ECONOMIC BENEFITS OF REDUCING RACIAL AND ETHNIC INEQUALITY

California

By Progress 2050       March 19, 2015

A few decades from now, the nation’s racial and ethnic makeup will be increasingly different than it is today. The U.S. Census Bureau projects that the majority of the U.S. population will be people of color by 2043. This change is already happening at the state-level throughout our nation, and with it comes an important opportunity to reduce racial and ethnic inequalities. Closing these gaps by enacting progressive policies will improve the economic prospects and increase income for people of color, ultimately leading to a stronger economy that benefits all. But it’s not just people of color who would benefit, the economy as a whole would too. This fact sheet provides a snapshot of California statistics about demographic changes and the statewide economic gains of eliminating racial and ethnic disparities by enacting sensible policies that would unleash the potential of growing communities of color.

People of color are a growing share of California’s population

Share of population by race and ethnicity

<table>
<thead>
<tr>
<th>Race and Ethnicity</th>
<th>2000</th>
<th>2013</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>White non-Hispanic</td>
<td>47%</td>
<td>39%</td>
<td>37%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>32%</td>
<td>38%</td>
<td>41%</td>
</tr>
<tr>
<td>African American</td>
<td>7%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>AAPI</td>
<td>11%</td>
<td>14%</td>
<td>14%</td>
</tr>
</tbody>
</table>


Reducing inequality would increase people of color’s income

Mean income of white non-Hispanics in 2013: $56,845

- African American: $34,164
- Hispanic: $27,904
- AAPI: $54,331

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

Eliminating racial and ethnic inequalities would benefit everyone

- GDP: $2.7 trillion
- GDP if inequalities had been eliminated: $2.2 trillion