The Unrealized American Dream

Dr. Martin Luther King, Jr. speaking in Memphis, Tennessee, April 3, 1968.

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The Program on Inequality and the Common Good (ips-dc.org/inequality) focuses on the dangers that growing inequality pose for U.S. democracy, economic health and civic life.

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When they saw him from a distance and before he came closer to them, they plotted against him to put him to death. And they said to one another, "Here comes this dreamer! Now then, come and let us kill him and throw him into one of the pits; and we will say, 'A wild beast devoured him.' Then let us see what will become of his dreams!"

- Genesis 37:33

"Well, I don’t know what will happen now. We’ve got some difficult days ahead. But it doesn’t matter with me now. Because I’ve been to the mountaintop. And I don’t mind. Like anybody, I would like to live a long life. Longevity has its place. But I’m not concerned about that now. I just want to do God’s will. And He’s allowed me to go up to the mountain. And I’ve looked over. And I’ve seen the Promised Land. I may not get there with you. But I want you to know tonight, that we, as a people will get to the Promised Land. And I’m happy, tonight. I’m not worried about anything. I’m not fearing any man. Mine eyes have seen the glory of the coming of the Lord."

- Dr. Martin Luther King, Jr., Memphis, Tenn., April 3, 1968
Key Findings

Over the last 40 years African Americans have made great strides in educational advancement.

Since Dr. King’s death, the African American high school graduation rate has increased by over 214%. At this rate, African Americans will reach equality with white Americans by 2018.

The African American college graduation rate has increased by almost 400% since 1968. Yet, at this rate inequality in college graduation between Blacks and whites will linger till 2087.

Despite educational advances, economic equality for African Americans is still a dream, not reality.

It will take more than 537 more years for Blacks to reach income equality with whites if the income gap continues to close at the same rate it has since Dr. King was assassinated.

If the racial wealth divide continues to close as slowly as it has since 1983, it will take 634 years for Blacks to reach wealth equality with whites.

Today, a third of the Black workforce earns less than $385 per week before taxes, and less than $20,000 annually before taxes.

Forty years since Dr. King called for the abolition of poverty, the annual decline of poverty for Black children is about a quarter of a percentage point per year. At this rate it will take over a century to end poverty for Black children. Today a third of Black children live in poverty.

Blacks face the challenge to address social ills in their community amid a broader context of rapidly increasing social negatives that cross racial lines.

While the incarceration rate of African Americans is extraordinarily high, the probability of incarceration for white men has been increasing at a faster rate (268%) than for Black men (240%) since 1974.

The increase in the share of white children living in a single parent home has been much higher (229%) than for Black children (155%) since 1960.
Introduction: Where Are We?

“For the vast majority of white Americans ... the first phase [of the Civil Rights Movement] had been a struggle to treat the Negro with a degree of decency, not of equality ... When Negroes looked for the second phase, the realization of equality, they found that many of their white allies had quietly disappeared. The Negroes of America had taken the president, the press and the pulpit at their word when they spoke in broad terms of freedom and justice ... The word was broken, and the free-running expectations of the Negro crashed into the stone walls of white resistance. The result was havoc. Negroes felt cheated, especially in the North, while many whites felt that the Negroes had gained so much it was virtually impudent and greedy to ask for more so soon.”

- Dr. Martin Luther King Jr.
Where Do We Go from Here: Chaos or Community? (1967)

These words of Dr. King reflect all too well the deferred dream of Black-white racial equality in the United States. In the 40 years since his murder, Dr. King has been transformed from being treated as a “threat to national security” to a hero with his own federal holiday. Though the nation now honors the vision of Dr. King in ceremony, we still fall short in implementing his vision of equality.

Dr. Martin Luther King recognized that the next phase in African Americans’ quest for civil rights and equality was one that would focus on the economic divide between the wealthiest Americans, the working class, and those left to suffer in poverty. During this time where 10% of the wealthiest Americans control 70% of the country’s wealth and African Americans have only 10% of the wealth of white Americans, King’s analysis of economic inequality as the foundation of racial inequality remains as valid today as it was 40 years ago.

We recognize there are many divides in this nation – and a racial wealth divide that touches other racial and ethnic groups. Dr. King believed, as does this report, that focusing on policy that addresses the Black-white economic divide will have positive results for the entire nation. History has born this out in the impressive gains by all Americans – particularly women, immigrants from non-European countries, the disabled and others – who greatly benefited from the Civil Rights struggle of the 1960s. The focus of this report is the historical divide between whites and Blacks. We set out to do a 40-year comparison between 1968 and 2008. Where there was insufficient data, we drew on the best historical comparisons.

The first section of this report, “Where Are We Going?” examines the progress in and challenges to equality since April 4, 1968. The second section, “The African American Dilemma,” reviews Dr. King’s formula for dealing with the challenge he called the “Negro Dilemma.” “Where Do We Go from Here: Making King’s Dream a Reality” reviews national policies that would advance national racial reconciliation. Finally, the report concludes with an overview of lessons learned from the past 40 years and what hope there is in the future for our nation to live up to Dr. King’s social justice vision.

The 2008 Presidential election is full of talk of “change.” It is our hope that this report can help catalyze our national will to make real change in the area of racial inequalities – a divide that still tarnishes the land of Dr. King’s dream.
Where We Are Going in Education?

“The Negro on a mass scale is working vigorously to overcome his deficiencies and his maladjustments ... In the schools more Negro students are demanding courses that lead to college and beyond, refusing to settle for the crude vocational training that limited so many of them in the past.”

- King, Where Do We Go from Here: Chaos or Community? p. 9

Over the last 40 years, Blacks have increased their high school and college graduation rates.

Since Dr. King’s death, the share of African Americans over the age of 25 with a high school diploma has increased by over 214%. At this rate, African Americans will reach equality in high school attainment with whites by 2018. The end of legally segregated school systems has opened many opportunities for educational advancement for African Americans.

Yet, as the United Nations Committee on the Elimination of Racial Discrimination recognized in its 2008 concluding observations, there is “the persistence of de facto segregation in public schools” in the United States. African American students still find themselves more likely to attend the poorest-performing schools with student populations that are disproportionately poor.

Despite these obstacles, African Americans manage to advance to college at ever-increasing rates.

College graduation rates for African Americans have increased at a slower pace than high school graduation rates. But there has still been significant progress in bridging the racial divide in higher education. The African American college graduation rate has increased by almost 400% since 1968. In 1968, the Black graduation rate was 41% of white rate. Today it is 61%. Yet at this rate, the United States will not have equality in college graduation between Blacks and whites until 2087.
Where Are We Going in Wage Levels and Poverty?

“We are likely to find that the problems of housing and education, instead of preceding the elimination of poverty, will themselves be affected if poverty is first abolished ... The dignity of the individual will flourish when the decisions concerning his life are in his own hands, when he has the assurance that his income is stable and certain, and when he knows that he has the means to seek self-improvement.”

– King, Where Do We Go from Here: Chaos or Community? p. 164

African Americans have made economic progress over the last 40 years, poverty rates have greatly declined, and a larger percentage of African Americans find themselves in the middle class and upper class. Yet the economic strength that Dr. King identified as a prerequisite for African Americans to tackle the social problems that disproportionately affect their communities remains on the distant horizon, as does economic equality with white Americans.

The good news is that poverty rates have declined since 1968. Currently the U.S. Census Bureau sets the poverty threshold for a household with two adults and two children at $21,027.6 The sobering news is that even today a third of Black children are living in poverty. In the 40 years since Dr. King called for the abolition of poverty there has been an annual decline of poverty for Black children of about a quarter of a percentage point per year. At this rate it will take over a century to end poverty for Black children.

The share of the Black workforce earning “high wages” (more than $28.79 per hour in 2005 dollars) has more than tripled since 1973. The share earning “middle wages” ($9.60-$28.79 per hour) has increased by 13% to include 60% of the Black workforce. And the share earning less than $9.60 per hour has decreased from 44% of the Black workforce to 33%.7 This represents an improvement in the wage profile of African American workers, but it is troubling that a third of the Black workforce still work for less than $9.60 per hour. A third of the Black workforce earns less than $385 per week, or $20,000 annually, before taxes. It is also important to recognize that under these definitions of “high” and “middle” wages, a “high wage” job could pay as low as about $60,000 a year and a middle wage job could pay as low as almost $20,000 a year.

40 Years Later: The Unrealized American Dream
Where Are We Going in Income and Wealth?

"When the Constitution was written, a strange formula to determine taxes and representation declared that the Negro was 60 percent of a person. Today another curious formula seems to declare he is 50 percent of a person. Of the good things in life he has approximately one-half those of whites."

- King, Where Do We Go from Here: Chaos or Community? p. 6

As we look at the reality of Black-white inequality we see that to this day African Americans do not even make 60% of the income of white Americans and in terms of wealth are in an even worse position.

African Americans have made up almost no ground in terms of the income disparity with whites. Despite major advances for Blacks in education, and increasing their inflation-adjusted income by nearly 150%, our economic system still disproportionately concentrates income among white citizens. An African American who works the same amount of hours as a white American is still likely to make significantly less than white Americans. As Thomas Shapiro’s book The Hidden Cost of Being African American notes, Black families work the equivalent of 12 more weeks than white families to earn the same income.

In terms of per-capita income, African Americans have closed the gap with whites by only 3 cents on the dollar over the course of nearly four decades. At this rate, it will be over 537 years before income parity is reached.
The Black-white economic divide is most dramatically seen when it comes to wealth. Wealth – in the form of savings or home equity – acts as a storehouse of economic security that allows a household to better ride the ups and downs of the economy without being wiped out due to a wave of recession, loss of a job, or a medical emergency. Americans have the majority of their wealth stored in homeownership. African Americans have a 47.2% homeownership rate compared to non-Hispanic white Americans who have a 75.2% homeownership rate. African Americans were denied full access to the government homeownership programs of the past that made the majority of whites homeowners. For the last several decades, African Americans have had to use high-cost sub-prime loans in their attempt to build wealth. As America faces a sub-prime market crisis, African Americans have been left particularly vulnerable. According to the United for a Fair Economy report Foreclosed: State of the Dream 2008, Blacks are in danger of losing between $71 billion and $92 billion of wealth due to bad sub-prime loans. Between 1983 and 2004, median Black wealth inched up from 7% to 10% of median white wealth. At this rate, it will take 634 years to reach equality in terms of household wealth.

In terms of financial wealth, the disparity between African Americans and whites is even larger. Financial wealth refers to wealth other than home equity – the sorts of assets that can be quickly converted into cash if needed. Examples include savings accounts, mutual funds, and stocks and bonds. This extremely low level of financial wealth leaves African Americans particularly in a weak position during times of an economic downturn.
According to “Beyond Black and White,” a 2002 U.S. Census Bureau report, Blacks are the most segregated racial group in the United States. The report highlights whites’ “own-race preference” when it comes to buying a home, finding that “holding other factors constant, while Asian and Hispanic composition does not matter to whites buying a home, Black neighborhood composition does.” White Americans’ preference to avoid living in areas that are more than 10% Black causes a substantial decrease in demand for Black-owned homes, leading to a decline in the value of homes owned by African Americans. At the same time, this bias artificially increases the demand for and value of homes located in overwhelmingly white neighborhoods.
Where Are We Going in Social Challenges?

“History continues to mock the Negro today, because just as he needs ever greater family integrity, severe strains are assailing family life in the white community. Delinquency is not confined to the underprivileged; it is rampant among the middle and upper social strata ... In short, the larger society is not at this time a constructive educational force for the Negro.”

- King, Where Do We Go from Here: Chaos or Community? p. 107

As Dr. King stated, one should note that the social ills that are so devastating to the African American community are not unique to this community. Rather, they are indicative of trends happening throughout the United States. African Americans pay a disproportionate price for the failure of society to not strengthen its defenses from a hurricane like Katrina or a storm of social maladies that is weakening the African American family.

According to the 2008 Pew Center on the States report One in 100, harsher incarceration policies are the primary cause of growing prison population, not an increase in crime or population. According to the report, one out of nine Black men aged 20-34 is currently incarcerated. Though Blacks are disproportionately affected, in the case of incarceration, white men’s lifetime chances of going to prison have increased at a faster rate than for Black men. Comparing men born in 1974 to men born in 2001, the US Department of Justice estimates that a white man’s probability of going to prison has increased by 268% while a Black man’s probability of going to prison has increased by 240%.

In the area of single-parent households and marriage, African Americans particularly have been swept up in a tide of broken American families. There are some strong indicators that strengthening the finances and education of single-parent households can help turn this trend around. A College Board study found that only 10% of single mothers who have a four-year college degree are in poverty. Having an income above $50,000 reduced a woman’s chances of divorce 30% as compared with women in households earning less than $25,000, according to the National Marriage Project’s 2007 State of our Unions Report, citing a 2002 study. The State of our Unions study also reported that the share of Black children living in single-parent homes grew from 22% in 1960 to 56% in 2006, a 155% increase. Meanwhile, the share of white children living in single-parent homes grew from 7% in 1960 to 23%, a 229% increase.
The African American Dilemma

"After 348 years racial injustice is still the Negro’s burden and America’s shame. Yet for his own inner health and outer functioning, the Negro is called upon to be as resourceful, as productive and as responsible as those who have not known such oppression and exploitation. This is the Negro’s dilemma."

- King, Where Do We Go from Here: Chaos or Community? p. 120

In his 1967 book Where Do We Go from Here: Chaos or Community, Dr. King had words and a strategy for the African American community. A community that he knew would have to face overwhelming odds and take on disproportionate responsibility in moving the nation forward to fulfill the America’s promise of justice and equality:

“One positive response to our dilemma is to develop a rugged sense of sombodyness. This sense of somebodyness means the refusal to be ashamed of being Black … From the inner depths of our being we must sing with them: Before I’ll be as slave, I’ll be buried in my grave and go home to my Lord and be free.” (pp. 122-23)

“A second important step that the Negro must take is to work passionately for group identity … There are already structured forces in the Negro community that can serve as the basis for building a powerful united front – the Negro church, the Negro press, the Negro fraternities and sororities, and Negro professional associations … We have been oppressed as a group and we must overcome that oppression as a group.” (pp.123-25)

“There is a third thing that the negro must do to grapple with his dilemma … We must make full and constructive use of the freedom we already possess … This clear onward drive to make full and creative use of the opportunities already available to us will be of immeasurable value in helping us to deal constructively with our agonizing dilemma.” (pp.126-28)

“The fourth challenge we face is to unite around powerful action programs to eradicate the last vestiges of racial injustice. We will be greatly misled if we feel that the problem will work itself out … The only answer to the delay, double-dealing, tokenism and racism that we still confront is through mass non-violent action and the ballot. More and more, the civil rights movement will have to engage in the task of organizing people into permanent groups to protect their own interests and produce change in their behalf … The salvation of the Negro middle class is ultimately dependent upon the salvation of the Negro masses.” (p. 128)

“A final challenge that we face as a result of our great dilemma is to be ever mindful of enlarging the whole society and giving it a new sense of values as we seek to solve our particular problem. As we work to get rid of the economic strangulation that we face as a result of poverty, we must not overlook the fact that millions of Puerto Ricans, Mexican Americans, Indians and Appalachian whites are also poverty stricken.” (p. 132)

The following are Black organizations designed to deal with the “African American Dilemma:"

**Millions More Movement** – A national grassroots movement stemming from the Million Man March.

**21st Century Foundation** – A foundation focused on Black community change.

**National Action Network** – Reverend Al Sharpton’s national civil rights organization.


**Southern Christian Leadership Council** – Dr. Martin Luther King’s historic civil rights organization, currently headed by Charles Steele.
Where Do We Go from Here: Making King’s Dream a Reality

“We require programs to hold up to our followers which mirror their aspirations.”

- King, Where Do We Go from Here: Chaos or Community? p. 137

There are various policy proposals that would advance America as a whole while at the same time dealing with the unique problem of Black-white inequality. In the tradition of Dr. King’s “Bill of Rights for the Disadvantaged” and the 1966 “Freedom Budget,” here is a list of policies that could advance King’s dream into a modern day reality.

Ensure a debt-free higher education to first-generation and low-income college students.
The Selective Service Readjustment Act (the GI Bill) provided more funds for veterans’ schooling by 1950 than was spent on the reconstruction of Europe after World War II. 14 African Americans were limited in their ability to participate due to the under-resourced, segregated school system for African Americans. It is time that African Americans share in a mass government program to expand higher education.

Expand homeownership, through various first-time homeowner mechanisms such as soft-second mortgages and subsidized interest rates.
Homeownership is the number one source of wealth for Americans. As with education, there was a massive government investment in broadening homeownership through the GI Bill. In this case as well, African Americans had limited access to this historic initiative due to the limited and under-valued supply of homes for African Americans during segregation. The legacy of this unequal access to government mortgage assistance remains: the majority of African Americans are not homeowners while over 70% of white Americans are homeowners.

Strengthen federal investment in wealth development for asset-poor Americans.
Matched saving programs like Individual Development Accounts and so-called “KidSave” accounts have been tested on a small scale in the United States for years. It is time to “scale up” these programs to cover the entire nation. African Americans, who for centuries constituted part of the wealth of white America and for centuries more helped produce the wealth of white America, today have only 10% of the household wealth of white America. Given this yawning gap, African Americans need an asset-development jump start. As Thomas Shapiro, author of The Hidden Cost of Being African American writes, “It is virtually impossible for people of color to earn their way to equal wealth through wages.”

Provide more comprehensive and universal health care for all Americans.
Almost 25% of African-Americans are uninsured. Some of this is due to the fact that African-Americans are disproportionately found in low-income employment, which often does not provide health insurance. A lack of health insurance contributes to inferior health for African Americans and all Americans. Lack of insurance and insufficient insurance is a dangerous economic liability. A 2005 Harvard study points out that medical problems contribute to almost half of all bankruptcies. 15

Create a “green” urban infrastructure and job development fund
The National Urban League, in their Opportunity Act of 07, proposes an Urban Infrastructure Bank that would fund the repair and development of our schools, water systems, parks, roads, bridges, and community centers. Recently there has been much discussion about creating “green jobs” as America transforms its industry and lifestyle to one that is more in line with sustaining the environment. Funding environmentally sustainable improvements to urban infrastructure would provide employment opportunities, strengthen America’s infrastructure and provide for a more secure and stable world.
Tax Wealth to Build Wealth
Since the time of Dr. King, the richest 1% of America has seen their top federal income tax rate cut in half while their incomes have exploded. Since 1980, taxes that affect the wealthy have been cut dramatically: the estate tax rate has decreased by 46% and the capital gains tax rate has decreased by 31%. Meanwhile, the payroll tax rate – which falls most heavily on working people – has increased by 25%. Overall, the trend has been one that has shifted the tax burden off of the wealthy and onto the middle and working classes. Returning to the progressive tradition of taxing concentrated wealth to spread wealth and equality of opportunity will benefit all Americans economies and help turn back our growing economic inequality.

Recommit to Affirmative Action
Affirmative Action was a policy adopted by President Richard Nixon as a conservative program to develop greater racial equality in the United States. For all of its limitations, affirmative action is one of the most successful diversity measures ever implemented. Throughout the world, from India to Finland to South Africa, affirmative action policies have been effectively used to counter institutional discrimination, whether it be gender, language, economic or racial. If America is serious about ending Black-white inequality, it needs to recommit itself to using the tried and tested tool of increasing diversity and providing more equal opportunity.
Conclusion: 40 Years in the Wilderness

“It is time for all of us to tell each other the truth about who and what have brought the Negro to the condition of deprivation against which he struggles today. In human relations the truth is hard to come by, because most groups are deceived about themselves ... To find the origins of the Negro problem we must turn to the white man's problem ... In short, white America must assume the guilt for the Black man's inferior status ... There has never been a solid, unified and determined thrust to make justice a reality for Afro-Americans.”

- King, Where Do We Go from Here: Chaos or Community? pp. 67-68

The words quoted above come from a chapter in Dr. King’s book Where Do We Go from Here entitled “Racism and the White Backlash.” By 1967 Dr. King was hearing from many Americans that the African American had advanced far enough and that any remaining inequality was the fault of Blacks themselves and not a result of institutional and individual racism. This message has been repeated for 40 years and has gotten stronger in the public mindset.

Pieces of evidence that contradict the idea that historical and contemporary racism are the primary cause of Black-white inequality are often ignored.

A 2003 study in Milwaukee, Wisconsin found that when equally qualified Black and white candidates sent in resumes for a job opening, whites were more than twice as likely to be called in for a job interview. Racial wealth gap researcher Thomas Shapiro found that white prejudice causes African Americans’ primary source of wealth, homeownership, to lose 18% of its value. Shapiro also calculates that the legacy of racism and its current practice costs the average Black family $136,174 in terms of loss of total wealth. Out of the University of Georgia, a study on federal sentencing disparities shows that Blacks receive longer sentences and are less likely to receive no prison time as compared to whites who commit similar crimes.

White racism and white privilege are still alive today, as is the difficulty for America to come to terms with its responsibility for racial inequality. Forty years ago, Dr. King called America to take responsibility and to take action to end America’s original sin of white racism. Dr. King recognized that a new mindset would be required for America to take these necessary steps. Dr. King called for a revolution of values that we are still in need of today. Let us not be overwhelmed by the depth of inequality between whites and Blacks, Latinos and other people of color. Rather, let us be thankful that it is not too late to set right the wrongs of the past and the injustice of the present.

In the Bible, there is a story of a mixed multitude of the Jewish people wandering the desert for 40 years after their escape from Egypt, looking for the Promised Land. The multicultural population of the United States has spent the last 40 years wandering the desert of racial and economic inequality, never finding the American promise of freedom, justice and equality. Dr. King recognized he would not reach this Promised Land but told us that it was in his sight. It is up to us as the American people to take that solid, unified, and determined thrust to make justice a reality for the African American community and in doing so make justice more of a reality for all of America.
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Endnotes

1 This publication capitalizes the word “Black” when used to describe the racial group that is also referred to as African American. “White” is not capitalized because white people in the United States do not constitute a single ethnic group.


3 Mishel, et al., The State of Working America, 2006-07, Table 5.6, p. 258.


5 Ibid.

6 U.S. Census Bureau, “Poverty Thresholds 2007.”


8 Mishel, et al., Table 5.6, p. 258. Based on analysis of Survey of Consumer Finances data.

9 U.S. Census Bureau, Housing Vacancies and Homeownership Annual Statistics, Table 20.


11 Mishel, et al., Table 5.6, p. 258. Based on analysis of Survey of Consumer Finances data.


13 Sandy Baum and Kathleen Payea, Education Pays 2004: The Benefits of Higher Education for Individuals and Society, The College Board, 2004, Figure 8, p. 17.


19 Shapiro, p. 55.