America's Financial Divide: The Racial Breakdown of U.S. Wealth in Black and White

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Several evaluations of black and white wealth in America have surfaced over the past several months. Some such as the National Urban League’s “State of Black of America” (http://www.huffingtonpost.com/2015/03/25/state-of-black-america-infographic_n_6905594.html) have used compiled data to create indexes. Others, like that of the Pew Research Center (http://www.pewresearch.org/fact-tank/2014/12/12/racial-wealth-gaps-great-recession/) have used median net worth to show black families in whole are worth far less than white families. Yet, these tools only tell part of the economic story. To truly understand the difference in economic access, you must look at the top of American wealth, and be honest about what you find.

In total, there are just about 120 million American households. So when we talk about the top one percent, we are looking at the top 1.2 million households. Breaking the 120 million homes down by race, according to the U.S. Census, there are nearly 83 million white households, and there are just about 14 million black households.

Here is where the economic picture gets clearer. A few years ago when economic inequality was just becoming a national topic, theGrio supported by MSNBC, wrote a piece titled “Who are the Black 1%” (http://thegrio.com/2011/11/21/who-are-the-black-1-percent/). In this article, they showed that nearly 96.1 percent of the 1.2 million households in the top one percent by income were white, a total of about 1,150,000 households. In addition, these families were found to have a median net asset worth of $8.3 million dollars.

In stark contrast, in the same piece black households were shown as a mere 1.4 percent of the top one percent by income, that’s only 16,800 homes. In addition, their median net asset worth was just $1.2 million dollars. Using this data as an indicator only about 8,400 of the over 14 million African American households have more than $1.2 million dollars in net assets.


"The major sources of wealth for most of the super rich are inheritances and in life transfers. The big reason is racial differences in access to resources to transfer to the next generation.” Darity added that the practices of enslavement, violence, Jim Crow, discrimination and dispossession of property have kept generations of African Americans from accruing the type of wealth that whites in the top 1 percent have today.
It is key to understand that the top one percent (to name a few things) are the people likely:

- to lobby for laws and contribute to political campaigns,
- retain business managers who do the hiring for the majority of our nation's businesses, and
- donate to Colleges and Universities affecting admissions to higher education.

If this group is nearly all white, it leads to much the same demographic for the advantaged economic tiers below the top one percent. This group disseminates the access to opportunity for the rest of society across all industries.

Relying on data from Credit Suisse and Brandeis University's Institute on Assets and Social Policy, the Harvard Business Review in the article "How America's Wealthiest Black Families Invest Money" recently took the analysis above a step further. In the piece the author stated "If you're white and have a net worth of about $335,000..."
dollars, that's good enough to put you in the 72nd percentile of white families. If you're black, it's good enough to catapult you into the 95th percentile."

This means 28 percent of the total 83 million white homes, or over 23 million white households, have more than $356,000 dollars in net assets. While only 700,000 of the 14 million black homes have more than $356,000 dollars in total net worth.

Matt Bruenig of Demos.org summed it up in the piece "The Top 10 percent of White Families Own Almost Everything" stating "White families hold 90 percent of the national wealth. Hispanic families hold 2.3 percent of the national wealth. Black families hold 2.6 percent of the national wealth." So despite a display of what I have termed the "Decadent Veil", where a small group of wealthy black entertainers are shown repetitively in media.

According to the Slate.com article "The Wealth Gap Between Blacks and Whites is Even More Enormous Than You Think" the median white family has a net worth of $116,000 dollars. This indicates 41 million white households across the nation have over $116,000 dollars in net worth. In comparison, nearly 40 percent or 5.6 million African American homes in the U.S. have zero or negative net worth. In addition, when you deduct the family car as an asset, the median black family in America only has a net worth of $1,700 dollars.

This tells a story of access and opportunity and the lasting effect of a history ripe with dissemination of advantage based on color. If nearly all of the American wealth is in white households, how do we ever expect to achieve access for all?

"I've been consistent in saying that, you know, this is a legacy of a troubled racial past, of Jim Crow and slavery. That's not an excuse for black folks, and I think the overall majority of black people understand it's not an excuse. They're working..."
hard. They're out there hustling and trying to get an education, trying to send their kids to college, but they're starting behind oftentimes in the race.”

President Barack Obama

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This is a great piece. Really Good. I always knew that blacks weren't too big a part of the wealthy. But with all the black celebrities, it made it hard to explain other people who watch TV that all the wealthy blacks they keep showing you... Also that's not wealth on resources more like air because its not like owning oranges or land.

Trayvon Mashing  ·  Top Commenter  ·  Los Angeles, California
April 13 at 6:45pm

And they say, "oh forget about slavery, move on, times are different". WRONG!

H Lamont Watson  ·  Top Commenter  ·  NYU
April 13 at 10:53pm

Black slaves didn't really build anything in the US, anymore than they built Canada, Australia, etc. They only made a couple of plantation owners rich. That said there is no system against blacks or minorities in general. This would not explain why Asians are doing better than whites in many cases.

Ronald Jay  ·  New York, New York
April 19 at 2:53pm

This is an ignorant comment. The author of this piece wrote another you should learn history.

Ronald Jay
April 19 at 7:12pm

Blacks who can afford to invest in the stock market don't. Many make poor investment decisions when they do because they don't study investing before jumping in. When blacks become more savvy investors the gap will close to a certain degree. I've known several people who handed over their life savings to the most outrageous investment schemes.

Doris Smith  ·  Top Commenter
April 13 at 7:13pm

Amen! Although white people aren't always financially literate either.

Joe Hack  ·  U of Illinois
April 14 at 4:59pm

Its really not about race, its about wealth and power. Its about how the skills needed to acquire and pass on wealth and power get concentrated. Success leads to strength, and strength supports more success. The correct response is not to curse or harm the successful but to learn to do likewise.

David Rempel  ·  Top Commenter
April 15 at 4:07am

So how do blacks learn to be white? It is about race, you just don't want to admit it. Black neighborhoods have worse schools black

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Americans have a harder time getting admittance to college simply based on the color of their skin or their name, same goes with jobs. why do they live in concentrated, mostly black areas? Because of housing discrimination by our very government, but it's not about race right? Give me a break dude, it's always been about race, get out of the hole you live in.

Reply Like 2 April 15 at 11:41am

David Rempel Top Commenter

I firmly believe values are not linked to skin color. Values are incubated in a family and in cultures. These lead to actions, actions produce results, either good or bad. anyone can chose to think in terms of external locus of control or internal locus of control. If you choose to think external locus, then blacks can never be whites and whites will always win and its all boo hoo pity party. If you think internal locus, you look for what you can control and go out to maximize what you can do. Booker T Washington "UP From Slavery" for example.

Reply Like April 15 at 12:07pm

Trayvon Mashing Top Commenter Los Angeles, California

David Rempel This is Patently ignorant. This isn't about values its about history, Black bodies were coin and created wealth you need to learn up. Watch http://www.slaverybyanothername.com/pbs-film/ and learn how Carnegie and Chase got rich on convict leasing making steel on just last century. The same Chase bank erected now. If you read this article and think about it in those terms you have little common sense this article says its not in black americas control.

Reply Like 3 Edited April 16 at 1:06am

Estella Cohen Top Commenter

Don't forget it was Black families that lost most of the homes in the "Great Recession". Despite banks being found guilty and fined for fraud, Black homeowners are still without what many lost.

Reply Like Follow Post April 14 at 12:23pm

Charles Reed

Our people love the illusion that this black First Family going to make us all better somehow, but if anything it made us worst off!

Now since now blacks will not listen to anything negative about Obama but I know my people and come Jan 20, 2017 there will be some mad black people, as Obama will leave town with his wife while he was promising to take care of his side family for 8yrs. But 8yrs will have gone by and instead of being rewarded, homeboy like Clinton will be talking that I am sorry I did not stop the million African from being slaughter, but we will be running or church bused to the polls to vote for Bill's wife!

Reply Like Follow Post April 14 at 11:39pm

Bob Pearson Top Commenter Loyola University Maryland

Why not break wealth down by those with skills and those without, educated and affirmative action pass along's, those who invest and those who drink Thunderbird Wine.

Reply Like Follow Post April 15 at 8:17am

WilliamMary Osburn Follow

I live in a mobile home live on ssi and up till last year owned a 92 buick -- somehow i missed the memo that said i was rich -- kiss my a--- William osburn usmc vet

Reply Like Follow Post April 13 at 8:58pm

Jamal Heiden Top Commenter Los Angeles, California

HAHAHAHAHAHAHA this comment is so irrelevant but funny

Reply Like 3 April 15 at 9:06pm