



BlackEconomics.org®

“Reinforcing and Permanentizing Economic Inequality”

You are familiar, no doubt, with the following expressions: “Don’t take your foot off the gas pedal;” “don’t let them see the light of day;” “don’t let them get up;” “If you are fighting and your enemy is down, then keep him/her down.” All these expressions are *apropos* for characterizing Black America’s economic relationships with other racial and ethnic groups in the nation.

Economic inequalities between Black Americans and the remainder of the nation are often called **gaps**. For example, there were -29.1% and -28.1% median and mean income gaps between Black Americans and the national average, respectively, in 2022.ⁱ Similarly and for 2022, there were -76.7% and -80.1% median and mean net worth or wealth gaps, respectively.ⁱⁱ These gaps are as apparent as the changing of the weather in late September, and as prevalent as red and golden colored leaves on the ground in late October when the football season is on the downhill and sports fans begin moving from stadiums to gymnasiums to enjoy hoops.

Over the years, BlackEconomics.org offered questions and comments about such gaps, discussed conditions under which gaps may or may not be closed, and even made recommendations concerning how to close gaps. But we only followed a long line of economists and other observers who addressed these heretofore permanent realities.

History is an indisputable source for the following partial list of methods used to purposely maintain these gaps: Murder (by many means), terror, theft, fraud (including lies, trickery, and deceit), and blatant and subtle forms of discrimination.

For economists, an important form of economic discrimination is price discrimination that entails separating customers by some marker (e.g., race) and assigning different prices for essentially identical products to customers based on the marker. Within the last year, we have written about the potential role of artificial intelligence (AI) in price discrimination under the monicker AI-enabled price discrimination.ⁱⁱⁱ However, we should not overlook price discrimination that is enabled by phenotype, names, speech patterns (tones, pronunciations, and rhythms), location, and other characteristics that are embedded in our cultural capital.

Identification of price discrimination is easier when prices are openly available and transparent. When price information is cloaked, the task of identifying and policing price discrimination is difficult.

But Black Americans may contribute to the success of price discriminators because of our eternal fear of non-Black Americans, which causes us to not pose straightforward questions to them. This fear makes it difficult for us to identify price discriminators. For example, we can find ourselves seated next to non-Blacks on airplanes and will discuss every innocuous topic, but not differences in ticket prices for nearly identical seats to determine whether egregious price discrimination is at play. We are not inviting Black or non-Black Americans to divulge their financial details, just airline fares to determine the extent of price discrimination. Airline companies have escaped regulation and practice price discrimination liberally.^{iv}

But there are other commonly used contractual services that have opaque pricing methods. Consider special trades construction contractors' repairs—specifically plumbing.

Almost anywhere in the US, one can identify multiple firms offering plumbing repair services. It is interesting to note that licensed plumbers and selected other specialty trades construction contractors enjoy unique government support. Governments often urge or require residents to patronize only licensed providers of selected construction special trade contractors' services.

When contacted for repair services, many plumbing firms agree to schedule repair services, but will provide no price information. They argue that no price can be assigned until repair requirements are determined by onsite inspection. At the same time, many of the firms will explain that a service call fee (say \$79) is required for assessing and pricing the repair. In some cases, however, firms agree to waive service call fees when customers contract for repair services. Many plumbing firms determine prices by mapping repair requirements to preconfigured repair modules to which prices have been assigned.

There are at least two important concerns about this price identification method. First, a buyer of plumbing services may have to pay to obtain service prices, which is quite anomalous. The requirement to pay to identify services prices likely inhibits a search for favorable prices, which is a hallmark of market economies. Many customers will find paying multiple service call fees to identify services prices burdensome, and they may truncate the search process if they estimate that services prices provided under such an arrangement are reasonable. Such customers may overestimate their ability to determine a "reasonable" price, unless they are well versed in pricing plumbing services.^v Therefore, customers may overpay for services.

But firms are likely to pile on as discussed at the outset of this analysis brief. Firms will not only count on customers' willingness to truncate price searches, but also due to the service call, they have entered customers' residential space and can assess their characteristics and potential willingness to pay. Theoretically, any customer could be targeted for piling on. However, using a common stereotype concerning females' knowledge about, and experience with, conducting plumbing repairs, firms may take advantage of female customers and add to their bottom lines by imposing a higher price than they would otherwise. Even without discriminating based on race, because Black women constitute a higher percentage of single-headed households by race than for other racial and ethnic groups, targeting Black women for higher prices by plumbing companies would serve to increase household expenses.^{vi} Accordingly, given available income, Black American households' ability to save to generate wealth is reduced. This scenario is perfectly

consistent with reinforcing the net worth or wealth gap between Black Americans and the national average.

When interrogating data on economic inequality using knowledge about efforts underway to reduce it, it is natural to enquire: Why is it so difficult to close gaps? This analysis brief provides a very important yet simple answer: Non-Black Americans keep identifying new ways to reinforce and permanentize gaps. Therefore, the non-Black American team (which has government on its side) is always victorious over Black Americans in the economic inequality strategic game. This unbeaten streak means that Black Americans have experienced mental and physical pain and suffering from economic inequality throughout. Black America should move expeditiously to train to combat economic inequality using any and all means so that our team can secure a win. One win could spark our own long-running unbeaten streak.

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ⁱ US Census Bureau (2023). “Table H-5. Race and Hispanic Origin of Household—Households by Median and Mean Income: 1967 to 2022. *Current Population Survey, 1968-2023 Annual Social and Economic Supplements (CPS ASEC)*. <https://www.test.census.gov/data/tables/time-series/demo/income-poverty/historical-income-households.html> (Ret. 090624).

ⁱⁱ Federal Reserve Board’s Division of Research and Statistics (2023). *Changes in U.S. Family Finances from 2019 to 2022: Evidence from the Survey of Consumer Finances*. Federal Reserve Board. <https://www.federalreserve.gov/publications/files/scf23.pdf> (Ret. 0906244) Note that this source reports estimates of household income that are significantly higher than those reported by the US Census Bureau. Consequently, readers may take this into account when assessing this sources net worth or wealth gaps.

ⁱⁱⁱ See “Kamala Harris and the Unending Onslaught of Economic Attacks Against Black Americans.” <https://www.blackeconomics.org/BELit/khuoeaba080224.pdf>, and “De-Dignification and Economic Exploitation of Black Americans.” <https://www.blackeconomics.org/BELit/ddaeoba090123.pdf>. Both submissions were authored by Brooks Robinson of BlackEconomics.org during 2023 and 2024, respectively. (Ret. 090624).

^{iv} US Airlines benefit from the “Airlines Deregulation Act of 1978,” Public Law 95-504. <https://www.govinfo.gov/content/pkg/STATUTE-92/pdf/STATUTE-92-Pg1705.pdf> (Ret. 090624).

^v By “reasonable price” is intended a price that reflects a value similar to a price determined in a freely competitive market where open price disclosure is the order of the day.

^{vi} It is interesting to note that the US Consumer Expenditure Survey (CEX) reports that, for those residing in owner-occupied housing during 2022, Black American households expended 3.3% of total expenditures on *Maintenance, repair, insurance, and other expenses*, while the nation’s average household expended 3.5%. These two shares are based on mean estimates and produce a ratio (Black American over the national average) of 94.3%. This ratio should be compared with the ratio of the mean value of Black American owner-occupied housing in 2021 over the national mean value of owner-occupied housing, which is 81.9%. Given the latter ratio, all else being equal, one might expect that the ratio of the Black American household share over the national household share of total expenditures for *Maintenance, repair, insurance, and other expenses* would be a similar ratio (i.e., 81.9%). The fact that the ratio is 94.3% (about 15% higher) indicates that Black American owner-occupied households are confronting higher costs. Of course, higher costs could result from purchasing more or from facing higher prices. The BLS CEX data are from “Table 2100. Race of reference person: Annual expenditure means, shares, standard errors, and relative standard errors, Consumer Expenditure Surveys, 2022” (<https://www.bls.gov/cex/tables/calendar-year/mean-item-share-average-standard-error/reference-person-race-2022.pdf>) and the values of owner-occupied housing are from “2021 – National - Value, Purchase Price, and Source of Down Payment – Owner-occupied Units” from the American Housing Survey ([American Housing Survey \(AHS\) - AHS Table Creator \(census.gov\)](https://www.census.gov/hhes/ahs/)) (Ret. 090624).