

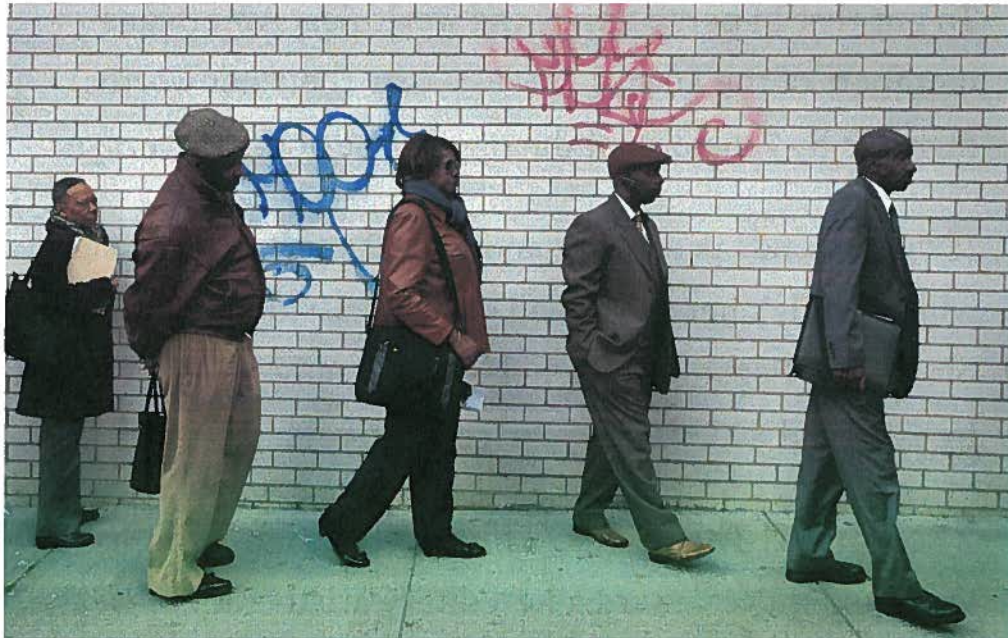
RACISM AND DISCRIMINATION **POVERTY** **FAMILIES**

The Average Black Family Would Need 228 Years to Build the Wealth of a White Family Today

Just as past public policies created the racial wealth gap, current policy widens it.

By Joshua Holland

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Job seekers stand in line to attend the Dr. Martin Luther King Jr. career fair held by the New York State Department of Labor. (Reuters/Lucas Jackson)

If current economic trends continue, the average black household will need 228 years to accumulate as much wealth as their white counterparts hold today. For the

The study looked at financial wealth—stocks, bonds, and the like—real estate and business capital, but excluded durable goods like cars and consumer appliances. Like other studies of the racial wealth gap, it excluded Asian Americans and Pacific Islanders, Native Americans, and other people of color because of limitations in the underlying data.

Recent years have brought a heightened focus on income inequality, but while they're related, wealth inequality is far more pronounced. According to a study published by Demos last year, the median income for whites in 2011 was around 50 percent higher than it was for blacks and Latinos, but whites' median household wealth was around 16 times greater.

It took 400 years of slavery, segregation, and institutionalized discrimination in the labor and housing markets to build the wealth gap that we see today. For example, by the time the Fair Housing Act made discrimination in housing illegal in 1968, people of color had missed out on decades of robust growth in the housing markets (and much of the next generation missed out on that wealth building in the 20 years it took to fully implement the law). “The racial wealth divide is how the past shows up in the present,” Chuck Collins tells *The Nation*. “We have a deep legacy of wealth inequality that undermines the whole idea that we have a meritocracy—that there's an equal playing field.”

The racial wealth gap continues to grow not only because of income inequality—whites have more dollars to sock away—but because accumulated wealth is a mechanism for transmitting economic success from generation to

2013 study by the National Priorities Project found that 77 percent of those benefits go to households with annual incomes between \$75,000 and \$500,000. Similarly, an estimated two-thirds of all public subsidies for retirement savings go to those with incomes in the top 20 percent of the distribution. We're spending a fortune on wealth building, but very little of it ends up bolstering the net worths of poor people and people of color.

The persistence—and growth—of the racial gap provides a powerful rationale for reparations for African Americans, who are the furthest behind whites in accumulating wealth and have endured the most brutal forms of racism.

Advocates like William Darity Jr., a professor of African-American studies and economics at Duke University, picture a program of reparations as a sort of Marshall Plan for poor communities of color, with major investments in health care and education and local infrastructure and seed money for small-business start-ups.

But the politics of reparations are fraught, and they wouldn't help close the wealth gap for other people of color, much less for poor whites. The IPS/CFED report calls for a number of policies that would rationalize federal spending on wealth-building activities so that they target those who need the help. They include one proposal that's been around for a while: giving every baby born in the United States a savings account with a modest sum, and then using public funds to match what low-income households are able to save. When a young person hits 18, the accounts could then be used to help finance a college education, or to buy a first home or start a new business. Any remaining funds would be dedicated to retirement.