“Lifting as We Climb” refers to the motto of the National Association for Colored Women, founded in 1896 by African American women who signaled “their understanding that no individual woman of color could rise, nor did they want to rise, without the improvement of the whole race.”

Then, as now, women of color are over-represented in jobs like housekeeping and elder care—work that is under-valued and under-paid. The study highlights impressive achievements against formidable obstacles, including, for example, the fact that women of color own 1.9 million firms in the United States, employ 1.2 million people, and generate $165 billion in annual revenues.

However, “Lifting as We Climb” extends two decades of scholarship that finds that the racial wealth gap is widening. White women in the prime working years of 36-49 have a median wealth of $42,600 (61 percent of their male counterparts), while the median wealth for women of color is only $5. Women of color practically have no wealth prior to age 50.

Some concede there is a racial wealth gap, yet maintain that we live in a “post-racial” society. They advance two explanations for the wealth gap: first, blacks are less frugal; and second, blacks do not manage financial assets as well as whites. This argument was expressed by Federal Reserve Chairman Ben Bernanke in an April 2009 lecture. Neither explanation is true.

Economists on the political right and left have found that blacks save at a rate moderately higher than whites. Many higher-income blacks offer more support to lower-income relatives than do whites, suggesting even greater black frugality with less to save.

The second explanation for lower black wealth claims that blacks’ asset management is deficient. Recent research finds no significant racial differences in asset appreciation rates for families with positive net worth.

It is commonly assumed that Americans gain wealth through savings plus portfolio management. Yet these are not the primary ways Americans gain wealth.

The combination of inheritances, bequests, and intra-family transfers account for the racial wealth gap more than any other demographic factor, including education, income, and household structure. These transfers account for 50 to 80 percent of wealth position conferred to subsequent generations. Six percent of blacks compared to 24 percent of whites receive inheritances.

Contrary to the common white refrain—the past is over, so get over it—history is critical for understanding the racial wealth gap. Simply put, wealth begets wealth and lack of wealth begets lack of wealth. Economist T. Kirk White developed an economic model to demonstrate that the conditions of wealth inequality at Emancipation (1863) could dictate current disparity even if there had been no further “bumps in the road.”

Emancipation conditions were that generations of slave labor had built wealth.
for whites while nearly 100 percent of black households had zero net worth at the time. At the beginning of the Civil War, more than 95 percent of slaves were illiterate.

In fact, there were multiple bumps in the road for African Americans after Emancipation. Not only did the nation fail to endow ex-slaves with the promised “40 acres and a mule” after the Civil War, blacks were also systemically deprived of property—especially land accumulated between 1880 and 1910—by government complicity, fraud, and seizures by white terrorists.9

The original Social Security legislation of 1935 denied many women and African Americans the benefits widely available to white men. The Federal Housing Administration’s selectively administered mortgage program effectively financed development of white suburbs as it redlined black urban neighborhoods. Suburbanization of the white middle class was further facilitated by federal highway and transportation policies that included building highways through formerly healthy urban neighborhoods. Restrictive covenants, as well as housing and lending discrimination, inhibited blacks from accumulating wealth. All of these practices and public policies have exacerbated historic racial inequalities.

Given the paramount importance of intergenerational transfers of wealth, past and present barriers that prevent black wealth accumulation, and the inability of market forces alone to close an unjust racial wealth gap, public intervention and repair is necessary.

ENDNOTES


4 Ibid., Chang.


7 Ibid., Hamilton and Darity.
