Racial Equity and Economic Inclusion Glossary of Terms

*Note: The definitions listed herein are included for the purpose of establishing a lexicon the Federal Reserve Bank of Cleveland uses in the Bank’s racial equity and economic inclusion work.*

**Ally:** a person of one identity group who stands up in support of members of another group; typically, a member of a dominant identity who advocates for and supports a marginalized group.

**Bias:** prejudice in favor of or against a person or a group of people; a tendency, inclination, or prejudice toward or against a person or a group of people, often based on stereotypes rather than actual knowledge of an individual or circumstance.

**Digital divide/digital inequality:** the gap between individuals who have access to communications technology and those who do not; exists between those living in urban and suburban versus rural communities, among different socioeconomic groups, between less economically developed countries and more economically developed ones, and between educated and undereducated populations; it impacts the economy and educational opportunities.

**Disparity:** a significant difference, typically one that is unfair; the condition of being unequal.

**Diversity:** psychological, physical, and social differences that occur among individuals, including but not limited to race, color, ethnicity, nationality, religion, socioeconomic status, veteran status, educational attainment, marital status, language or dialect, age, gender, gender expression, gender identity, sexual orientation, mental or physical ability, genetic information, and learning style.

**Equality:** evenly distributed access to resources and opportunity necessary for a safe and healthy life; uniform distribution of access that may or may not result in equitable outcomes.

**Equity:** the guarantee of fair treatment, access, opportunity, and advancement for all while at the same time striving to identify and eliminate barriers that have prevented the full participation of some groups; the principle of equity acknowledges that there are historically underserved and underrepresented populations and that fairness regarding these unbalanced conditions is needed to assist equality in the provision of effective opportunities to all groups.

**Inclusion:** the act of creating involvement, environments, and empowerment in which an individual or group is and feels welcomed, respected, supported, and valued to fully participate; a climate with equal access to opportunities and resources that embraces differences and offers respect for all people.
**Marginalization**: discriminatory treatment of an individual, group, or concept as insignificant and outside the accepted norms of mainstream society; to remove agency or cause powerlessness.

**Minority-owned business**: a business that is at least 51 percent owned, operated, and controlled on a daily basis by a person who is or people who are Asian, Black, Hispanic, Native American, or Indigenous.

**Race**: a social construct that divides people into distinct groups based on similarities such as physical appearance, ancestry, cultural affiliation or history, or the political needs of a society (note that specific fields of study make use of varied frameworks for definition).

**Racial equity**: just and fair inclusion in an economy in which all can participate, prosper, and reach their full potential, with race no longer predicting life outcomes.

**Racial wealth gap**: gaps in wealth between communities of different races, most often between White populations and Black and Latinx populations.

**Racism**: a collection of policies or personal beliefs founded on perceived and accepted racial hierarchies presented by a dominant group rather than on an individual’s capabilities or skills; policies that lead to inequity based on race or ethnicity.

**Redlining**: the practice of denying mortgages or favorable loan terms to residents of specific areas based on race or ethnicity.

**Supplier diversity**: a business strategy that ensures procurement of goods and services from minority and women suppliers and small-business enterprises; emphasizes the creation of a diverse supply chain that works to secure the inclusion of minority groups and women in the economy.

**Women-owned business**: a business that is at least 51 percent owned, operated, and controlled on a daily basis by one or more people who identify as female or women.