The Racial Wealth Divide

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Racial Wealth Divide as
The Foundation of Racial Inequality

“The foundation of racial-inequality is racialized economic inequality and the foundation of economic inequality is wealth inequality.”

- Race and Economics in the US:
  - Racial-Inequality has always had economic inequality at its foundation.
Narratives Shape Our Understanding of Reality

**The MYTH:**
There is a system that works, and communities of color are doing something wrong

- In their finances
- On the job
- Personal decisions

**The TRUTH:**
Our economy is designed to reward the wealthy and leave others behind

- An upside down tax system
- Residential economic segregation
- Lack of investment in disenfranchised communities

“The majority of white Americans consider themselves sincerely committed to justice for the Negro. They believe that American Society is essentially hospitable to fair play and to steady growth toward a middle-class utopia, embodying racial harmony. But unfortunately this is a fantasy of self-deception and comfortable vanity.”

–Dr. Martin Luther King JR
The Growing Racial Wealth Divide

Comparing the Growth of U.S. Family Incomes
An infographic by United for a Fair Economy

1947-1979
We grew together.
Bottom 20%: +118%
Second 20%: +100%
Middle 20%: +111%
Fourth 20%: +114%
Top 20%: +99%
Top 6%: +86%

1979-2008
We grew apart.
Bottom 20%: +6%
Second 20%: +11%
Middle 20%: +23%
Fourth 20%: +49%
Top 20%: +73%
Top 6%: +224%

MEDIAN HOUSEHOLD WEALTH, 1983-2016
- White
- Black
- Hispanic

Income and Wealth

Middle-Class Wealth Economic Security Is Unequally Distributed Along Racial Lines

- Latino
- Black
- White

Earning less than $18,420
- $0
- $0
- $0

$18,420-$37,200
- $3,000
- $3,000
- $3,000

$37,201-$61,368
- $8,600
- $11,038
- $11,038

$61,368-$104,508
- $45,770
- $49,500
- $49,500

More than $104,508
- $159,570
- $185,190
- $444,502

LOW

$0

MIDDLE WEALTH

$68,000

UPPER

$204,000


Education & Wealth

Minimum Household Wealth by Race and Education Level

- Latino
- Black
- White

Less than HS
- $5
- $5
- $5

HS Diploma/GED
- $100
- $120
- $120

Some College/2-Year Degree
- $700
- $5,500
- $5,500

4-Year Degree
- $3,500
- $2,600
- $2,600

Advanced Degree
- $11,200
- $104,000
- $104,000

The Negative Feedback Loop of Black Asset Poverty

**LACK OF HOUSEHOLD ASSETS**
57% of Blacks are in liquid asset poverty. (Do not have enough liquid savings to replace income at the poverty level for 3 months)
Median household income is $36,651.

**INFERIOR PUBLIC ASSETS**
Black communities most often live in areas with inferior public assets: public schools, public safety, public health, public transportation

**GREATER FINANCIAL RESPONSIBILITIES**
Debts, pent-up demand & need for financial support from family & community means increased income go toward consumption then asset development

**SEGREGATED FROM SOCIO-ECONOMIC OPPORTUNITY:**
Living wage jobs and social networks are located outside of the communities asset-poor Blacks live in.

**INFERIOR SERVICE FROM THE MARKET:**
Products sold in communities of asset poverty are inferior and often times more expensive than similar products available to high income communities.
Categories of Assets

**Housing**: Housing is an asset that helps one secure, capitalize and save. Housing should provide a safe and supportive place for a household to reside. *Housing is most often at the center of all other forms of assets.*

<table>
<thead>
<tr>
<th>Employment</th>
<th>Income</th>
<th>Food Security</th>
</tr>
</thead>
<tbody>
<tr>
<td>Childcare</td>
<td>Education</td>
<td>Health Care</td>
</tr>
<tr>
<td>Family/Social Relation</td>
<td>Community Resources</td>
<td>Community Involvement</td>
</tr>
<tr>
<td>Legal</td>
<td>Finance and Financial Resources</td>
<td>Safety</td>
</tr>
</tbody>
</table>
Need a multifaceted approach, a better understanding of wealth and economic development, and a progressive economy to address racial wealth divide.

1. Baby Bonds
2. Guaranteed Employment & a Higher Minimum Wage
3. Invest in Affordable Housing
4. Medicare for All
5. Postal Banking
6. Raise Taxes on the Ultra - Wealthy
7. Turn Upside Down Tax Expenditures Right Side Up
8. Congressional Committee on Reparations
9. Improve Data Collection on Race and Wealth
10. Racial Wealth Analysis

The Freedom Budget: Abolition of poverty; Full employment; Full production / high economic growth; Adequate minimum wage; Farm income parity; Guaranteed income for those who can’t work; Decent homes for all; Modern health services for all; Full educational opportunity for all; Better social security and welfare; and Equitable tax and money policies
Local Learnings:

- Racial economic inequality is large throughout cities regardless of size or strength of the economy
- There is very little in shared best practices to address racial economic inequality
- A comprehensive and long term approach is necessary for community economic development that address racial economic inequality
6 Steps to Addressing Racial Economic Inequality at the Local Level

1. recognize the racial economic divide within the organizations and institutions that are supposed to address economic insecurity
2. organize a cohort of institutions of color who through coalition can strengthen advocacy and programmatic work
3. develop a project that will keep these institutions of color engaged
4. strengthen and share understanding of racial economic inequality and the challenges of financial security for communities of color
5. use research of racial economic inequality to attract local resources to address the deep economic insecurity in communities of color including strengthening institutions of color
6. integrate the goals of addressing racial economic inequality and strengthening institutions of color into the non-profit community, business leaders and associations, city leaders and agencies, foundations, and community leaders and Institutions

Racial economic inequality is never addressed unless it is explicitly addressed.