

A Region That Sees Racism as a Threat to Its Economy

Minnesota’s Twin Cities, one of the most prosperous areas in the nation, is reckoning with its inequities.



Downtown Minneapolis

Jim Mone / AP

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OCT 26, 2016

BUSINESS

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For decades, Minneapolis has been heralded as an American success story: The Twin Cities area is home to [one of the largest](#) concentrations of Fortune-500-company headquarters, and, relative to other large American cities, has low unemployment, little

poverty, and plenty of affordable housing. Much of the prosperity, which has been called “[The Minnesota Miracle](#),” has been attributed an [unusual approach](#) to sharing tax revenues between rich and poor communities in the region.

But two years ago, an uncomfortable reality came to light: The Metropolitan Council, a regional planning council, began [analyzing Census data](#) and discovered that the Twin Cities metro area is hardly a land of opportunity for everyone. The area had the largest wealth gap, employment gap, and homeownership gap between white residents and people of color among the country’s 25 largest metro areas. Two years after the council’s original report, [little has improved](#), though the employment gap has narrowed a bit.

At first, some people [suggested](#) that the disparities had something to do with the region’s large number of East African immigrants, who tend to have lower education levels and poor English skills, and therefore face more obstacles in building wealth. But researchers at the Metropolitan Council recently analyzed the Census data in a different way, and dispelled much of that myth: Even after controlling for certain economic and demographic factors—such as income, immigration status, and length of time in the Twin Cities—a white person living in the area would still be more likely to have a job, own a home, and earn more money than a black person living in the area. Adam Duininck, the chair of the Metropolitan Council, [concluded](#) that the findings confirm beliefs about “the

presence and persistence of structural racism in our Twin Cities community.”

Institutional discrimination is something many cities are loath to discuss, so the council’s focus on the issue is refreshing, considering that the local agency is made up of state-appointed regional planners and makes decisions on how to spend some of the state’s money. The council’s lead researcher, Libby Starling, says the focus on racial disparities has a lot to do with ensuring the economic vitality of the region in years to come. Currently, people of color make up about a quarter of the population of the Twin Cities metro area, and the council expects that percentage to grow to 40 percent by 2040. “There’s an economic impact,” says Starling, the manager of regional policy and research for the council. “How many more people will live in poverty, or fewer homeowners will there be, if we don’t focus on eliminating the disparities?”

The findings from the Metropolitan Council’s research cut against the Minnesota Miracle narrative to a striking degree. One of the largest disparities mentioned in the council’s most recent [study](#), published earlier this year, shows up between white and black homeownership rates. Even after adjusting for factors including household income, employment status, and immigration history, white families are 50 percent more likely to own their homes than black families are. A smaller gap also remains between Latino and white homeowners after adjusting for the same factors, while Asian

residents are nearly as likely to own a home in the Twin Cities as a white resident.

Aside from homeownership rates, researchers analyzed racial disparities in wages and employment rates in the Twin Cities. They adjusted the analysis to see if differences would remain even if a person of color had the same immigration status, type of job, English skills, gender, disability status, education level, and employment profile as a white person, as well as if they had been living in the Twin Cities for the same amount of time, and if both of them lived in households with children under the age of six (or not). It turns out that that hypothetical person of color would still make less than that hypothetical white person—a full \$3 per hour less, on average. Latinos would make about two dollars less per hour, and Asians would come closest to matching the wages of white workers, with a difference of 64 cents.

When it came to analyzing employment rates, Latinos fared better, with the racial gaps disappearing after adjusting for those same demographic factors. However, Asians and blacks still lagged their white counterparts, with 76 percent of Asians holding jobs, compared to 70 percent of blacks and 79 percent of whites.

Starling says it's impossible to know how much of these inequities stems from racism, but it definitely contributes to the problem.

“There are a lot of people who don't recognize how significant the race disparities are in the Twin Cities,” she says. “I think they've just never been exposed to this information before.”

Though the Metropolitan Council's research cannot definitively establish racism as the root cause of inequality in the Twin Cities, it does establish a strong, compelling connection. And it's one that is hardly surprising, based on a growing body of research documenting the obstacles that people of color, particularly African Americans, face in the [job market](#), the [real-estate market](#), and in [career promotions](#). If cities and states don't start implementing policies with these racial barriers in mind, the fears of the Twin Cities' regional planners—higher rates of poverty and lower rates of homeownership—could persist across the country.

This article is part of our Next America: Communities project, which is supported by a grant from Emerson Collective.

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