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Persistent Economic Inequality 50 Years After the March on Washington

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Today marks the 50th anniversary of the March on Washington for Jobs and Freedom, an event usually associated with the fight for civil rights and integration, but one that also put economic opportunity and equality at its forefront. As a historian, I know we enjoy stories of change over time. Some insist we can't have history without it. Thus, it seems fitting to ask: what has changed in economic inequality for Black America over the last half century?

While it's clear outright discrimination and racial biases have [decreased](#) (<http://www.demos.org/blog/8/13/13/worse-discrimination-racial-inequality-postracist-america>) since this historic march, the economic data shows a very different story, one largely of continuity, and in some cases, an even worsening gap.

Given the centrality of jobs to the march, the labor economy seems a sensible place to start trying to understand how the economics of race have changed. On the jobs front, today's African Americans vis-à-vis white Americans find themselves in virtually the same position as their grandparents' generation some 50 years ago. According to a recent study conducted by the [Economic Policy Institute](#) (<http://www.epi.org/publication/unfinished-march-overview/>), the job gap has remained stubbornly unchanged since the early 1960s. In 1963, black Americans were 2.2 times more likely to be unemployed than whites. As of 2012, the number had inched downward ever so slightly to 2.1. That's hardly an improvement worth celebrating.

Of course, employment offers only a partial picture of the jobs outlook. A more complete understanding of employment must take into account income earned on the job, and not just whether or not one is employed. Here, the news on the earnings gap at first appears to get better. "Between 1940-2000, blacks closed a substantial fraction of the earnings gap that separated them from whites," urban historian Michael Katz has written. Since Martin Luther King's famous "I Have Dream" speech, Black-White male earning ratios have shrunk for younger and middle-aged African Americans alike (meaning they earn incomes that are much more similar than they were before). The story looks even brighter for African American women. In 1965, a fortysomething African American woman earned 62 cents on the dollar of a fortysomething white woman. By 2000, that figure had gone up to 90 cents.

But what at first glance appears an unqualified success may, in fact, be a statistical mirage. That's because a major reason the racial wage gap has closed at least partially is likely the result of a general decline in relative wages for all workers in the U.S. since the 1970s. In other words, the bigger wage story is not that black incomes have been rapidly climbing; rather, it's the decline of relative wages for all Americans over the last four decades, especially among whites. By the mid-2000s, the typical American earner had suffered a 72 percent drop in discretionary income compared to their counterpart in the early 1970s. And while discretionary income has decreased, workers face unbelievable, inflationary costs in spheres central to upward mobility, as President Obama [noted](#) (<http://www.bostonglobe.com/news/nation/2013/08/22/transcript-obama-remarks-college-affordability/w76hCDGxqcOAX1MWzUGwJ/story.html>) last week during his college affordability tour through New York and Pennsylvania. "Over the past three decades, the average tuition at a public four-year college has gone up by more than 250 percent—250 percent. Now, a typical family's income has only gone up 16 percent.... That's a big gap."

Still the most significant change since the sixties is the racial wealth gap (assets plus savings minus debts), and unfortunately, this has not been change in the right direction. The wealth gap has gotten exponentially, undeniably worse. According to the [Institute for Assets and Social Policy](http://www.insightcced.org/uploads/CRWG/IASP-Racial-Wealth-Gap-Brief-May2010.pdf) (<http://www.insightcced.org/uploads/CRWG/IASP-Racial-Wealth-Gap-Brief-May2010.pdf>), the total racial wealth gap between whites and blacks grew fourfold in the decades before the Great Recession up to the crisis. Moreover, because of asset concentration in housing—59% of blacks' net worth was in home equity compared to only 44% for whites—the mortgage-driven Great Recession proved especially crippling for wealth in Black America. Half of all black household wealth vanished during the Great Recession due in part to the outsized role of home equity in their wealth portfolios and the prevalence of predatory high-risk loans in black communities, according to Thomas Shapiro and researchers at the IASP. From 2007-2009, black and Latino foreclosures rates were close to double white Americans'.

Relative to White America, Black America had little access to the discretionary financial resources (e.g., inheritance, in vivo transfers) essential to diversify their investment portfolios. Blacks' virtual absence from equities markets has been particularly significant in the aftermath of the Great Recession, given that the recovery of the financial economy, which has enjoyed a near historic run beginning in 2009, has rebounded far faster than the housing market and home equity values. But asset concentration in housing—and the attendant impact it has had on household wealth since 2007—does not fully explain the limited black financial resources in recent decades. After all, excluding housing, in the years prior to the Great Recession, the median value of assets (savings and securities) held by the African American middle class declined in constant dollars from \$700 in 2000 to \$500 in 2006. And these statistics are perhaps more important than the data on employment and income, because, as The Closing the Racial Wealth Gap Initiative has [argued](http://www.insightcced.org/uploads/CRWG/LayingTheFoundationForNationalProsperity-MeizhuLiu0309.pdf)

(<http://www.insightcced.org/uploads/CRWG/LayingTheFoundationForNationalProsperity-MeizhuLiu0309.pdf>),

"Wealth, not just income, is the key to ensuring economic security and is what enables families to build a better future."

King's "I Have A Dream" speech envisaged more than merely the dream of integration. He shared a dream of black upward mobility. Yet, while blacks' employment has stayed remarkably steady since 1963, and they've gained some ground relative to whites in income, the possibility of mobility for African Americans looks more like a pipe dream than at almost any time in post-civil rights America.

Haley Swenson assisted with this post.

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