Race is the elephant in the room when it comes to inequality

03/13/14 06:51 AM—Updated 05/23/14 02:45 PM

By Ned Resnikoff

In 1967, with the Civil Rights movement still in full swing and Jim Crow still looming in the rearview mirror, median household income was 43% higher for white, non-Hispanic households than for black households. But things changed
dramatically over the next half century, as legal segregation faded into history. By 2011, median white household income was 72% higher than median black household income, according to a Census report from that year [PDF].

To say that economic inequality is still a heavily racialized phenomenon, even a generation after the end of the Civil Rights era, would be an understatement. Yet both major parties continue to discuss inequality in largely color-blind terms, only hinting at the role played by race.

The trend is even more startling when one looks at median household wealth instead of yearly income. In 1984, the white-to-black wealth ratio was 12-to-1, according to Pew Research Center. By 1995, the chasm had narrowed until median white
income had only a 5-to-1 advantage over black income. But over the next 14 years the wealth gap began to grow once again, until it had skyrocketed up to 19-to-1 in 2009.

Yet even a recent 204-page analysis of the federal War on Poverty, spearheaded by Rep. Paul Ryan, R-Wis., gives only passing mentions to racial disparity. In the first section of the report, which purports to explain the causes of modern poverty, Ryan and his co-authors bring up race only twice: Once to identify “the breakdown of the family as a key cause of poverty within the black community,” citing Daniel Patrick Moynihan, and again to applaud the narrowing of the “achievement gap” between white and black schoolchildren. Weeks later, during a radio appearance, Ryan said poverty is in part to blame on the fact that “inner cities” have a culture of “men not working.”

President Obama went a step forward in December’s major address on inequality, when he noted that “the painful legacy of discrimination means that African Americans, Latinos, Native Americans are far more likely to suffer from a lack of opportunity—higher unemployment, higher poverty rates.” Yet that amounted to a footnote in a speech that also included the line, “The opportunity gap in America is now as much about class as it is about race.”

“I think it doesn’t make for good politics,” said Color of Change executive director Rashad Robinson of the racial wealth gap. “It’s messy and requires us to be deep and think about much bigger and more long-term solutions than Washington’s oftentimes willing to deal with.”

Yet in a serious discussion about American inequality, the subject of race is essentially unavoidable. That’s because most of the pipelines to a higher economic class—such as employment and homeownership—are “oftentimes not equally accessible to black folks,” said Robinson.

Disparities in homeownership are a major driver of the racial wealth gap, according to a recent study from Brandeis University. According to the authors of the report, “redlining [a form of discrimination in banking or insurance practices], discriminatory mortgage-lending practices, lack of access to credit, and lower incomes have blocked the homeownership path for African-Americans while creating and reinforcing communities segregated by race.”

Many of the black families that have successfully battled their way to homeownership over the past few decades saw their nest eggs get pulverized by the 2008 financial collapse. The Brandeis researchers found that “half the collective wealth of African-American families was stripped away during the Great Recession,” in large part due to the collapse of the housing market and the subsequent explosion in the nationwide foreclosure rate.
Similarly, employment discrimination has done its part to ensure that black unemployment remains twice as high as white unemployment—a ratio that has stayed largely consistent since the mid-1950s. National Bureau of Economy Research fellows have found that resumes are significantly less likely to get a positive response from potential employers if the applicants have names that are more common in the black community. And an arrest for even a non-violent drug offense can haunt a job applicant for the rest of his life; combined with the fact that black people are nearly four times more likely to be arrested for marijuana possession than whites, despite using the drug at roughly the same rate, criminal background checks have helped to fuel racial inequity in job hiring.

Yet both parties have stressed personal responsibility to an outsized degree, said William Darity Jr., the director of Duke University’s Consortium on Social Equity.

“The underlying narrative that many people share is that whatever inequities still exist, they’re due to the misbehavior or disfunctional behavior of black folks themselves,” said Darity. “So there’s no reason to pay attention to racial disparities because one doesn’t believe they’re still significant, or there’s no need for public policy action by the government because it’s just a question of black folks changing their own behaviors.”
Darity portrayed this as a bipartisan problem and criticized President Obama for “[playing] into that behavior” by emphasizing personal responsibility in the “My Brother’s Keeper” initiative to help young men of color. The conservative notion of a “culture of poverty” is another example of the fallacy, he said.

“I think a lot of people are really attracted to stories about personal uplift or social mobility, but these are very exceptional cases,” he said. “That’s not the norm. Most people who are born into deprived circumstances do not really have the capacity or support to come out of those deprived circumstances.”

Instead, he argued that the only way to break self-perpetuating inequality was through wealth transfers.

“People’s behaviors are largely shaped by the resources they possess, and if their resources alterned, than they might change their behaviors,” he said.