

Economic benefits of inclusion

GDP gains without racial gaps

Houston-Galveston stands to gain a great deal from addressing racial inequities. The Houston-Galveston region's economy could have been \$243.3 billion stronger in 2012 if its racial gaps in income had been closed: a 54 percent increase.

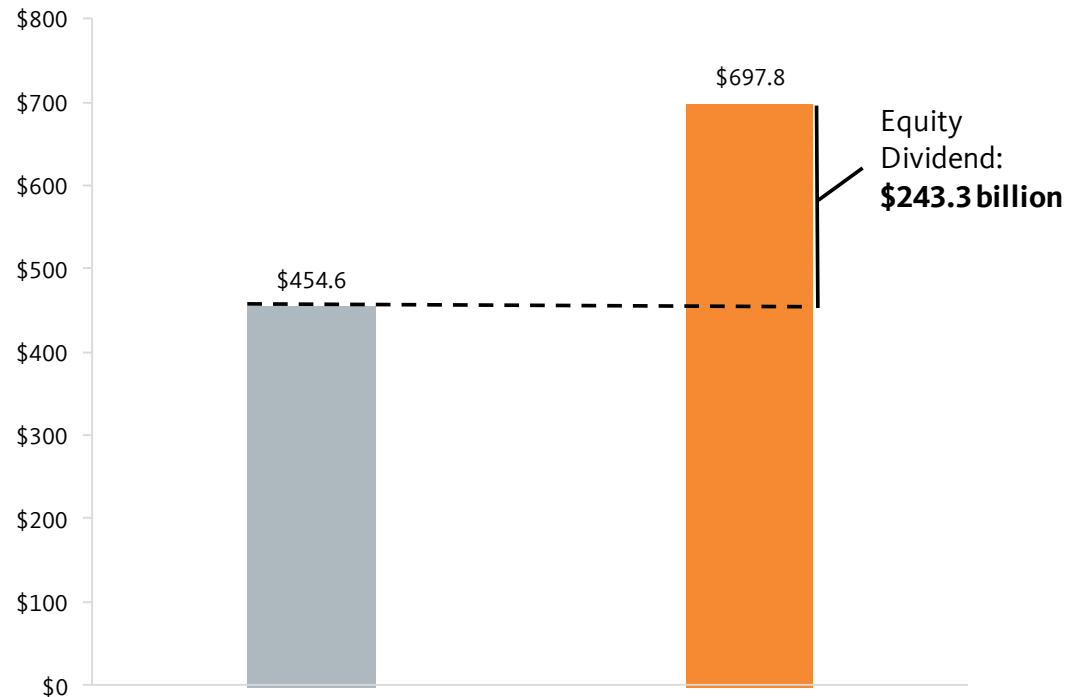
Using data on income by race, we calculated how much higher total economic output would have been in 2012 if all racial groups that currently earn less than whites had earned similar average incomes as their white counterparts, controlling for age. We also examined how much of the region's racial income gap was due to differences in wages and how much was due to differences in employment (measured by hours worked).

We found that in Houston-Galveston, 56 percent of the income gap is attributable to wages and 44 percent is attributable to employment. This is comparable to the national wage/employment shares (59 percent wages/41 percent employment).

Houston-Galveston's GDP would have been \$243.3 billion higher if there were no racial gaps in income

Actual GDP and Estimated GDP without Racial Gaps in Income, 2012

- GDP in 2012 (billions)
- GDP if racial gaps in income were eliminated (billions)



Source: Bureau of Economic Analysis, Bureau of Labor Statistics, and IPUMS.