



BlackEconomics.org®

“New Black-NonBlack Wealth Inequality Metrics”

Traditional and off-cited measures of Black-White wealth inequality are generally derived from surveys of household net worth—*ala* the U.S. Federal Reserve Board’s [Survey of Consumer Finances](#). The metric cited usually is that White household’s net worth exceeds that of Black households by some factor X. This brief essay presents new metrics that place the vast chasm between Black and nonBlack wealth in the US in stark relief. But before presenting the metrics, we provide information and context.

As information, it is unfortunate that certain data required to perform this analysis are available on a lagged basis. Therefore, we compute the metrics from data that span asynchronous time periods. Consequently, we produce metrics with conceptual, but not methodological, precision. Nevertheless, the metrics provide estimates on which we can hang our hat.

As context, we know that wealth is generally generated through business operations. Therefore, we realize that the Black-nonBlack wealth gap is ordained, in part, by the disparity in business ownership. Using [Census Bureau](#) data we estimated that about 3.2 million Black-owned enterprises were operational in 2019. Concurrently, we estimate that there were about 31.2 million nonBlack-owned enterprises operating in the country. Given the Black and nonBlack populations at the time, we estimate that there was 1 Black-owned enterprise per 14 members of the Black population; similarly, the estimate was 1 nonBlack-owned enterprise per 9 members of the nonBlack population. It is clear that, for a variety of reasons, Black Americans do not advantage wealth-generating entrepreneurial opportunities to the same extent as nonBlack Americans. Can we agree that the difference is significant?

As for the new Black-nonBlack wealth inequality metrics, [Forbes Magazine’s](#) April issue delineates the world’s billionaires in 2021. *Forbes* reports that there were seven Black American billionaires in the US and 717 nonBlack American billionaires. Using the same population estimates used in the analysis above, we determined that there is 1 Black American billionaire per 6.3 million Black Americans; the estimate is 1 nonBlack billionaire per 400 thousand nonBlack Americans. Do you agree that the difference is stark?

One additional point is worth noting before concluding. There are billionaires and then there are billionaires. Consider that the largest net worth for a Black American billionaire was \$6.0 billion; four of the seven Black American billionaires had less than \$2.0 billion in net worth—some barely making the billionaires’ list. The total net worth of all seven Black American billionaires totaled

just \$18.2 billion. Contrast that with the fact that the top nonBlack American US billionaire had net worth of \$177.0 billion—9.7 times the wealth of all Black billionaires. Further contrast that with the fact that all nonBlack US billionaires had total net worth of \$4.4 trillion. Is that stark enough for you?

It may be that Black Americans are elated to hear that there are seven Black billionaires, and the Black billionaires themselves may take great pride and pleasure in being on the list. However, when we zoom in on the realities discussed above, the stark Black versus nonBlack wealth inequality is in clear view.

Burning questions for the current decade of the 21st century are: What role has Black America played in generating the nonBlack wealth discussed above? Why don't Black Americans own more of that wealth? and How can Black Americans secure that wealth?

B.B. Robinson

05/07/21
