to supplement traditional financial literacy curriculum in marginalized communities. The goal is to share and pass on this knowledge in community centers, churches, home-study, etc.

“Sankofa, meaning go back and fetch it,” is the spirit in which ground the teachings into building strong and healthy communities.



# DOOR OF NO RETURN



ELMINA CASTLE, CAPE COAST



## Akwaamu State Tribal Chiefs



**African Culture and Tradition exists today.**



# United States of America

Britain's American colonies broke with the mother country in 1776 and were recognized as the new nation of the United States of America following the Treaty of Paris in 1783. During the 19th and 20th centuries, 37 new states were added to the original 13 as the nation expanded across the North American continent and acquired a number of overseas possessions. The two most traumatic experiences in the nation's history were the Civil War (1861-65), in which a northern Union of states defeated a secessionist Confederacy of 11 southern slave states, and the Great Depression of the 1930s, an economic downturn during which about a quarter of the labor force lost its jobs. Buoyed by victories in World Wars I and II and the end of the Cold War in 1991, the US remains the world's most powerful nation. Since the end of World War II, the economy has achieved relatively steady growth, low unemployment and inflation, and rapid advances in technology.





World Inequality Report that show that while inequality dropped dramatically during the World Wars and the Great Depression, the percent of income going to the top 10 percent of earners has since risen steeply almost everywhere.

**Table 2.4.1**

**The distribution of national income in the US, 2014**

Income group	Number of adults	Pre-tax national income			Post-tax national income		
		Income threshold (\$)	Average income (\$)	Income share	Income threshold (\$)	Average income (\$)	Income share
<b>Full Population</b>	234 400 000	–	66 100	100%	–	66 100	100%
<b>Bottom 50%</b>	117 200 000	–	16 600	12.5%	–	25 500	19.3%
Bottom 20%	46 880 000	–	5 500	1.7%	–	13 400	4.1%
Next 30%	70 320 000	13 100	24 000	10.9%	23 200	33 600	15.2%
<b>Middle 40%</b>	93 760 000	36 900	66 900	40.4%	45 000	68 800	41.6%
<b>Top 10%</b>	23 440 000	122 000	311 000	47.0%	113 000	259 000	39.1%
Top 1%	2 344 000	469 000	1 341 000	20.2%	392 000	1 034 000	15.7%
Top 0.1%	234 400	2 007 000	6 144 000	9.3%	1 556 000	4 505 000	6.8%
Top 0.01%	23 440	9 789 000	28 773 000	4.4%	7 035 000	20 786 000	3.1%
Top 0.001%	2 344	48 331 000	124 821 000	1.9%	35 122 000	90 826 000	1.4%

Source: Piketty, Saez and Zucman (2018). See [wir2018.wid.world](#) for data series and notes.

In 2014, the average pre-tax income of the Top 10% was \$311 000. Pre-tax national income is measured after the operation of pension and unemployment insurance systems (which cover the majority of cash transfers), but before direct income and wealth taxes. Post-tax national income is measured after all taxes, transfers, and government spending. All values have been converted to 2016 constant US dollars (accounting for inflation). For comparison, \$1 = €0.8 = ¥3.3 at Market Exchange Rates, and \$1 = €0.9 = ¥6.6 at Purchasing Power Parity. Numbers may not add up due to rounding.

# Gini Index

Distribution of family income - Gini index measures the degree of inequality in the distribution of family income in a country.

The more nearly equal a country's income distribution, the lower its Gini index, e.g., a Scandinavian country with an index of 25. The more unequal a country's income distribution, the higher its Gini index, e.g., a Sub-Saharan country with an index of 50. If income were distributed with perfect equality the index would be zero; if income were distributed with perfect inequality, the index would be 100.





High-end inequality

WORLD'S HIGHEST STANDARD OF LIVING

rise of finance

CEO pay

shifting tax burden

1960

1970

1980

1990

2000

2010

Low-end inequality

union decline

unemployment

collapse in social programs

decline in job-based benefits

minimum wage

# When inventor and philanthropist Bill Gates read Piketty's book titled "Capitalism in the 21st Century" and responded by writing an article about the book saying he agreed with Piketty on the following points:

1

High levels of inequality are a problem—messing up economic incentives, tilting democracies in favor of powerful interests, and undercutting the ideal that all people are created equal.

2

Capitalism does not self-correct toward greater equality—that is, excess wealth concentration can have a snowball effect if left unchecked.

3

Governments can play a constructive role in offsetting the snowballing tendencies if and when they choose to do so.





# INEQUALITY IS POLITICAL

- Ruling groups must believe their system is working fine.
- The wealthy are much more likely to vote for conservatives than the poor.
- Today, the more educated you are, the more likely you are to vote for a liberal political party
- Rising inequality is highly correlated to unequal access to education
- In the United States, 95 percent of those with parents at the highest income levels attend college, while only about 20 percent of the poorest do
- The rise of higher education is creating a new form of political cleavage.
- The successful look down at those who did not do as well as undeserving.

French economist Thomas  
Piketty

