

Download
The Urbanist Protester



NEXT
CITY

The Racial Wealth Gap Is a Policy Problem, Not a Behavior Problem

BY RACHEL DOVEY | FEBRUARY 6, 2017



(Credit: Merzperson)

From slavery to redlining, it's pretty clear that the country's **racial wealth gap** comes from layers of intentional public policy, compressed over the years like sedimentary rock. But that's not always understood in a culture that tends to forget a **still (very) present history of racism** and credit individual acts — i.e., going to college, working full-time — with the accumulation of wealth.

Today, a **paper** titled “The Asset Value of Whiteness” from **Demos** and the **Institute for Assets & Social Policy** explores some of the “popular explanations” for the gap between white, African-American and Latino earners. It seeks to show that “changing individual behavior in areas such as education, family structure, full- or part-time employment, and personal consumption habits would not reverse the economic harm done by structural racism,” according to a release.

Take higher education, that force that is supposed to level the playing field no matter a person's socioeconomic background (never mind that research shows that, increasingly, **access to college** is determined by socioeconomic status). Go to college, the thinking goes, and, black or white, you'll be on the road to a comfortable middle-class salary.

But higher education doesn't always work that way.

“Going to college isn't enough to overcome racial disparities in wealth,” the researchers state. “Among households under age 55, the median white high school dropout has similar wealth to the median black adult who graduated high school and attended at least some college, according to data from the Survey of Consumer Finances. ... Similarly, the median Latino adult who attended college has similar wealth to the median white high school dropout.”

In fact, the median white adult who attended college has seven times more wealth than the median black adult who attended college, they found.

95 Percent Confidence Intervals for Median Wealth of Households < 55 by Education

	Less than High School		At Least Some College	
	Number of Observations	95% Confidence Interval	Number of Observations	95% Confidence Interval
All U.S. Households	225	\$6,934 \$12,706	1464	\$42,237 \$63,463
White, Non-Hispanics	79	\$5,675 \$31,877	1009	\$64,095 \$97,505
Black/ African Americans	21	* *	223	\$6,623 \$15,897
Hispanics	115	\$6,674 \$10,766	120	\$12,239 \$31,033

Note: Households with positive work hours only. Those households with heads with at least some graduate school excluded. *Insufficient number of observations to report wealth for African-American households with less than a high school degree.

(Credit: Demos)

And what about working full-time? According to another popular explanation, the racial wealth gap could be due to more full-time jobs available to white workers.

But a side-by-side comparison of workers with similar hours still showed disparities according to race: “The median white household that includes a full-time worker has 7.6 times more wealth than the median black household with a full-time worker. The median white household that includes a full-time worker also has 5.4 times more wealth than the median Latino household with a full-time worker.”

95 Percent Confidence Intervals for Median Wealth of Households < 55 by Full-Time and Part-Time Employment Status

	Full-Time			Part-Time		
	Number of Observations	95% Confidence Interval		Number of Observations	95% Confidence Interval	
All U.S. Households	2694	\$46,162	\$61,782	332	\$2,630	\$7,570
White, Non-Hispanics	1766	\$73,694	\$92,510	183	\$2,220	\$15,781
Black/ African Americans	339	\$7,587	\$15,085	67	\$74	\$4,386
Hispanics	354	\$10,637	\$19,223	48	\$972	\$8,628

(Credit: Demos)

The main takeaway is similar to research that has been done on [the gender pay gap](#): “Building a more equitable society will require a shift in focus away from individual behavior toward addressing structural and institutional racism.”

Next week, Demos and the Institute for Assets & Social Policy will also launch a new website with more information on their “racial wealth audit” and tactics for evaluating a potential policy’s impact on the racial wealth gap.

“For centuries, white households enjoyed wealth-building opportunities that were systematically denied to people of color. Today our policies continue to impede efforts by African-American and Latino households to obtain equal access to economic security,” Amy Traub, associate director of policy and research at Demos and a co-author of the report, said in a statement. “When research shows that racial privilege now outweighs a fundamental key to economic mobility, like higher education, we must demand our policymakers acknowledge this problem and create policies that address structural inequity.”

BECOME A NEXT CITY MEMBER TODAY



Rachel Dovey is an award-winning freelance writer and former USC Annenberg fellow living at the northern tip of California’s Bay Area. She writes about infrastructure, water and climate change and has been published by Bust, Wired, Paste, SF Weekly, the East Bay Express and the North Bay Bohemian.

[FOLLOW RACHEL](#) [EMAIL RACHEL](#)

TAGS: INCOME INEQUALITY, RACE

