

William Huang
Livingston Senate Clerk
williamhuang50@gmail.com

Issue:

Race is by far the largest factor in determining socio-economic status in America[5], and the dramatic income disparity between blacks and whites provides a new perspective on our nation's wealth imbalance. Institutional racism, denial of circumstantial advantages, and cultural norms are the primary reasons why African Americans contribute to a lack of social mobility in the United States.

Necessary Background:

Slavery, systematic racism, and a general denial of opportunities for African Americans have lead to centuries of inequality. This has culminated in a dramatic black-to-white wealth ratio of 12:1 in 1984 and 19:1 in 2009. [1] Yet the statistics aren't even the most appalling aspect of the issue. Stereotypes, political negligence, and racism on the individual level have been the historical causes of the issue, however the government has initiated very few efforts to combat the roots of the problem. At the heart of this issue is racial bias in education; inner city schools with predominantly African American students are underfunded and incapable of providing vital skills to ensure student proficiency in curricula. [2] This in turn puts African Americans in a position where they must pursue low-wage, unskilled careers to support their families. Bills pile up, mortgages need to be paid, and suddenly families are living paycheck-to-paycheck with no opportunity to continue their secondary education. [4] In addition, redlining actively denies mortgage loans to African Americans, allowing for segregated neighborhoods, poor social mobility, and the enrollment of black children in poorly funded public schools (which perpetuates the cycle of poverty). Eventually comes to the conclusion that, even if we like to deny it, circumstance is the true dictator of future success or failure.

Evidence of Problem Existing:

In absolute terms, the median white household had \$111,146 in wealth holdings in 2011, compared to \$7,113 for the median black household and \$8,348 for the median Latino household. [1] The wealth of white households was 13 times the median wealth of black households in 2013, compared with eight times the wealth in 2010, according to a new Pew Research Center analysis of data from the Federal Reserve's [Survey of Consumer Finances](#). Furthermore, seventy-three percent of whites own a home, compared to 47% of Latinos and 45% of blacks. [2]

Impact:

Policies which exacerbate the racial wealth gap have a profound impact upon the economy, potentially influencing the prosperity of all residents in New Jersey. According to Catherine Ruetschlin, senior policy analyst for Demos, "That is a problem for political stability. But it's also a problem for economic stability. As we've seen in reports from big international finance organizations like the [International Monetary Fund](#) or [World Economic Forum](#), increasing inequality is a source of increasing volatility, and wealth inequality means, when the economy hits a volatile patch, people don't have the resources to withstand those shocks." That, in turn, makes the economy more volatile, says Ruetschlin.[3] Mobility between socio-economic classes for African Americans are key for the American economy. Fundamentally, the higher incomes that they obtain, the more prosperous

Possible Solutions:

In order to address this disparity, public education systems need to provide more training to disadvantaged African Americans. Since funding is disproportionate amongst inner-city schools, an initiative is required to supply those institutions with the necessary resources to succeed. Eliminating all institutional racism is

obviously a daunting task, but advocacy for diversity and social mobility between the races is critical in resolving the socio-economic gap we face today.

Sources:

1. <http://www.pewresearch.org/fact-tank/2014/12/12/racial-wealth-gaps-great-recession/>
2. Survey of Income and Program Participation (SIPP), 2008 Panel Wave 10, 2011
3. http://www3.weforum.org/docs/WEF_GlobalRisks_Report_2014.pdf
4. <http://www.imf.org/external/pubs/ft/sdn/2014/sdn1402.pdf>
5. http://www.naacpldf.org/files/case_issue/Shapiro%20racialwealthgapbrief.pdf
6. <http://isites.harvard.edu/fs/docs/icb.topic185351.files/BlackWhiteWealthGap.pdf>