

The Racial **Wealth Gap** Widens Daily Due to the Exclusive and Inequitable Franchising Practices of the 50s.



The Boom of Franchising in America 1950s - 1960s

Franchising in the U.S. gained traction in the 1950s. In 1950, less than 100 companies had employed franchising in their marketing operations. By 1960, more than 900 companies had franchise operations involving an estimated 200,000 franchised outlets. (International Franchise Association 2019)

DUNKIN DONUTS

By 1963, the company had opened its 100th restaurant and grew to over 1,000 locations by 1979.



MCDONALD'S

In 1965, McDonald's Corporation went public. Common shares were offered at \$22.50 per share. By the end of the first day's trading, the price had risen to \$30.



- **Market penetration**, an essential part of generational wealth in the franchise industry, was only accessible to White Americans in the 50's
- On December 21, 1968, Herman Petty of Chicago opened the first Black owned McDonald's franchise.
- Home Repair, Inc. v. Paul W. Davis Systems, Inc., case law challenged the notion that franchisors may restrict minority opportunities to "their" communities.
- Brad Keys first African American Burger King and Kentucky Fried Chicken franchisee in the late 1960s and early 1970s related to Black Enterprise magazine in 1974: *"Fast-food companies know that doing business in my area is hell. There's cutting, shooting, killing. So they say, we really don't want to do this ourselves, so why don't we get this black cat over here and franchise him?"* (Jou 2020)
- A series of Business Insider investigations published last year found that Black-owned McDonald's restaurants netted \$68,000 less per month than White-owned outlets and that this disparity had been growing since 2012, when the gap was \$24,000. (Jou 2020)
- The racial **wealth gap** between black and white families grew from about \$100,000 in 1992 to \$154,000 in 2016 (McKinsey & Co. 2019)

Civil Rights Movement and Labor Rights in America 1950s - 1960s

Vulnerable communities, particularly communities of color were fighting for equal rights and labor issues in this time period thereby excluding them from the benefits of the American franchise industry boom.

BROWN V. BOARD OF EDUCATION

1954 establishing racial segregation in public schools are unconstitutional. **Jim Crow segregation** and the Civil Rights movement.



MEXICAN AMERICANS ORGANIZE

Mexican American Political Association (MAPA) (1959) and the Community Service Organization (CSO), among others. Both of these organizations would contribute to future organizational work in California.

