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Abstract

This article examines the … had higher savings rates and lower use of credit than Whites. Discrimination in lending led to an aversion to credit. Later, Blacks believed their credit to be bad, even among many better qualified Black loan applicants. The authors find that there is no statistically significant difference in the average level of “bad credit” among Blacks and Whites who have been turned down for loans or who have not applied for loans, as seen in national data sets measuring wealth and expenditures. Contrary to conventional wisdom, no statistically significant difference exists in bad credit rates between Black and White households at the lowest and highest wealth levels. The authors contend that the observed differences in the bad credit rates between Blacks and Whites in the middle wealth range are attributable to different treatment of Blacks and Whites in credit markets.

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