

## **Black and White: The Relevance of Race**

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Our nation's preoccupation with race has exacted an enormous price – from all of us. My research on race in America shows that poverty, discrimination, and race are closely connected. My comments address the issue from an economic view and on how racial attitudes can effect economic harm and a lower standard of living for segments of the population.

The former US Senator Bill Bradley wrote that “the flip side of racial discrimination is racial privilege, which consists of all those things that come to white Americans in the normal course of living ... All those things that they take for granted that a black person must never take for granted.” Despite recent improvements in economic access and equality, the fact is, according to my research, that racial discrimination occurs in many walks of life, and in many areas of the United States.

A new poll confirms what many African-Americans have long suspected: a large percentage of Americans have mistaken ideas about how blacks are faring in American society. According to a poll conducted by the Washington Post, Kaiser Family Foundation, and Harvard University, many Americans erroneously believe that the tremendous progress of the last three decades has erased the economic gap between Blacks and Whites in terms of income, employment, education, and access to health care. The reality is that they are completely wrong! In all of these areas, statistics show that blacks continue to lag significantly behind whites.

While progress since the civil rights era has been remarkable, it has not come close to eliminating the disadvantages accumulated during hundreds of years of systematic discrimination and oppression. The discrepancy between white opinions and black reality varied between 40% and 60% for these areas:

**HEALTH CARE ...** More than six in 10 whites believe that African-Americans have better or equal access to health care than white Americans have. But results from the 2000 Census show that Black Americans are more than twice as likely as whites to be without either public or private insurance.

**EDUCATION ...** About half of all whites believe that blacks have achieved parity in education with whites. But while 88% of whites have a high school diploma, this is true for only 79% of blacks. The disparity in higher education is even greater, with 17% of blacks finishing college compared to 28% of whites.

**EMPLOYMENT ...** About half of all whites also believe that whites and blacks have about the same employment levels. In fact, differences in employment remain considerable. Only one-fifth of black workers hold professional or managerial jobs compared to a third of white workers. Blacks are twice as likely as whites to be employed in lower paying service-sector jobs, 23% vs. 12%. Blacks are also twice

as likely to be unemployed. As reported by the U S Bureau of Labor Statistics' June 2001 report, the rate was 8% for blacks and 3.8% for whites.

**INCOME ...** While a majority of whites correctly believed that blacks earn less than whites, a substantial minority (more than 4 in 10) believed that blacks earned as much or more than the average white worker. The fact is black workers earn far less. The median household income for blacks was \$28,000 in 1999, much less than the \$44,000 median income for whites. Half of all black households exist on less than \$25,000 per year, while this is true for only a third of white households.

**POVERTY ...** The poverty rate for the black population is more than twice that for the white population (27% to 11%). Blacks also accumulate less wealth and are less likely to own stocks, bonds, and other investments. While the definition of poverty may vary, perhaps the most widely accepted definition of poverty in the United States today is the one developed by the Social Security Administration. This considers the cost of a minimal nutritionally sound food plan as determined by the Department of Agriculture. Based on such computations, a family of four needed about \$18,000 to make it barely over the Social Security Administration's poverty line in 2000. These families will spend about 1/3 of their income on food. To a considerable extent, the reasons why families are poor lie beyond the control of the families themselves. The most obvious factor is racial. But others exist as well: sexual discrimination, religion, age, residence, education.

There are important barriers which tend to separate the poor from the rest of society. Barriers, once established, tend to be reinforced from the poverty side by the alienated themselves. The poor tend to be cut off from not only opportunity but even from information about opportunity. A poverty subculture develops which sustains attitudes and values that are hostile to escape from poverty. Poverty often is self-perpetuating. Some families tend to be poor year after year, and their children tend to be poor. Because the families are poor, the children are poorly educated, poorly fed, and poorly cared for, and poverty is transmitted from one generation to the next. It is a vicious cycle!

**WEALTH ...** For a variety of reasons, African-American households have lower assets and net worth than white households. With less inherited wealth and lower incomes, African-Americans start out behind whites in accumulating assets. Despite what appear to be significant gains in net worth during the mid-1990s, blacks remain at a substantial disadvantage relative to their white counterparts. While wealth differentials are smaller at higher income levels (up to about \$60,000 in household income), the accumulations of even those in the upper income levels are quite modest for African-Americans. For example, in the income range with the greatest equity between the races, African-American households still only have about half the net worth of whites. This amounts to a mere \$27,275, and to only \$7,500 when home equity is omitted. The net worth of even the highest-income African-American households is about one-third lower than that of all households with heads of household between 45 and 64 years of age.

**RETIREMENT IMPLICATIONS ...** These data provide several insights concerning retirement planning. First, it is clear that African-Americans remain far behind their white counterparts in accumulating assets for retirement. From an individual perspective, there is a clear need for a well-considered financial plan that includes a sharper build-up of assets before age 50. Second, due to lower incomes and greater family

responsibilities, African-Americans are still more likely to be somewhat disadvantaged in this effort.

MORTALITY ... African-Americans, due largely to socio-economic conditions, do not live as long as white Americans. There is about a 5 to 6 year longevity difference between white Americans and African-Americans. As our country becomes more diverse, with women and minorities making up 4/5 of all new job entrants in 10 years, our challenge is to rethink our racial attitudes.

It seems to me that one of our greatest challenges is to embrace our nation's diversity and recognize how sharing the benefits of this society will strengthen us as we compete in the global economy, enjoy the fruits of each other's cultures, and build a more stable democracy. Dr. John Hope Franklin, Past Chairman of the President's Initiative on Race, declared in its final report that the greatest challenge facing Americans is to accept and take pride in defining ourselves as a multi-racial democracy.