Cost of Darkness: Economics Sector

By Crystani Freeman

There are economic disparities in income, wealth, opportunity, and mobility between groups of people. The economy has always worked in favor of some people (namely whites) and against others: African Americans.

After the *Civil War* (1861-1865), newly freed slaves quickly sought out economic prosperity. Yet, as a result of the war, most black people lived in the south, a very impoverished region. At the time, the per capita income there was [half the United States national average](https://www.nber.org/reporter/winter05/margo.html).

Similarly, there are gaps in wealth by households among black and white people. Compared to a [median net worth](https://www.theguardian.com/us-news/2020/apr/28/african-americans-unemployment-covid-19-economic-impact) of $171,000 for white households, the median net worth of black families is much lower: $17,600. Thus, for every dollar, a black household has, [a white family has $10](https://www.theguardian.com/us-news/2020/apr/28/african-americans-unemployment-covid-19-economic-impact). One study found that in 1900, almost 22 percent of black male heads of households [owned their homes](https://www.nber.org/reporter/winter05/margo.html). The number decreased drastically between 1910 and 1920.

These findings represent the overall trends of the *Great Migration* (1916-1970) when black people residing in urban cities were unlikely to own a home. The *Great Depression* (1929-1933) further complicated things, where [black homeownership decreased](https://www.nber.org/reporter/winter05/margo.html) more in the ‘20s and ‘40s. Today, in the northern and western American, economic mobility for black individuals is both [greater and similar to white individuals](https://www.brookings.edu/blog/up-front/2019/02/15/how-racial-and-regional-inequality-affect-economic-opportunity/); but these are areas with lower populations of black people. On the contrary, there is [less movability](https://www.brookings.edu/blog/up-front/2019/02/15/how-racial-and-regional-inequality-affect-economic-opportunity/) in highly populated African-American regions

In the workplace, it is illegal to discriminate based on an individual’s [protected attributes](https://mdclegal.com.au/4-examples-workplace-discrimination/), like race, color, social origin, or national extraction. Nonetheless, as economists [Hardy, Logan, and Parman](https://www.brookings.edu/blog/up-front/2019/02/15/how-racial-and-regional-inequality-affect-economic-opportunity/) argue, multiple policies and practices enable employee discrimination against people of color.

In a 2003 study, [Bertrand and Mullainathan](https://www.nber.org/papers/w9873) sent resumes to help-wanted ads in Boston and Chicago newspapers. For each, they elected very “black” and very “white” sounding names. They identified that while 50 percent of “white” names received interview callbacks, “black” names did not. [Researchers at Stanford University](https://www.chicagotribune.com/business/ct-bias-hiring-0504-biz-20160503-story.html) conducted a study in 2010 that showed how, despite name complications, inherent and internal biases shape an employer’s hiring decisions.

Given these wealth gaps, it is not surprising that, although black people make up only 13% of the US population, they account for [25% of COVID-19 related deaths](https://www.theguardian.com/us-news/2020/apr/28/african-americans-unemployment-covid-19-economic-impact). As Danyelle Solomon states, “National emergencies, pandemics, epidemics, [spotlight] inequality.” [Vice-president Solomon](https://www.theguardian.com/us-news/2020/apr/28/african-americans-unemployment-covid-19-economic-impact) at the Center for America’s race and ethnicity program adds that COVID-19 is “highlighting racial disparities at every single level that have been with our society for a very long time.”

Institutions shape modern-day economics to benefit the rich and marginalize the poor. This is evident across housing, the workplace, and other aspects of people of color’s lives. These ideas are further dismantled and dissected in the *Cost of Darkness* documentary.