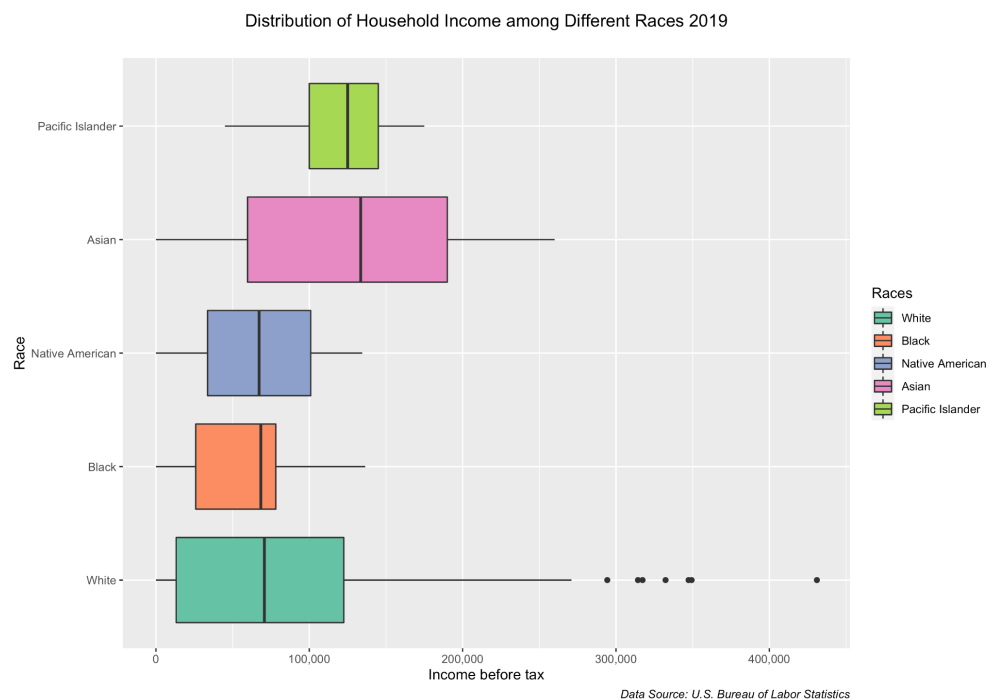


Breaking Down Finances of Races in America

Recently the wave of discrimination has become even more evident across the U.S. While many incidents and narrative are being created to divide the nation, I was interested to find a narrative that better represent the financial aspect among different races in America. There have been many biases and assumptions made about the distribution of wealth across different races, so I chose the U.S. Bureau of Labor Statistics to better grasp this dynamic relationship.

First, I chose to look at the distribution of mean household income before taxes of the 6 races: White, Black, Native Americans, Asian, Pacific Islander, and Multi-race. For these specific graphs below (Graph 1), the Multi-race category was not included as it has a significantly lower dataset compared to other races. This is possible because people in this category were already included in other categories of races.

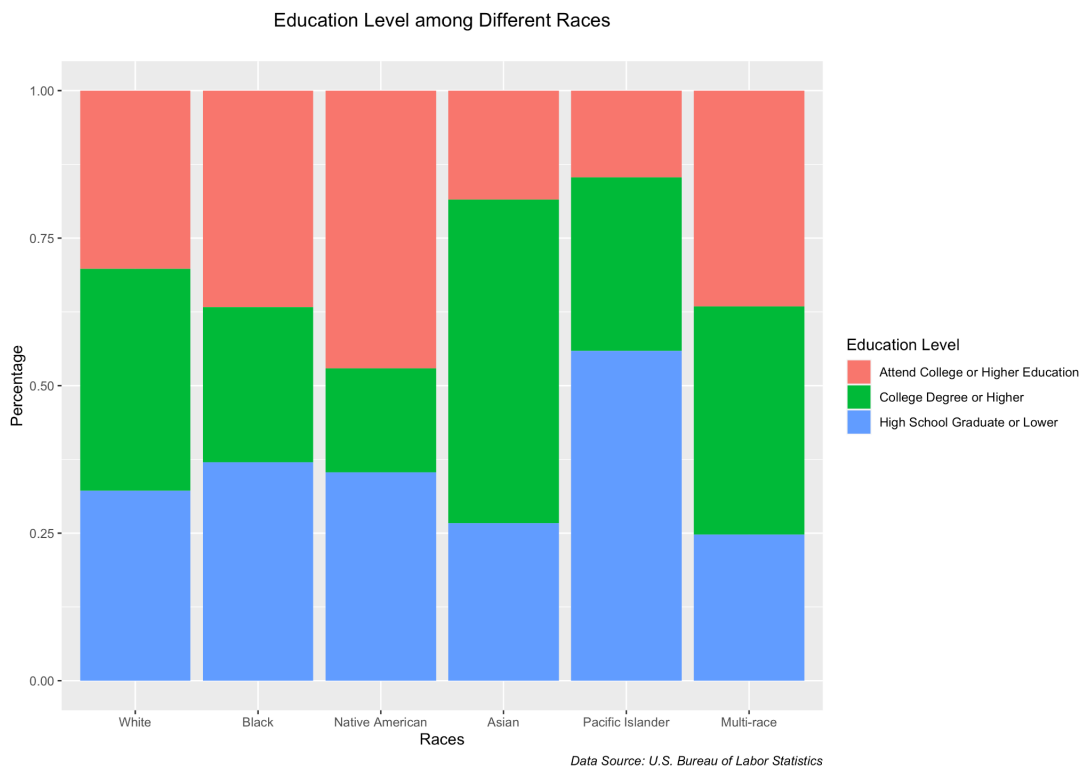
Asians and White Americans are the two races with the widest range in income per household pre-tax. White Americans seem to have a lot more outlier and heavily right-skewed, indicating that there might be a bigger wealth gap in the race even though their median is high. Meanwhile, Black Americans seem to have a higher median but a smaller range, showing a smaller wealth gap among themselves.



Graph 1

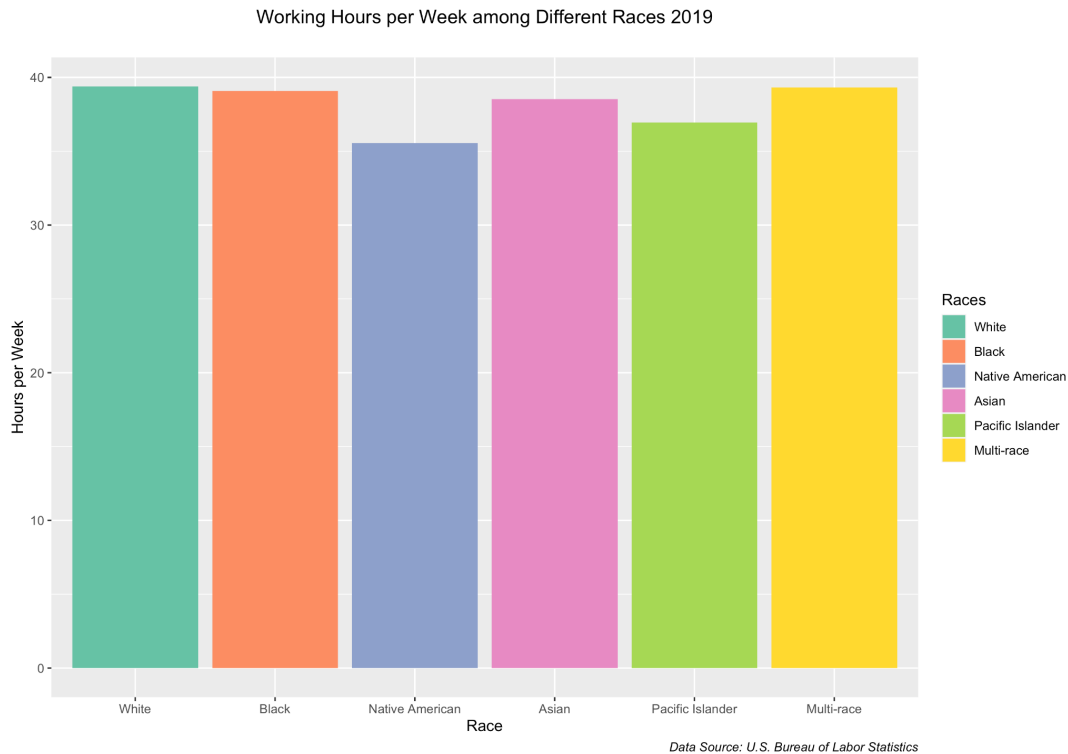
In Graph 1, we can see a clear difference in range, suggesting an even larger wealth gap among different races. For Asian Americans, even though the box plot is bigger but it seems fairly normally distributed. For White Americans, the box seems skewed heavily to the right, with additional outliers as well. This may indicate White Americans' incomes are not evenly distributed. In an article by Elliot III and Shanks (2019), the distribution of wealth and income among White Americans alone is very large, with the top 20% having median income of approximately \$194,650 while the top 20% is roughly \$14,727. This comes to show that the wealth gap is more predominant not only between races but it exists within each race as well. One thing to note is that this graph does not include ethnicities among different races, which could be a potential topic that needs further research.

What could be contributing factors to this phenomenon? Based on the same dataset, I chose to further invest in whether education level has an impact.



Graph 2

It's also interesting to see the breakdown of education levels among different races to see whether higher education contributes to higher earnings. Looking at Graph 2, we see that between Asians and Pacific Islanders who seem to have the highest median earnings per household as shown in Graph 1, Asians Americans represent the highest percentage of people attending at least college to higher education while Pacific Islander has the lowest percentage of people pursuing higher education after high school. So this poses a question: do Pacific Islanders work more to earn their money?

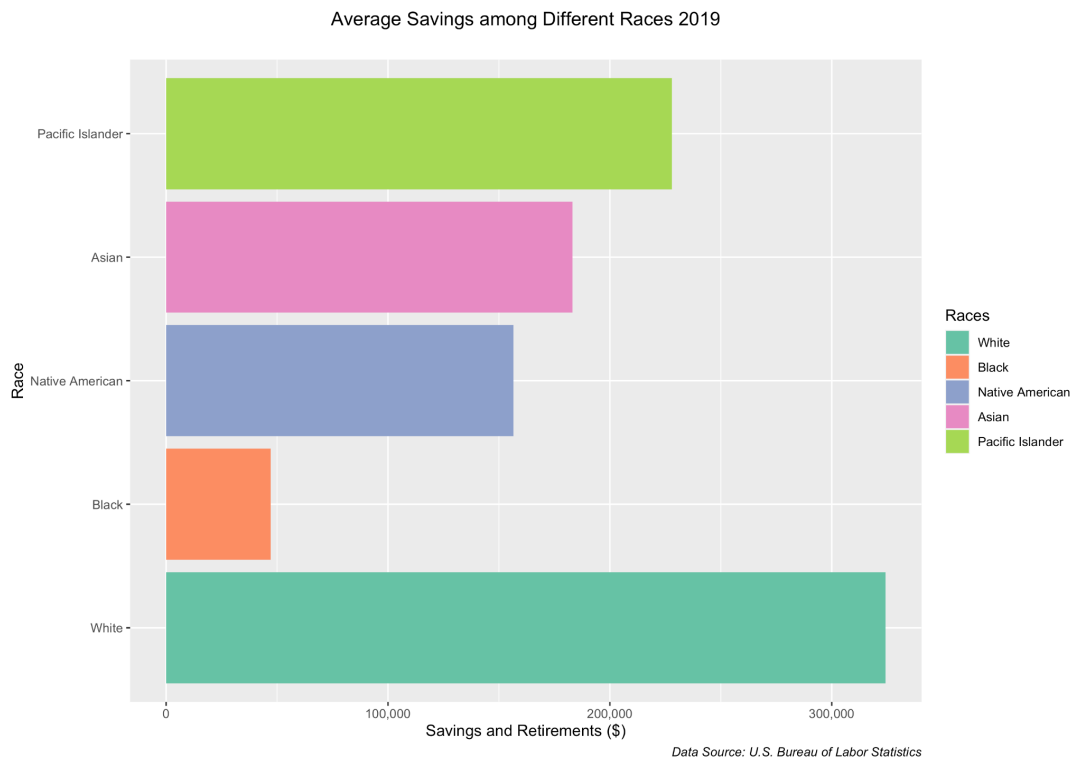


Graph 3

Looking at this graph of average working hours between different races (Graph 3), we can see they are pretty equal but notice how Pacific Islanders have lower average working hours across different races. Pacific Islanders seem to, on average, earn higher wages while not having to pursue higher education. However, this could also be a result of a smaller sample size compared to bigger races in America such as White, Asian, and Black Americans (Runes, 2018). Another potential explanation could be the job opportunities and the different fields of work that different races may be more attracted towards and thus wages could be driven down, making the job field more competitive and starting salary lower.

Savings can be a pretty good indication of whether the household has enough money to set aside every month as well as understand financial needs to hold off some money in the future. This could potentially help identify the reasons behind their spending habits, which is out of scope for this paper. Looking into how different races in America choose to invest their money, two savings values that could contribute to these are retirement accounts and savings investments such as deposits at the bank to 401K accounts.

Average savings from different races also show very significant differences (Graph 4). White Americans on average have the highest savings among all other different races with over \$300,000 per household while different races' savings level seems to reflect their average household income level. Black Americans do not seem to choose a lot of savings opportunities.



Graph 4

Even though this money may not fully reflect their ability to earn money as this money needs to be held off and discounted for future values, it's interesting to see how on average White Americans seem to have more financial stability with savings. The most distinguished difference that we can notice from this graph is the savings amount between Black and White Americans.

It's interesting to note from an article by Daly (2020) that people of color may not have as much in savings but when they do save, they save more on average than the White Americans. Daly pointed out that "smart financial behavior is not enough to overcome the financial barriers facing families and individuals of color in today's society".

Overall, these graphs were able to show new insights into how different races in America have access to education, jobs, and financial stability. Opportunities may have opened up to people of color in America but overall, many needs to be done to fight back the social issues and prejudice that persist in the country.

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