



12 Key Federal Policies that Have Contributed to the U.S. Racial Wealth and Income Gap

The median wealth gap between Black families and white families in the United States is ever expanding. As of 2016, white families have 10 times the wealth of Black families, which may be a conservative estimate.¹ This massive difference in wealth is not accidental, but instead due to years of racist policies and intentional disinvestment from the Black community.

NETWORK has identified 12 policies as key contributors to the Racial Wealth and Income Gap.

POLICY 1: Slave Codes, the Fugitive Slave Acts, and American Chattel Slavery (1613-1860)

The slave codes created “servitude for natural life” for African laborers. 250+ years slave labor of millions of African and Black people was the foundation of the U.S. economy and global force that it eventually became. On the eve of the Civil War, Black slaves were valued at an estimated \$3.6 billion (not scaled for modern inflation), and none of the Black slaves were able to cash in on that value.

POLICY 2: Andrew Johnson’s Land Policies and Sharecropping (1865-1880)

After the Civil War, 4 million Black people largely resorted to renting the farm land of their previous master in exchange for a “share” of their crop. This system of “sharecropping” tied farmers to their former master because they were legally obligated to buy and sell from them.

POLICY 3: Land Seizures (1865-1960s)

Black people were legally at risk of having their land seized from 1865 to the 1960s, due in part to the sharecropping debt that many Black farmers found themselves in. White landowners could arbitrarily declare that Black farmers or business owners were in debt at any time and seize their land.

POLICY 4: The National Housing Act of 1934

This policy guaranteed loans to white people and legally refused loans to Black people and anyone living near Black neighborhoods. This policy also resulted in Black people paying sometimes double or triple the amount to buy a contract from a white person to pay mortgage on a house that legally wasn't in their name. Meanwhile, Black people were making payments to secure their chances of being able to own their home, while still not receiving any equity on the payments toward that home.

POLICY 5: The Wagner Act of 1935

The Wagner Act, officially known as the National Labor Relations Act, is regarded as the most important piece of US labor legislation in the 20th century. The main purpose of the act was to establish the legal right for workers to join labor unions, organize, and to use collective bargaining power with their employers. It helped millions of white workers enter the middle class for decades to come. However, the Wagner Act intentionally excluded agricultural and domestic workers the right to

¹ Kalish, Emma, et al. “Features: Nine Charts about Wealth Inequality in America.” Urban Institute, 5 Oct. 2017, apps.urban.org/features/wealth-inequality-charts/.

unionize and allowed unions to exclude people of color, thus denying non-whites access to higher-wage jobs and union benefits like healthcare, retirement funds, and job security.

POLICY 6: The Social Security Act (1935- Present)

Black people were twice as likely to experience hunger or poverty during the Great Depression, and sixty-five percent of Black people were ineligible to receive this income support. This was designed in such a way that excluded farmworkers and domestic workers—who were predominantly Black—from receiving “old-age” and “unemployment” insurance. To this day, farmworkers and domestic workers are excluded.

POLICY 7: The Fair Labor Standards Act of 1938

The Fair Labor Standards Act was enacted to help lift the economy out of the Great Depression but excluded a number of tip-based professions predominantly held by Black workers from the first minimum-wage protections. Even though the Black unemployment and poverty rates were twice that 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.

POLICY 8: The G.I. Bill of 1944

The G.I. Bill was designed to help World War II veterans adjust to civilian life by providing low-cost home mortgages, low-interest business loans, tuition assistance, and unemployment compensation. Most of the benefits distributed were unavailable to Black service members.

POLICY 9: Separate but Equal Doctrine (1954 to Present Day)

Despite the Separate but Equal Doctrine being overturned in 1954, U.S. schools are more racially segregated today than they have been in the past four decades, since Black students are seven times more likely to live in areas of concentrated poverty, and attend underfunded, understaffed, and overcrowded schools.

POLICY 10: Federal-Aid Highway Act of 1956

Over 3 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 aiding the white flight to the suburbs. The creation of the highways also led to the destruction of many predominantly Black and other non-white neighborhoods in the name of urban renewal.

POLICY 11: Subprime Loans (1970s to Present Day)

Starting in the 1970s and continuing today, the private sector issued subprime loans almost exclusively to Black families, regardless of income, good credit, 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.

POLICY 12: The War on Drugs (1971 to Present Day)

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.

**This handout is a part of a larger workshop that NETWORK provides in order to educate about the Racial Wealth and Income Gap. If you are interested in scheduling a presentation, please reach out to info@networklobby.org*