



The Best Black Economy in Generations – And Why It Isn't Enough

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Introduction

Black Americans are experiencing the most positive economic conditions in generations: Record low unemployment rates, record low poverty rates, along with record high income levels and new heights of wealth. With these data points, one could easily assume African Americans are experiencing broad prosperity. Yet deeper investigation reveals that despite record breaking economic numbers, African Americans are still mired in great economic insecurity. This ongoing economic challenge is reflected in their low opinion of the economy, widespread asset poverty, and ongoing Black/white economic inequality.

The best Black economy in generations isn't enough when on the horizon is near never-ending inequality and insecurity. As the nation goes through a historic election that could have long-term ramifications on the country's political direction, it is clear that African American voters continue to place [economic issues at the core of their concerns](#), versus the social issues that often dominate the headlines.

This brief by the Center for Economic and Policy Research and the Joint Center for Political and Economic Studies highlights the reality of the African American economic condition and the leading concerns of the African American community. If the nation is to get past its history of racial inequality, it must build on the areas of recent progress for African Americans. Even as the country faces a backlash around issues titled “diversity, equity, and inclusion,” the reality is that without a strong, targeted approach to increase economic advancement for African Americans, Black people will continue to be economic second-class citizens. This brief explores this complex dynamic of economic advancement amidst continuing inequality, and how African Americans express a mix of economic pessimism, optimism, realism, and hope about their prospects in the U.S. economy.



Report Highlights

The Strongest Black Economy

From 1972 to 2022, the annual Black unemployment rate averaged 11.6 percent. In 2023, it was 5.5 percent – about half the prior average, and a record low rate.

In 2023, the annual Black unemployment rate was 1.7 times the white rate. The average from 1972 to 2022 was 2.1 times, showing a bridging of the Black/white unemployment gap that needs to be built on.

The Black annual prime-age employment rate is at a record high. For the first half of 2024, it has averaged 78 percent, slightly above the 77.6 percent for all of 2023.

Black median household income is at its highest point in a generation. Since 2011, Black median household income has grown from about \$41,000 to almost \$53,000 in 2022, a nearly 30 percent increase.

From 1959 to 1970, Black poverty declined from 55 percent to below 35 percent. The Black poverty rate stayed above 30 percent until 1994. The Black Official Poverty Measure (OPM) rate has been below 20 percent for the past four years.

Median Black wealth or net worth (assets minus debts) has reached a new high. In 2022, median Black household wealth reached nearly \$45,000, more than double the post Great Recession low of about \$17,000 seen in 2013.

Why Today's Black Economy is Not Enough

In 2023, over 1.4 million more Black people would need to be working to match the employment rates of white people. This joblessness cost Black America roughly \$60 billion.

Black median income is nearly \$30,000 lower than the white median, and still below the white median income of 1972.



At about \$45,000, Black median wealth keeps a large majority of African Americans substantially distant from the \$190,000 estimated to be the lower limit of middle class wealth.

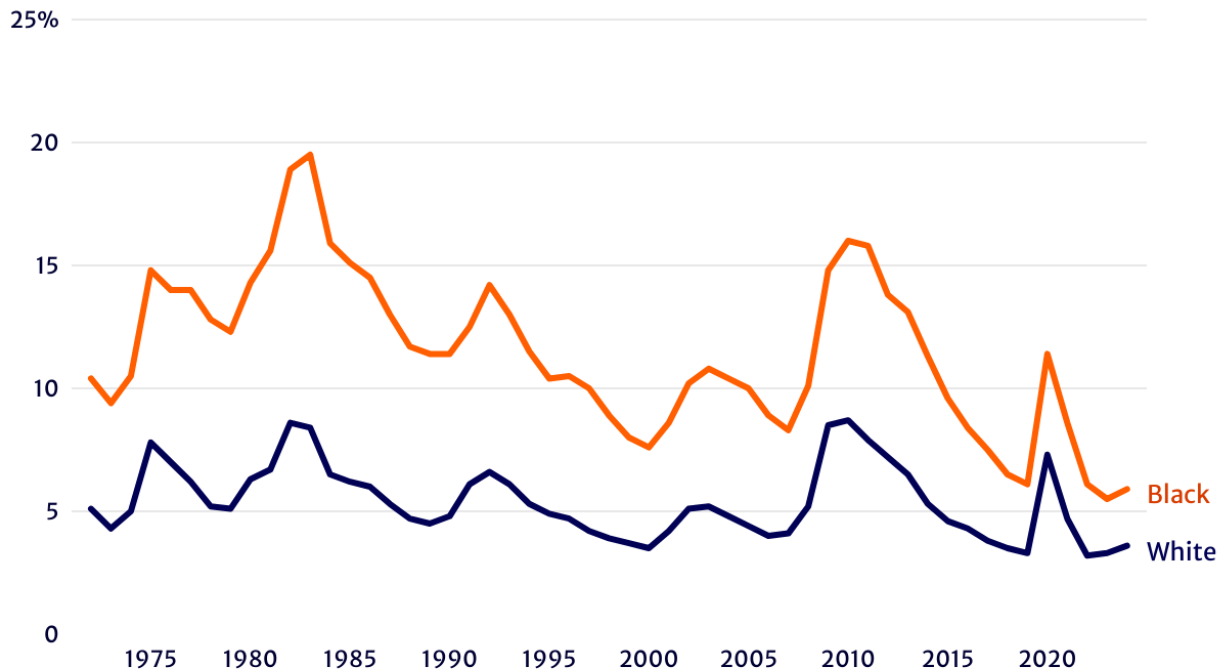
As noted in the 2023 report “[Still A Dream: Over 500 Years to Black Economic Equality](#),” with all of the advances made since 1960, the nation is still moving at a glacial pace when it comes to bridging Black/white inequality. If the country continues at the current rate, it would take over 500 years to bridge Black/white income inequality, and nearly 800 years to bridge Black/white wealth inequality.



African American Employment

Figure 1

White and Black Annual Unemployment Rates, 1972 to 2024*



* 2024 data are based on the first six months.

Source: Current Population Survey data from the US Bureau of Labor Statistics.



In terms of labor, African Americans are seeing a historically low unemployment rate, a historically high employment rate, and even a narrowing of Black/white employment disparities.

Unemployment Rates

From 1972 to 2022, the annual Black unemployment rate averaged 11.6 percent. In 2023, it was 5.5 percent, only about half the prior average, and a record low (Figure 1). This year so far, the Black unemployment rate seems to be increasing, though still at a very low rate by historical standards. It has averaged 5.9 percent for the first half of 2024.



This is a notable shift. Between 1974 and 1997, the Black unemployment rate remained in the double digits, which is undoubtedly corrosive to the economic health of Black America. Between 1998 and 2007, Black unemployment was mostly below 10 percent, except for a few years following the 2001 recession. This spike and carryover due to a recession is a trend that would continue: With the Great Recession that began at the end of 2007, Black unemployment skyrocketed, breaking 15 percent and taking until 2016 to return to pre-recession levels. By 2019, the Black unemployment rate hit a then record low of 6.1 percent. After the COVID recession, the Black unemployment rate returned to 6.1 percent in 2022 and then fell further to a new record low of 5.5 percent in 2023.

Sustaining an unemployment rate below 5 percent outside of recessions is a key step forward in strengthening the African American economy. The annual median white unemployment rate from 1972 to 2023 was 5.1 percent, which means that for half of those years, the white rate was below 5.1 percent. A much lower Black unemployment rate is possible if policymakers enact [effective job-creation policies that target high-unemployment communities](#).

In 2023, the Black annual unemployment rate was 1.7 times the white rate. The average from 1972 to 2022 was 2.1 times the white rate, showing a bridging of the Black/white unemployment gap that needs to be built on. To better understand what joblessness costs African Americans, it is useful to examine the employment-to-population ratio or employment rate.

Employment Rates

While the unemployment rate is a commonly discussed labor market statistic, it is less useful for populations that face continual challenges finding work like African Americans. For these populations, the unemployment rate can undercount joblessness; because of the technicalities of the official definition of unemployment, not everyone who is jobless but willing and able to work is counted as unemployed. In June 2024, for example, there were [5.2 million people](#) in this category who were not officially counted as unemployed.

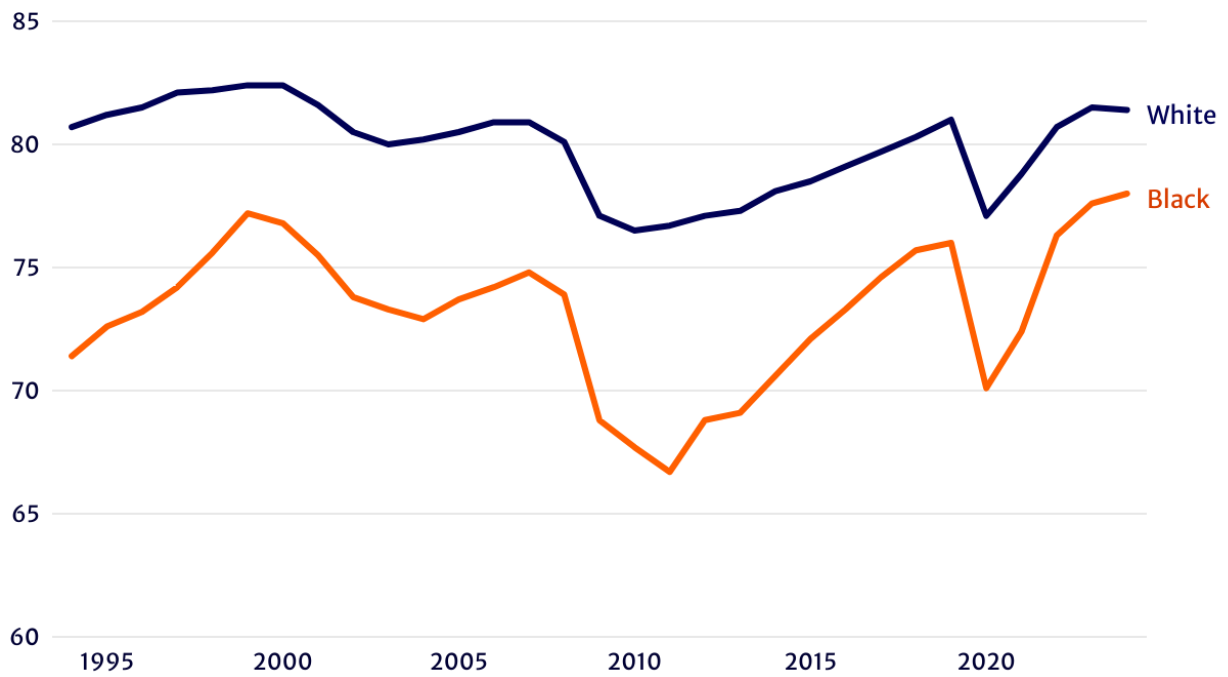
To obtain a more accurate picture of joblessness in Black America, it is useful to examine the employment-to-population ratio or the employment rate, and compare it to the white rate. This

sheds some additional light on the racial inequality found in the labor market that Black Americans experience.

The employment rate simply shows the share of the population that is employed. It is important to compare employment rates within specific age brackets. The white population is older than the Black population and has a growing share of retirees. These white retirees are [lowering the overall white employment rate](#). For this reason, **Figure 2** shows just the prime-age population (25- to 54-year-olds).

Figure 2

White and Black Annual Prime-Age Employment-to-Population Ratios, 1994 to 2024*



* 2024 ratio is based on the first six months.

Source: Current Population Survey data from the US Bureau of Labor Statistics.



The Black annual prime-age employment rate is at a record high. For the first half of 2024, it has averaged 78 percent, slightly above the 77.6 percent for all of 2023. While the record high Black employment rate should be celebrated, it still remains below the white rate: This year, the white



rate is averaging 81.4 percent, 3.4 percentage points above the Black rate. There is still work to be done to close the employment rate gap, but it has narrowed considerably; in 1994, the white-Black employment rate gap was 9.3 percentage points.

The employment rate allows us to see hidden joblessness that is not captured by the unemployment rate. **Table 1** shows that in 2023, there needed to be over 1.4 million more Black people working to match the employment rates of white people. This joblessness cost Black America roughly \$60 billion in annual earnings.¹ An additional \$60 billion annually in Black America would significantly reduce Black poverty and could help more Black households build wealth.

Table 1

Black Jobs Deficit and Lost-Income Estimate by Age Category, 2023

Age Category	Jobs Deficit	Lost-Income Deficit
16-24	516,000	\$11,000,000,000
25-54	653,000	\$34,000,000,000
55-64	276,000	\$15,000,000,000
Total	1,445,000	\$60,000,000

Jobs deficit calculations are done separately for men and women.

Source: Author's analysis of Current Population Survey data from the US Bureau of Labor Statistics and personal income data from the US Census Bureau for 2022. [Get the data](#)

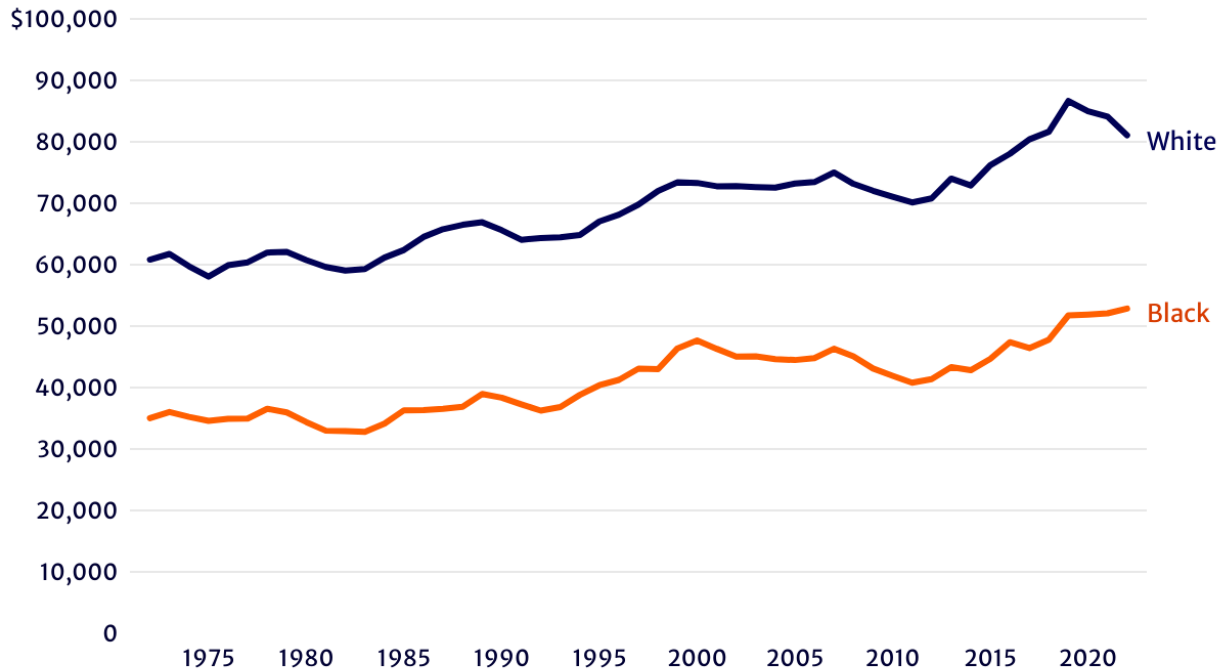
¹ The dollar estimates are meant to provide a sense of the magnitude of the problem. They are not exact amounts. The jobs deficit and dollar cost were calculated as follows. In 2023, the annual average employment-to-population ratio for 16- to 24-year-old White males was 54.2 percent. It was 44.2 percent for their Black peers. This 10-percentage-point gap was multiplied by the 16- to 24-year-old Black male population to yield a jobs deficit of 282,000 jobs. The U.S. Census Bureau reports that the median income for Black males 15 to 24 years old who worked was \$21,560 (see "PINC-01. Selected Characteristics of People 15 Years Old and Over by Total Money Income in 2022, Work Experience in 2022, Race, Hispanic Origin, and Sex"). Multiplying the jobs deficit by the median income yields \$4.4 billion. The estimates for the other categories were calculated in the same fashion. The age categories of the income data does not perfectly match the employment-rate categories. The median incomes are for 15 to 24 year olds, 35 to 44 year olds, and 55 to 64 year olds.



Income

Figure 3

White and Black Median Household Income, 1972 to 2022 (2022 \$)



White data is non-Hispanic.

Source: US Census Bureau, "Table A-2. Households by Total Money Income, Race, and Hispanic Origin of Householder: 1967 to 2022," US Department of Commerce, 2023.



Black median household income is at its highest point in a generation (**Figure 3**), from about \$41,000 in 2011 to nearly \$53,000 in 2022 – a nearly 30 percent increase. Even with this strong growth, Black Americans still lag behind white Americans: The Black median income is nearly \$30,000 lower than the white median, and still below the white median income of 1972.

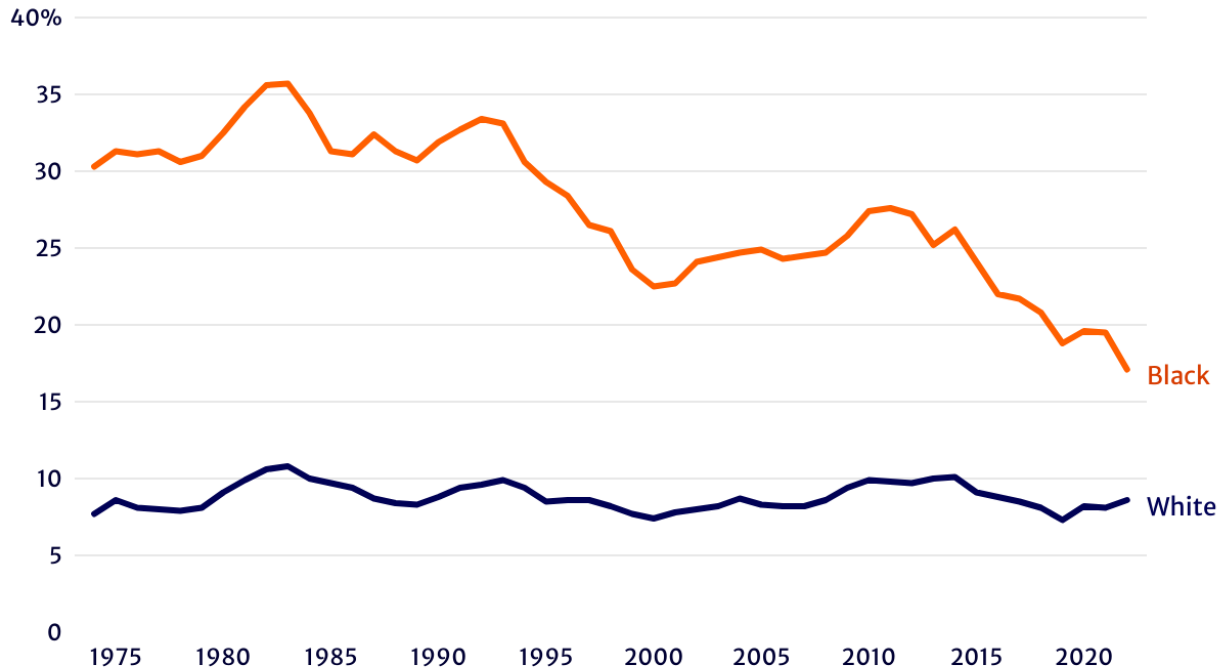
While Black incomes are lagging, there has been progress. In 2011, the Black median income was 58 percent of the white median. In 2022, it was 65 percent. Targeted job, wage, and tax policies, along with a strong economy are needed to continue to close the income gap.



Poverty

Figure 4

White and Black Official Poverty Rates, 1974–2022



White data is non-Hispanic.

Source: US Census Bureau, "Table A-3. Poverty Status of People by Age, Race, and Hispanic Origin: 1959 to 2022," US Department of Commerce, 2023.



Black poverty has declined to record low levels over the decades. The [Official Poverty Measure \(OPM\) measures poverty](#) by comparing gross pretax income to an amount of income needed for three times a minimum food diet in 1963, adjusted for inflation. In 2023, the OPM [poverty threshold](#) for a household of four was about \$31,000. From 1959 to 1970, Black poverty declined from 55 percent to below 35 percent. The Black poverty rate stayed above 30 percent until 1995, and has been below 20 percent for the past four years.

An alternative poverty measure is the Supplemental Poverty Measure (SPM), which differs from the OPM in several key areas. [The three most important differences](#) are that (1) it is based on recent estimates of expenditures for food, clothing, shelter, and utilities; (2) it includes

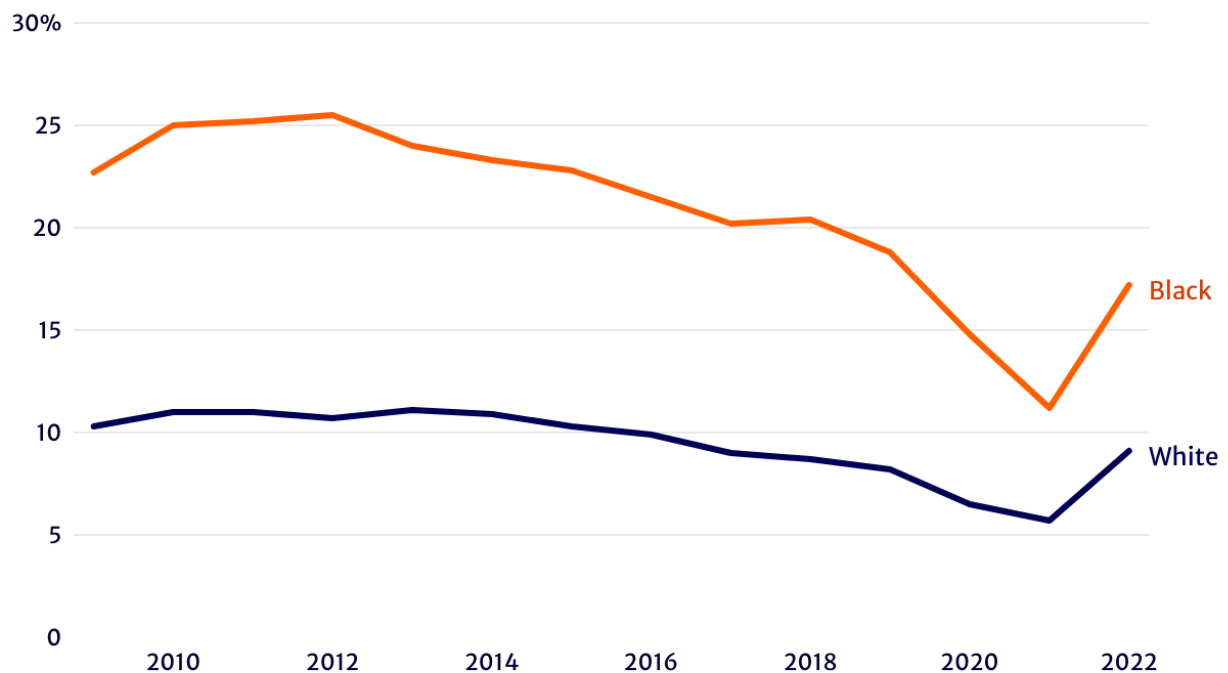


adjustments to housing costs based on geography; and (3) it includes benefits, taxes and tax credits, work expenses, medical expenses, and child support.

The [SPM shows](#) that Social Security is by far the strongest anti-poverty policy; it provides significant benefits to individuals of all ages, but most of the benefits go to individuals over 65 years old. Refundable tax credits, including the Earned Income Tax Credit and the Child Tax Credit, are also strong anti-poverty policies.

Figure 5

White and Black Supplemental Poverty Measure Rates, 2009 to 2022



All data are non-Hispanic.

Source: US Census Bureau, "Table B-2. Number and Percentage of People in Poverty Using the Supplemental Poverty Measure by Age, Race, and Hispanic Origin: 2009 to 2022," U.S. Department of Commerce, 2023.



Figure 5 illustrates a strong decline in Black poverty in 2020 and 2021 because of pandemic [emergency-relief payments and expansions of refundable tax credits](#). Unfortunately, this poverty reduction was reversed when Congress failed to maintain the expanded Child Tax Credit



and expanded Earned Income Tax Credit. This shows that the knowledge about which policies to sustain low poverty rates exists, but the political will to sustain such policies does not.



Wealth

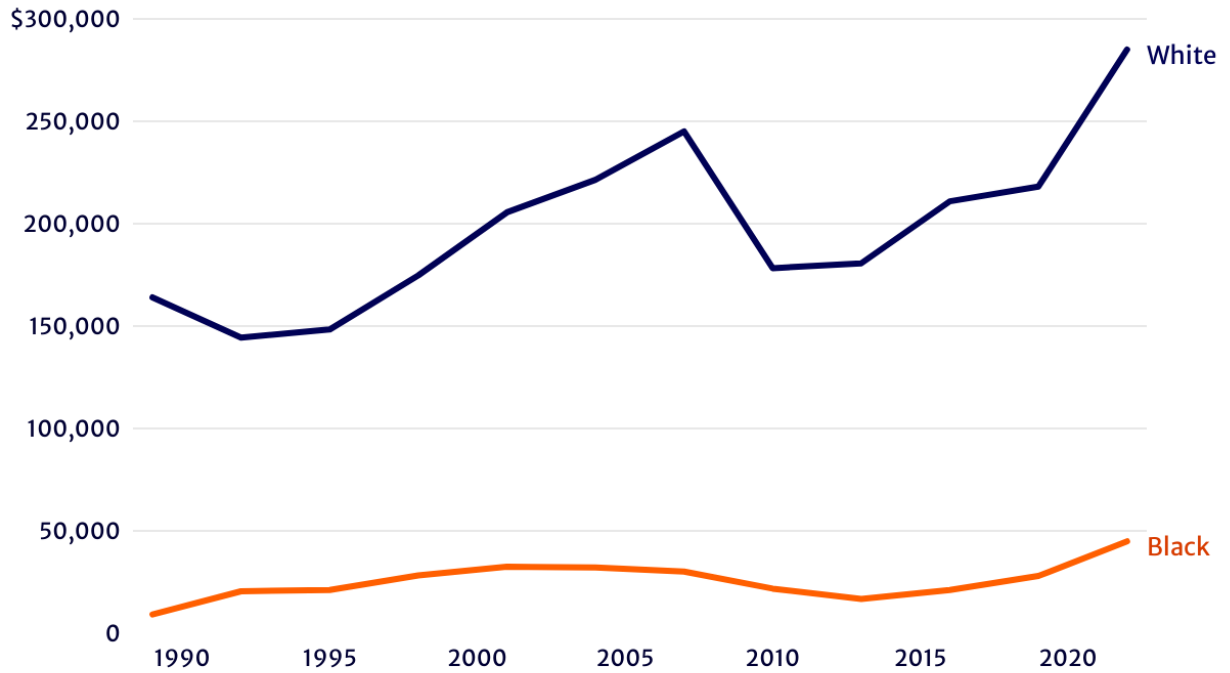
Median Black wealth or net worth (assets minus debts) has reached a new high: In 2022, median Black household wealth was [nearly \\$45,000 \(Figure 6\)](#), more than double the post Great Recession low of [about \\$17,000](#) seen in 2013. The 2017 report “[The Road to Zero Wealth](#)” estimated that only 30 percent of African Americans attained middle-class security in wealth, leaving the overwhelming majority of African Americans in asset insecurity, or wealth poverty. Even with the historic increase of wealth and depreciating assets, the \$45,000 total still keeps a large majority of African Americans distant from the \$190,000 to \$570,000 estimated as the wealth necessary to reach middle-class status, using the methodology in “The Road to Zero Wealth.”² Black wealth is going in the right direction, though it has far to go before getting beyond asset poverty and even approaching the [white median wealth level of \\$285,000](#).

On average, white households still have more than six times the wealth of Black households. This is an improvement over the situation in 2013, when the white net worth was about 11 times the Black net worth. This development is the result of higher rates of Black employment, higher Black incomes, strong anti-poverty policies, and the [increase in housing values](#) which has [the largest effect on African American wealth portfolios](#). These economic conditions put more Black Americans in a position to pay off debts and begin to save and invest.

² The authors in “The Road to Zero Wealth” used the median white net worth as the starting point to define middle-class wealth. They then applied the Pew Research Center’s methodology for defining the middle-class by income to wealth. The Pew Research Center defines the middle class as having an income between two-thirds and double the income of the median. Using the 2022 white median net worth of \$285,000 as the starting point, the wealth necessary to reach middle-class status would be between \$190,000 and \$570,000 in net worth.

Figure 6

White and Black Median Household Net Worth, 1989 to 2022 (2022\$)



Source: Aditya Aladangady, Andrew C. Change, and Jacob Krimmel, "Figure 2. Wealth Gaps Persisted and Widened Slightly in 2022, Despite Faster Growth in Wealth for Black and Hispanic Families," *Greater Wealth, Greater Uncertainty: Changes in Racial Inequality in the Survey of Consumer Finances*, Board of Governors of the Federal Reserve System, October 18, 2023.



Black Understandings of the Current U.S. Economy

The Joint Center for Political and Economic Studies' 2023 report "[Pessimism and Hope: A Survey of the Financial Status and Aspirations of Black Americans](#)" showed that, in the fall of 2022, 30 percent of African Americans described their financial status as declining over the last year, and about 45 percent described it as remaining the same. Yet at the same time, 67 percent of African Americans expressed optimism — feeling good to somewhat good — about their financial future. African Americans were also clear in the poll concerning their primary economic challenges. They identified high inflation (65 percent), high interest rates (59 percent), a lack of funds to invest (57 percent), poor credit (52 percent), and lack of funds to start a business (51 percent) as their top economic challenges.

Despite African American optimism about the future of their personal finances, this does not carry over to their assessment of the economy as a whole. In a [2023 Pew Research poll](#) about 70 percent of African Americans said they do not currently have enough money for the life they want. Another Pew Research Center poll this year found that only [27 percent](#) of Black Americans viewed economic conditions as excellent or good. This rate is only slightly higher than the [23 percent](#) for the nation as a whole.

The public's view of the economy may be affected by [humans' stronger focus on negative information](#). Many people may have a negative view of the U.S. economy because of the psychological stress and disorientation caused by the recent economic shocks. The memory of a recent severe economic recession probably lingers — even though the country has rapidly recovered. Many Americans of all races are probably disturbed by the fact that just a few years ago many goods cost much less — even if their higher wages have technically blunted much of the financial impact of inflation. The pandemic emergency relief payments and the expansion of the refundable tax credits are gone, so many African Americans are receiving less income, and this could be worrying. Even though it is at a historic high, African Americans' low level of wealth keeps many Black families a paycheck or two away from an economic crisis. Interest rates have also spiked which makes it more difficult to purchase a home and more expensive to carry credit card debt, particularly for those with few financial assets. All of this, paired with ongoing



Black/white economic inequality, maintains a profound sense of economic insecurity for African Americans.



Conclusion

There is both too little discussion of the improvements in the Black economy over the last 10 years, and too little action being taken to further these advancements in order to bridge racial economic inequality. As our nation continues to work toward bridging divisions of the past, racial inequality must be centered. The foundation of racial inequality is racial economic inequality, and the foundation of racial economic inequality is the racial wealth divide. As noted in the 2023 report “[Still A Dream](#),” with all of the advances made since 1960, the nation is still moving at a glacial pace: If the country continues at the rate it has been moving since about the 1960s, it would take over 500 years to bridge Black/white income inequality, and nearly 800 years to bridge Black/white wealth inequality.

As the country moves forward in a historic election of the presidency and Congress, it is essential that the policy analysis being developed by Black organizations, scholars, and activists across the country be utilized to address the issue of inequality rather than making this historic inequality a weapon in a culture war.

Despite experiencing the most favorable economic conditions in generations, African Americans continue to face significant financial challenges. The record low unemployment rates, increasing employment rates, rising incomes, and declining poverty suggest substantial progress. However, this progress has not eliminated the deep-seated economic insecurity and inequality that persists within the African American community.

African Americans’ mixed perceptions of their economic status reflect these realities. While there is optimism about personal financial futures, broader economic pessimism persists. High inflation, interest rates, poor credit, and insufficient funds for investment and business start-ups are identified as primary economic challenges. The deep-seated economic insecurity is further exacerbated by ongoing racial economic disparities and a lack of political will to implement effective economic advancement policies.

While there have been substantive improvements in the economic conditions of African Americans, it is clear that these advancements are not enough to overcome the persistent economic insecurity and inequality. Targeted and sustained efforts are essential to ensure true



financial prosperity and equity. Maintaining and improving African American employment levels, broadening homeownership, and passing innovative long term wealth building policies like a [national Baby Bonds program](#) would make substantial progress in bridging the racial wealth divide that was developed with the founding of our country. Reducing racial economic inequality is an essential part of moving our country forward.



ABOUT THE AUTHORS



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Algernon Austin has conducted research and writing on issues of race and racial inequality for over 20 years. His primary focus has been on the intersection of race and the economy.

Austin was the first Director of the Economic Policy Institute's Program on Race, Ethnicity, and the Economy where he focused on the labor market condition of America's workers of color. He has also done work on racial wealth inequality for the Center for Global Policy Solutions and for the Dēmos think tank. At the Thurgood Marshall Institute, the think tank of the NAACP Legal Defense and Educational Fund, Inc., he worked on issues related to race, the economy, and civil rights.

Austin has a Ph.D. in sociology from Northwestern University, and he taught sociology as a faculty member at Wesleyan University. He has discussed racial inequality on PBS, CNN, NPR, and other national television and radio networks. His most recent book is [America Is Not Post-Racial: Xenophobia, Islamophobia, Racism, and the 44th President](#).



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Dedrick Asante-Muhammad is the president of the Joint Center for Political and Economic Studies. For the past 20 years, Asante-Muhammad has dedicated his career to understanding and tackling racial and economic inequities. Asante-Muhammad joined the Joint Center from the Racial Economic Equity and Research at the National Community Reinvestment Coalition (NCRC) where he was vice president and oversaw fair lending, fair housing, the Women's Business Center of DC, the National Training Academy, the Housing Counseling Network, and started the Racial Economic Equity Department.

Over the last two decades, Asante-Muhammad has worked as director, senior fellow, and founder of the Racial Wealth Divide Initiative for Prosperity Now; senior director for Economic Programs at the NAACP; an associate fellow for the Institute for Policy Studies; was a Racial Wealth Divide coordinator for United for a Fair Economy, where he co-founded the State of the Dream report, an annual publication honoring the legacy of Dr. Martin Luther King Jr.; and served as Rev. Al Sharpton's National Action Network National field director.

An avid writer and researcher, more of Asante-Muhammad's work can be found in [Medium](#), [HuffPost](#), and [the Racial Wealth Divide Initiative's blog](#). Asante-Muhammad has a bachelor's degree in Political Science and Government from Williams College and a master's degree in Systematic Theology from Union Theological Seminary.

