



MARTIN LUTHER KING ON ECONOMIC INJUSTICE AND THE RACIAL WEALTH DIVIDE—AND HOW THE NEW GOP TAX LAW WILL MAKE IT ALL WORSE

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As we celebrate Dr. King’s legacy, we must remember that economic justice was central to his mission. The gap between rich and poor he highlighted in the 1950s and 1960s—and the economic disparities between White and Black America—have only worsened with time. The recently enacted Republican tax legislation that gives massive tax cuts to the wealthy and big corporations will further exacerbate these troubling national divides.

MLK ON ECONOMIC INEQUALITY

“Now our struggle is for genuine equality [which means economic equality](#).” (1968)

“A true revolution of values will soon look uneasily on the [glaring contrast of poverty and wealth](#).” (1967)

“...[T]here must be [a better distribution of wealth](#) within this country for all God’s children.” (1965)

- In 1962, the top 1% of American households received under one-tenth of the nation’s **income** (8.4%). By 2015, the share of the nation’s income [going to the top 1% had ballooned to almost a quarter](#) (23.5%).
- In 1962, the richest 1% of American households held one third (33%) of the nation’s **wealth** (the richest 5% held 54.6%). By 2016, the share of the nation’s wealth owned by the top 1% had grown to 40% (and the top 5% had grown to two-thirds, or 66.7%).¹ Meanwhile, the bottom 90% of households hold only 21% of the **wealth** today.²
- The billionaires on the Forbes 400, the wealthiest people in America, have combined net worth totaling \$2.7 trillion. Together, this small group has [more wealth than the bottom 64 percent](#) of the U.S. population combined. The net worth of the wealthiest three billionaires— Jeff Bezos, Bill Gates and Warren Buffett—is equal to the bottom half of the U.S. population combined.³
- The recently enacted **Trump-GOP tax overhaul** gives [one-fifth of the tax cuts to the top 1%](#) in 2018, and this share grows to 83% after 10 years.⁴ Their tax cut will average \$51,000 in 2018; the bottom 60% of taxpayers will get [about a dollar day](#).⁵
- The **Trump-GOP tax law** will result in 13 million Americans losing health insurance, and millions more paying higher premiums. The \$1.5-\$2.2 trillion net cost of the tax cuts will threaten funding for Social Security, Medicare, education and other public services working families rely on.⁶

MLK ON THE RACIAL ECONOMIC DIVIDE

“[The inseparable twin of racial injustice was economic injustice](#).” (1958)

“Our income record is acceptable only if we wish to tolerate a society...in which [the average Negro earns half as much as his white counterpart](#).” (1966)

- In 2016—half a century after Dr. King noted this unacceptable discrepancy—median Black *income* was still roughly half that of White *income* (\$60,000 vs. \$35,000). Latino families fare only slightly better than Black families with a median *income* of \$39,000.⁷
- What’s worse, over the past 35 years *Black wealth has actually shrunk* in constant dollars. Already a small fraction of White wealth, it has also greatly eroded in comparison to that of Whites.
- In 1983 (the earliest year race-based comparisons are available), the median net worth of Black households was the equivalent of \$7,000. By 2016—after the destruction of housing values in the Great Recession—that figure had dropped to just \$3,400. Latino families have seen a small increase in their median net worth, from \$4,100 to \$6,300 between 1983 and 2016. Meanwhile, median White wealth *has grown by over a third*, from just over \$100,000 to roughly \$140,000.⁸
- Over the past three-and-a-half decades, median Black wealth has gone from 7% of White wealth to just 2%.⁹ In other words, the median White family has gone from owning 15 times more wealth than the median Black family to more than 40 times more! The 269 richest people in America have more wealth *than the entire Black population* of over 14 million households.¹⁰
- The **Trump-GOP tax law** delivers most of its tax cuts to the wealthy—[83% to the richest 1%](#) by 2027—which will significantly increase the income and wealth gaps. It also weakens the estate tax, the only direct federal response to the nation’s widening wealth gap. Under the new rules, couples with fortunes of up to \$22 million won’t pay a dime in estate tax, allowing for further accumulation of dynastic wealth.¹¹
- The **Trump-GOP law’s** massive tax cuts on corporate and business income will also widen the racial wealth gap. Since minorities have lower rates of [corporate stock ownership](#)¹² and [business income](#),¹³ they will benefit less from the tax cuts, while suffering more from the cuts in public services the tax reductions will require.

¹ Edward N. Wolff, “Household Wealth Trends in the United States, 1962 to 2016: Has Middle Class Wealth Recovered?” NBER Working Paper No. 24085 (Nov. 2017). Table 2. <http://www.nber.org/papers/w24085>

² *Ibid.*

³ Institute for Policy Studies (IPS), “Billionaire Bonanza: The Forbes 400 and the Rest of Us” (October 2017). <https://inequality.org/great-divide/billionaire-bonanza-2017/>

⁴ Americans for Tax Fairness (ATF), “12 Terrible Things About the Trump-GOP Tax Law” (January 10, 2018). <https://americansfortaxfairness.org/13-terrible-things-gops-tax-cuts-jobs-act/>. Based on Tax Policy Center (TPC), “Distributional Analysis of the Conference Agreement for the Tax Cuts and Jobs Act.” (Dec. 18, 2017), Tables 1 & 3. http://www.taxpolicycenter.org/sites/default/files/publication/150816/2001641_distributional_analysis_of_the_conference_agreement_for_the_tax_cuts_and_jobs_act_0.pdf

⁵ ATF analysis of TPC, “Table T17-0321 - Major Provisions in Conference Agreement: The Tax Cuts and Jobs Act; Tax Units with a Tax Increase or Tax Cut, by Expanded Cash Income Level, 2027” (Dec. 18, 2017).

<https://americansfortaxfairness.org/wp-content/uploads/ATF-Tax-Cuts-for-Bottom-60-of-Taxpayers-2018.xlsx>

⁶ ATF, “12 Terrible Things...”

⁷ Wolff, Table 13.

⁸ *Ibid.* Wolff’s definition of net worth excludes the value of vehicles and the value of future Social Security and defined-benefit pension plan benefits to capture only sources of wealth that can be easily converted to cash.

⁹ *Ibid.*

¹⁰ IPS, “Billionaire Bonanza.”

¹¹ ATF, “12 Terrible Things...”

¹² Gallup News, “U.S. Stock Ownership Down Among All but Older, Higher-Income” (May 24, 2017). <http://news.gallup.com/poll/211052/stock-ownership-down-among-older-higher-income.aspx>

¹³ U.S. Small Business Administration, “Minority Business Ownership: Data from the 2012 Survey of Business Owners” (Sept. 14, 2016). <https://www.sba.gov/sites/default/files/advocacy/Minority-Owned-Businesses-in-the-US.pdf>