



## **Racial inequality has sucked trillions from the economy, new report says**

By Emily DeRuy

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In just three decades, people of color will make up the majority of the United States' population. But as the nation grows more diverse, so too does the inequality between whites and non-whites.

On Thursday, the Center for American Progress (CAP), a left-leaning think tank, will unveil a report that makes an economic case for ending racial inequality. And they're hoping that individual states and local leaders will pay attention.

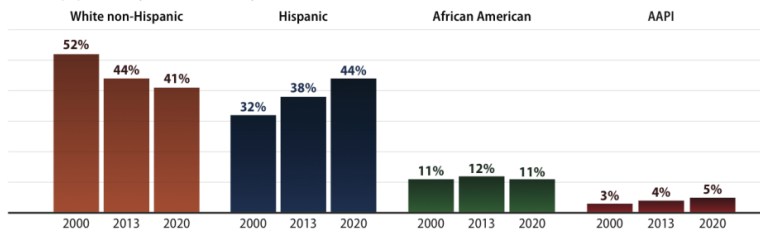
CAP argues that reforming prisons, increasing the minimum wage, and granting citizenship to undocumented immigrants would help end inequality by growing wages for minorities, who are more likely to be poor, and generate more tax revenue.

Ending racial inequality "is not just going to benefit black and brown people, but all Americans and the whole economy, and make us more competitive," Vanessa Cardenas, vice president of Progress 2050, the arm of CAP that promotes policies it says benefit a diverse America, told Fusion.

CAP will unveil "factsheets" for a dozen states in all, which Cardenas says were selected because they either have high minority populations or because there has been significant growth in the minority population. The organization drew its conclusions from an analysis of Census data.

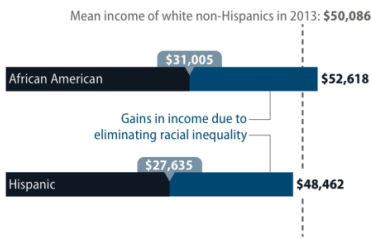
### People of color are a growing share of Texas's population

Share of population by race and ethnicity



Source: Bureau of the Census, *Population Estimates* (U.S. Department of Commerce, 2000 and 2013), available at <http://www.census.gov/popest/>; Policy Link and PERE, "National Equity Atlas," available at <http://nationalequityatlas.org/> (last accessed January 2015).

### Reducing inequality would increase people of color's income



Higher incomes mean greater tax revenues; reducing inequality would mean a **\$14.1 billion** tax boost.

Eliminating racial and ethnic inequalities would benefit everyone



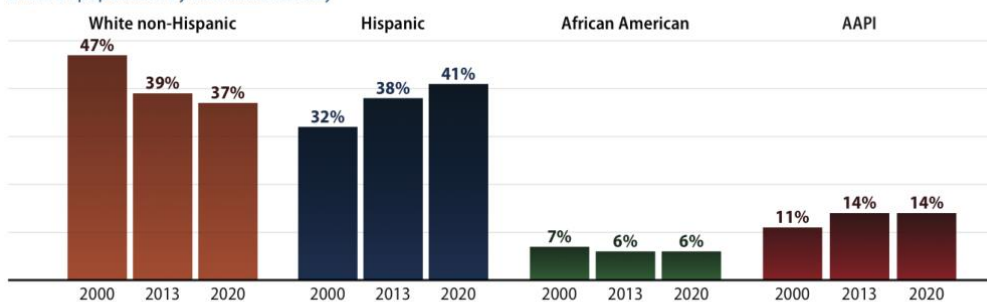
Source: CAP analysis of Bureau of the Census, *American Community Survey* (U.S. Department of Commerce, 2012), available at [http://www.census.gov/acs/www/data\\_documentation/2012\\_release/](http://www.census.gov/acs/www/data_documentation/2012_release/). For full methodology see Robert Lynch and Patrick Oakford "Charting New Trends and Imagining an All-In Nation" in *All-In Nation: An America that Works for All* (Washington: Center for American Progress, 2013), available at <http://allinnation.org/ms-content/uploads/sites/2/2013/10/Chapter2.pdf>.

While Missouri, home to Ferguson, has some work to do, Cardenas argues, states like California, which has enacted progressive policies like a higher-than-average minimum wage, might provide a roadmap.

The state became a majority minority state by 2000. CAP, relying on Census data, projects that Hispanics will make up 41 percent of the state's population by 2020, a three percent increase from the latest 2013 figures.

### People of color are a growing share of California's population

Share of population by race and ethnicity



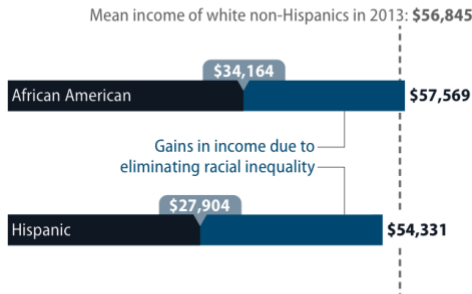
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But still, in 2013, Hispanics earned on average only about half of the \$56,845 non-Hispanic whites earned.

While conservatives argue that's a failure of progressive policies, Cardenas says laws that have raised the minimum wage and expanded healthcare simply haven't had a chance to play out.

If racial inequalities had been leveled in 2013, the think tank posits, California's GDP would have been \$2.7 trillion, half a trillion more than the \$2.2 trillion reported.

### Reducing inequality would increase people of color's income



Higher incomes mean greater tax revenues; reducing inequality would mean a **\$20.8 billion** tax boost.

### Eliminating racial and ethnic inequalities would benefit everyone

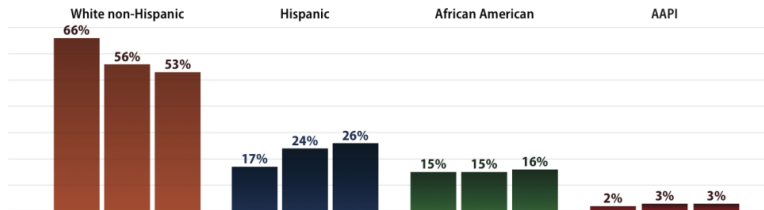


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In Florida, CAP says GDP would rise from \$800 billion to \$904 billion.

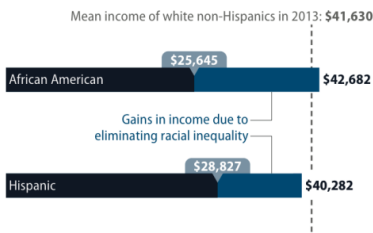
### People of color are a growing share of Florida's population

Share of population by race and ethnicity



Source: Bureau of the Census, *Population Estimates* (U.S. Department of Commerce, 2000 and 2013), available at <http://www.census.gov/popest/>; Policy Link and PERE, "National Equity Atlas," available at <http://nationalequityatlas.org/> (last accessed January 2015).

### Reducing inequality would increase people of color's income



Higher incomes mean greater tax revenues; reducing inequality would mean a **\$5.6 billion** tax boost.

### Eliminating racial and ethnic inequalities would benefit everyone



Source: CAP analysis of Bureau of the Census, *American Community Survey* (U.S. Department of Commerce, 2012), available at [http://www.census.gov/acs/www/data\\_documentation/2012\\_release/](http://www.census.gov/acs/www/data_documentation/2012_release/). For full methodology see Robert Lynch and Patrick Oakford "Charting New Trends and Imagining an All-In Nation" in *All-In Nation: An America that Works for All* (Washington: Center for American Progress, 2013), available at <http://allinnation.org/ms-content/uploads/sites/2/2013/10/Chapter2.pdf>.

While the economic angle is strategic, the push for progressive policies isn't likely to win any endorsements from conservative organizations.

The Heritage Foundation has argued, for instance, that raising the minimum wage would actually harm workers. The Cato Institute has criticized the idea of mandating universal healthcare.

What is clear is that the diversity of the United States will continue to grow and there are fewer "one size fits all" policies that will impact change that benefits the majority of Americans.

"The important thing about this is it doesn't matter [which party] one comes from in terms of elected leaders at the local level," Cardenas said, "they all should be thinking about how their states are changing and what policies will create a ladder of opportunity for the next generation of Americans."