

CHAPTER 3

Perpetuating the Racial Wealth and Income Gap In Our Policies

Until the election of President Trump, many people seemed to believe that racist policies were only written into outdated laws that had been rightly overturned. History books tell us that after the Civil War, Black people earned more political and economic rights under the law and into the turn of the 20th century. But, structural racism didn't stop after the Civil Rights movement in the 1960s only to pick up again more than 50 years later. The reality tells a different story.

Now, we will now look at federal policies in place throughout the 20th century and into the present day that have exacerbated economic inequality between Black and white families. We'll learn more about the many institutional barriers that exacerbated the wealth and income gap in the modern age.

Many of the policies below were implemented in living memory – perhaps you, a family member, or a friend experienced their effects. In fact, many of these laws are touchstones that one might look at fondly, perhaps because their family benefitted or because on the surface the policy appeared to advance the common good unequivocally.

We are spending two weeks examining legislation and how these laws have shaped society because people (white people in particular) are not always aware of structural racism and the ways policies benefit some at the expense of others. It is much easier to identify racism as a hateful act or physical violence. But structural racism is pervasive and continues to endure in our halls of power to this day. It is important to understand that it is not just about whether people harbor racist beliefs, but also how we can allow and uphold racist policies that have lasting negative effects. These who benefit cannot absolve themselves of the responsibility to dismantle policies that do harm and provide restitution for these injustices.

Additional Policies that Contributed to the Racial Wealth and Income Gap

1938

THE FAIR LABOR STANDARDS ACT

This was enacted to help bolster the economy out of the Great Depression, but **excluded a number of tip-based professions predominantly held by Black workers** — including servers, shoe shiners, domestic workers, and Pullman porters — from the first minimum-wage protections. Even though both the Black unemployment and poverty rate were twice the rate of white people during the Great Depression, the **very policies meant to alleviate economic strain were often withheld from the Black community**, making it harder to build wealth in the future.

1944

THE G.I. BILL

After World War II, this bill was enacted to help veterans adjust to civilian life by providing low-cost home mortgages, low-interest business loans, tuition assistance, *continued on next page*

Policies cont.

and unemployment compensation. By virtue of the housing market being virtually closed to Black prospective homeowners, Black veterans could not benefit from one of the bill's greatest benefits. **On top of this, many of the benefits distributed were intentionally withheld from Black service members.**

1954– present

END OF THE SEPARATE BUT EQUAL DOCTRINE

Despite the “separate but equal” doctrine being overturned in 1954, **American schools are more racially segregated today than they have been in the past four decades.** Academic success is less probable in predominately low-income Black neighborhoods, since Black students are seven times more likely to live in areas of concentrated poverty, and attend underfunded, understaffed, and overcrowded schools. This leaves Black students with limited education and little choice but working minimum-wage jobs that have few opportunities for economic advancement.

1956

THE FEDERAL-AID HIGHWAY ACT

Over three decades, 48,000 miles of road and highways were built in an attempt to connect suburbs and rural areas to the city for the purposes of commerce and jobs. This resulted in “white flight” to the suburbs, as workers did not have to rely on proximity or public transportation to get to work. Additionally, the locations chosen for the highways often caused the destruction of predominant Black neighborhoods and neighborhoods with other communities of color in the name of urban renewal.

1970s– present

SUBPRIME LOANS

Starting in the 1970's and continuing today, the private sector issued subprime loans almost exclusively to Black families, regardless of income, credit score, or financial history. As a result, Black families continued to unfairly pay more money for homes of the same value as their white counterparts, causing rates of foreclosure among Black families to increase.

1971– present

THE WAR ON DRUGS

The War on Drugs exacerbated the racial wealth gap with practices that inherently targeted Black and brown communities. Although rates of drug use and selling are similar across racial lines, Black men are up to 10 times as likely to be stopped, searched, arrested, prosecuted, convicted and incarcerated for drug law violations than white men. The lifelong penalties from having a drug conviction have prohibited millions from voting, gaining employment at well-paying jobs, and accessing public assistance amongst a multitude of other cultural, social, and institutional consequences.

“Law and Order” A Racist Dog Whistle:

When politicians or others use the phrase “law and order” it may be meant as a racist dog whistle. *Merriam Webster* defines **dog whistle** as “a coded message communicated through words or phrases commonly understood by a particular group of people, but not by others.”

In this case, when someone uses “law and order”, it is a way of signaling one’s support for harsh law enforcement that targets people of color. This meaning comes from understanding the history of Southern elected officials and law enforcement who opposed the Civil Rights movement’s nonviolent actions by calling them a “breakdown of law and order.” President Trump’s use of the phrase, following the emergence of the Black Lives Matter movement, is concerning to many people.

Words of Wisdom

We built highways and railways and airports that literally carved up communities, leaving bulldozed homes, broken dreams, and, in fact, sapping many families of the one asset they had: their home."

— Anthony Foxx,
former U.S. Secretary of Transportation

The Cost of these Policies

The racial wealth and income gap is real. Decades of laws formed structural racism in our economics, politics, and society. In order to progress as a society with moral values, we must support policies that mend the racial wealth and income gap.

The policies of the past have lasting effects on the present day. By implementing policies that inherently disadvantaged people of color, our federal government blocked millions of Black families' opportunities to build wealth and achieve financial stability.

Today, we see the lingering effects of these policies in our work to mend the gaps in wealth and income, as well as access to democracy, healthcare, citizenship, and wages.

Take Action

The 12 policies examined in this chapter and the previous one come from our Racial Wealth and Income Gap Workshop (www.networkadvocates.org/RWIG). We created this resource in tandem with our partners from Bread for the World to help others better understand the racist policies that created the racial wealth and income gap in the U.S. The information included in this resource is best experienced in a group setting in order to obtain a comprehensive understanding of how racist policies have affected people's income and wealth accumulation for hundreds of years in the United States.

Host NETWORK's Racial Wealth and Income Gap workshop for members of your community or invite a member of the NETWORK staff to facilitate the workshop. Visit www.networkadvocates.org/RWIG for more information.

Working to Heal the Racial Wealth and Income Gap in Chicago

Rev. Dr. Otis Moss III is Senior Pastor of Trinity United Church of Christ in Chicago, Illinois and a Senior Fellow in the Auburn Seminary Seniors Fellow Program. Rev. Dr. Moss has spent the last two decades practicing and preaching a Black theology that unapologetically calls attention to the problems of mass incarceration, environmental justice, and economic inequality.

In 2017, Trinity United Church of Christ dedicated "Imani Village," a site that is designed for housing, healthcare, youth recreation, and a five-acre farm that will employ returning citizens. Through Imani Village, Rev. Moss and Trinity United Church of Christ are creating opportunities for health and economic security in their neighborhood on the South Side of Chicago.

Watch Rev. Otis Moss speak about the importance of understanding the African diaspora and honoring the ancestors who were enslaved: www.facebook.com/NowThisNews/videos/239382883533110.

We Pray

For Grace to Serve

It is Your joy to serve.
 Thank you for Your service.
 Show me where you want me to serve
 Give me the ability to serve

Let me serve and make my heart pure to everyone.

It is Your joy to sacrifice
 Thank you for Your sacrifice
 Show me what you want me to sacrifice
 Give me the ability to sacrifice
 Let me sacrifice and make my heart pure to everyone.

It is Your joy to suffer
 Thank you for Your suffering
 Show me what you want me to suffer
 Give me the ability to suffer
 Let me suffer and make my heart pure to everyone.

Amen.

Written by Rev. Dr. Otis Moss III, Senior Pastor, Trinity United Church of Christ, Chicago, IL

Reflection Questions

1. Are there any places in your community where you can see the effects of any of these policies? Are there highways dividing neighborhoods, segregated school districts? Are there other ways these policies affect your life?
2. How have you witnessed or experience the difference in overt racist acts by individuals compared to the inherent racism in supporting policies that benefit the privileged over the many?
3. Can you identify any other policies that we did not address here that exacerbated the racial wealth and income gap?

ADDITIONAL RESOURCES

Read

- *The New Jim Crow*
 January 5, 2010
www.newjimcrow.com

Michelle Alexander's book details the lasting impacts of segregation in United States race relations and culture, even after Jim Crow laws ceased to exist. Instead, Alexander describes how these impacts have continued to shape our society and further racial and economic stratification.

continued on next page

Additional Resources cont.

- *Evicted*

March 1, 2016

www.evictedbook.com/books/evicted

Matthew Desmond writes about the frequency of evictions and the lack of affordable housing for low-income families. Desmond provides context of the history of housing policy in the U.S., impact of racist housing policies, and the relationship between access to homeownership and financial security.

- “The Racial Wealth Gap: Why Policy Matters”

2015

www.demos.org/sites/default/files/publications/RacialWealthGap_1.pdf

This report from Demos, a public policy organization, goes into extensive detail about how homeownership, education, and labor markets can contribute to the racial wealth and income gap that we’ve outlined above.

- “Implicit Bias tests”

2011

www.implicit.harvard.edu/implicit

These tests from Harvard help one to analyze how biased they may be on a variety of factors such as race, gender, sexuality, and other social indicators.

- “After the War: Blacks and the G.I. Bill”

February 2015

www.americanexperience.si.edu/wp-content/uploads/2015/02/After-the-War-Blacks-and-the-GI-Bill.pdf

The Smithsonian American Art Museum explicitly illustrates the disparity in G.I. bill recipients along racial lines, thus impacting economic status.

- “How the GI Bill Left Out African Americans”

November 11, 2013

www.demos.org/blog/11/11/13/how-gi-bill-left-out-african-americans

This brief article from Demos summarizes how Black veterans were not able to use GI benefits available to other white veterans.

- “The Inequality Hidden Within the Race-Neutral G.I. Bill”

September 18, 2017

www.daily.jstor.org/the-inequality-hidden-within-the-race-neutral-g-i-bill

From JSTOR Daily, this article demonstrates the segregation that resulted after the implementation of the GI bill, bolstering economic success for white veterans while leaving Black ones behind.

- “The Role of Highways in American Poverty”

March 18, 2016

www.theatlantic.com/business/archive/2016/03/role-of-highways-in-american-poverty/474282/

Alana Semuels catalogues how cities used federal funds available to not only build highways in their cities, but also demolish Black neighborhoods, and the negative consequences of those decisions.

continued on next page

Additional Resources cont.

- “Race, Wealth and Taxes: How the Tax Cuts and Jobs Act Supercharges the Racial Wealth Divide”
October 2018

www.prosperitynow.org/resources/race-wealth-and-taxes

The 2017 GOP Tax Law only enforces the racial wealth and income gap – this report provides statistics and information as to how.

- Poor People’s Campaign
2017

<https://www.poorpeoplescampaign.org>

The Poor People’s Campaign is a “national call for moral revival” which organizes and educates about the effects of systemic racism in the United States, especially as it relates to poverty.

Watch

- “We need to talk about an injustice”
March 2012

www.ted.com/talks/bryan_stevenson_we_need_to_talk_about_an_injustice

Bryan Stevenson, founder of the Equal Justice Initiative, delivers this TED Talk about the importance and power of identity, especially with his family history of enslavement, and how history has impacted racial identity. As a lawyer who works in the criminal justice system, he discusses central legal questions of race and crime in his talk which is 23 minutes long.

- “We Must Talk About Race to Fix Economic Inequality”
March 12, 2016

www.youtube.com/watch?v=caarVAS40jQ&

This 4-minute video from Demos expresses how politics often uses coded language to reinforce racial stereotypes, and thus continue the racial wealth and income gap among those lines.

Listen

- On Being –Who We Want to Become: Beyond the New Jim Crow
April 12, 2016

<https://onbeing.org/programs/michelle-alexander-who-we-want-to-become-beyond-the-new-jim-crow/>

This episode of On Being features lawyer Michelle Alexander, the author of *The New Jim Crow*, and how we can realize our collective responsibility and capacity for bringing about racial justice.