Local Action and The Racial Wealth Divide

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The Foundation of Racial Inequality

“The foundation of racial inequality is racialized economic inequality and the foundation of economic inequality is wealth inequality.”

• Race and Economics in the US:
  • Racial Inequality has always had economic inequality at its foundation.
“Depressed living standards for Negroes are not simply the consequences of neglect. Nor can they be explained by the myth of the Negro’s innate incapacities, or by the more sophisticated rationalization of his acquired infirmities (family disorganization, poor education, etc.). They are a structural part of the economic system in the United States.”

“The larger economic problems confronting the Negro community will only be solved by federal programs involving billions of dollars…”

“The majority of white Americans consider themselves sincerely committed to justice for the Negro. They believe that American Society is essentially hospitable to fair play and to steady growth toward a middle-class utopia, embodying racial harmony. But unfortunately this is a fantasy of self-deception and comfortable vanity.”
Since 1994, the federal government’s massive wealth-building spending has more than tripled, going from a little over $200 billion to $660 billion in 2015.

Local efforts to address the racial wealth divide must be understood in the context of our overall regressive economy.
Racial Wealth Divide 83 - 2016

The Racial Wealth Divide Has Grown Over Three Decades
Median wealth by race, 1983 and 2016

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<td>2016</td>
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Figures adjusted to 2018 Dollars
1. Baby Bonds
2. Guaranteed Employment & a Higher Minimum Wage
3. Invest in Affordable Housing
4. Medicare for All
5. Postal Banking
6. Raise Taxes on the Ultra-Wealthy
7. Turn Upside Down Tax Expenditures Right Side Up
8. Congressional Committee on Reparations
9. Improve Data Collection on Race and Wealth
10. Racial Wealth Analysis

Need a multifaceted approach and a progressive economy to address racial wealth divide.
Local Learnings:

• Racial economic inequality is large throughout cities regardless of size or strength of the economy.

• There is very little in shared best practices to address racial economic inequality.

• Two great challenges for local policy is regressive national policy and the regressive nature of unregulated markets.

• A comprehensive and long term approach is necessary for community economic development that address racial economic inequality.
6 Steps to Addressing Racial Economic Inequality at the Local Level

1. recognize the racial economic divide with the organizations and institutions that are supposed to address economic insecurity
2. organize a cohort of institutions of color who through coalition can strengthen advocacy and programmatic work
3. develop a project that will keep these institutions of color engaged together for at least a year
4. strengthen and share understanding of racial economic inequality and the challenges of financial security for communities of color
5. use research of racial economic inequality to attract local resources to address the deep economic insecurity in communities of color including strengthening institutions of color
6. integrate the goals of addressing racial economic inequality and strengthening institutions of color into the non-profit community, business leaders and associations, city leaders and agencies, foundations, and community leaders and Institutions
The Negative Feedback Loop of Black Asset Poverty

LACK OF HOUSEHOLD ASSETS
57% of Blacks are in liquid asset poverty. (Do not have enough liquid savings to replace income at the poverty level for 3 months)
Median household income is $36,651.

INFERIOR PUBLIC ASSETS
Black communities most often live in areas with inferior public assets: public schools, public safety, public health, public transportation

GREATER FINANCIAL RESPONSIBILITIES
Debts, pent-up demand & need for financial support from family & community means increased income go toward consumption then asset development

SEGREGATED FROM SOCIO-ECONOMIC OPPORTUNITY:
Living wage jobs and social networks are located outside of the communities asset-poor Blacks live in.

INFERIOR SERVICE FROM THE MARKET:
Products sold in communities of asset poverty are inferior and often times more expensive than similar products available to high income communities.