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RACIAL WEALTH INEQUALITY:
SOCIAL PROBLEMS AND SOLUTIONS

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P R O C E E D I N G S

MS. BUSETTE: Good morning everybody. I want to welcome you here to Brookings. And I also want to extend a very warm welcome to our online audience.

We are here to discuss today the racial wealth gap, and to talk about some of the solutions that could possibly -- you'll be entertained to try to deal with the racial wealth gap.

You know, one of the things I want to start off by saying, because I see here in the audience, is that a lot of the work that was first started on the racial wealth gap was funded by Kilolo Kijakazi, who is right here. Raise your hand. She's kind of a mother of all the research. (Applause) So it's wonderful to have her in the audience with us today.

I wanted to first -- now everybody has some information about the panel as you came in, so I wanted to do some really brief introductions. If you want to see the impressive bios of our panelists, please refer to the handout.

So, I have next to me, Sasha Killewald, who is a Professor of Sociology and Director of Graduate Studies at Harvard.

Next to her Rashawn Ray, Associate Professor of Sociology, University of Maryland, he's also the Co-Editor of *Contexts Magazine* which is a co-sponsor of this event. And Rashawn is an Incoming Rubenstein Fellow here at Brookings, so he'll be starting with us in September while he's on sabbatical at University of Maryland.

Next to him is Thomas Shapiro. Thomas Shapiro is actually quite famous in the space of asset policy, so you're really in the presence of some amazing great folks who've worked a lot on these issues. He's a Professor of Law and Social Policy, and the Director of the Institute on Assets and Social Policy at Brandeis. Welcome.

And Tonia Wellons, who's the Vice President of Community Investment, the Greater Washington Community Foundation; and it's great to have a local presence here.

Thank you, all. Let's welcome our panelists. (Applause)

So, let me start by saying that the racial wealth gap is very widely acknowledged, as a reality it shows up in a variety of studies, and has for a number of years. It is really quite significant, so the difference between the assets that White families in general have, and Black families have in general,

is a very -- a considerable gap.

Here, in Washington, D.C., for instance, White families have 12 times the amount of wealth as Black families. Just to give you an example, and that sort of gap you will see across the nation. There are many reasons for this having to do with, not only the historical context of slavery, but the perpetuation of a system of exclusion that I'm sure our guests will get into, so I don't want to steal their thunder.

But just suffice it to say that there have actually been policies enacted throughout the history of federal, and state, and local, and neighborhood policies that have really had the pernicious effect of increasing this gap over time. And you'll see that also in the employment space.

So what I wanted to do, rather than just talk about the issue, is ask each of our panelists, you know, why are we where we are today with the racial wealth gap that has persisted throughout all sorts of anti-poverty policies and other kinds of policies, and also to talk a little bit about their research.

So what I'm going to do in order to do that is kind of go down the line of our panelists, and then after that I'm going to ask them several questions that they will have an opportunity to answer, and also to reply and respond to one another.

After we're finished with that we will open up the questions to the audience. We prefer questions as opposed to statements. But we are very much looking forward to that interactive part of the discussion.

So with that, let me start with you Sasha. So, the racial wealth gap is a well-known phenomenon, it's huge, it's persistent. Tell us a little bit about why we are where we are, and a little bit about your research.

MS. KILLEWALD: Sure. Well, thank you so much Camille and Rashawn for organizing this. It's really a privilege to be part of this group.

My research, part of it is about how wealth positions persist across generations. So as Camille alluded to, one reason that the racial wealth gap is as enormous as it is today is that Black and White children, on average, don't grow up in households with the same resources.

So because of a legacy of discrimination, and exclusion, and inequality, the past really is the present. So because children's wealth positions tend to resemble that of their parents, we see a

history that we can't really leave far behind.

So, with Brielle Bryan, who is Assistant Professor at Rice University, she and I argued that about half of the gap and accumulation of wealth through early and mid-adulthood is attributable to these unequal social origins. So that is the way that I think the past really manifests.

Of course that leaves half of the gap unexplained by those social origins. So I think it's equally as important to think about the ways in which contemporary processes that are racialized reinforce and contribute to that racial wealth gap.

So, for example, Fabian Pfeffer at Michigan and I show that even when White and Black children start in households with the same level of parental wealth they don't end up with the same wealth as adults.

And so I think it's important for us to, yes, keep in mind that the past is never very far behind us, but also remember that it's not all about the past, and so targeting the racial wealth gap has to involve thinking about both the inequality that we carry with us from the past, and the inequality that we recreate fresh in every generation.

A second theme of my research is about the processes of wealth accumulation and how they are racialized. So I think a takeaway of that line of research is that there's no one mechanism that we can point to that is responsible for the racial wealth gap. So in terms of the unequal starting points idea we often focus on direct transfers across generations, inheritances and gifts, it's an easy thing to think about.

And those things matter, but so too do more indirect pathways of perpetuating wealth like via purchasing a home in an advantaged neighborhood, with an advantaged school district, and so on.

In terms of those more contemporary processes I think one challenging piece is that my research and that of others suggests, it's not just that Blacks and Whites have unequal access to wealth-enhancing characteristics or resources but Blacks and Hispanics tend to benefit less than Whites from those resources even when they do possess them.

So just as an example in housing markets Brielle and I argued that there's kind of a triple disadvantage for African-Americans and Hispanics. They have lower levels of income and wealth on average, so that makes it's harder to transition to homeownership, even after you adjust for those

differences, as many things that you can think of, there's still a race and ethnicity gap in transitions to homeownership.

And then even among Blacks and Hispanics who do become homeowners they benefit less in terms of wealth for every year that they're homeowners. So, these multiple processes along the way, and that's an example of a recreation of the racial wealth gap, today, not due to some legacy far ago of racial inequality.

And last, because that kind of process, less access to resources that facilitate wealth gaps that go above and beyond those resources by race, and then benefiting unequally from those resources, that persists across a number of different mechanisms of wealth inequality, so not just housing markets, but also places like school systems and the labor market.

And so when you put all these things together I think the takeaway is that localized targeted policies, interventions will do something, but when you think about the racial wealth gap, like the answer is always, yes. Is it the past? Yes. Is it the present? Yes. Is it housing? Yes. Is it income? Yes. Is it schools? Yes; right. Is it how much we have? Yes. Is it how much we benefit? Yes.

And so sort of challenging intervening has to take that pervasive structural, everywhere you look inequality seriously in order to, I think, make substantial progress.

MS. BUSETTE: Thank you. Rashawn?

MR. RAY: Yeah. Those are great comments. So, thank you Camille. I want to thank everyone for being here, on behalf of the American Sociological Association and *Contexts Magazine in Sociology for the Public*, we are excited to co-host this event with Brookings.

Fabio Rojas, who is my *Contexts* Co-Editor got caught up in a lot of weather, was supposed to be here. He was at the airport for five hours. So, we send you our greetings and love on the telecast.

And also just thanking, the *Contexts* Staff this year, Letta Page, and others, who have done a great job. So a lot of the work that I've done on wealth, and race, and class has dealt with: what does it mean to be middle class in society?

I think part of when we think about what we're going to discuss today, it's not just what you have, but it's what you can do with it. And part of what you can do with wealth is it gives you status,

that gives you then the ability to go into certain spaces and use your resources in ways that other people can't. And really what we're talking about at the end of the day is that that ability to gain access to those resources has been limited for African-Americans in ways that it hasn't been for Whites.

So, part of what we tried to do with *Contexts Magazine*, Tom and Tonia published pieces in our recent issue. Hopefully those who are here got a free copy out front. But Max Hunt and I, we did a lot of work on social class identification.

Social class identification is what people perceive their own social class to be, and one of the main findings that came out of our work, and we analyzed the general social surveys from the 1970s up to up to the present, is that even when African-Americans have the same level of education, income, occupational prestige, even when they are homeowners, they're significantly less likely to identify as being middle-class.

So why would that be? Because I think for a lot of us were surprised by that. On one hand we might think, okay, Black people have achieved a certain level of prestige they might be even more likely to do so because they face so much. Well part of what it is that social class isn't about what you have, that's a large part of it, but it's also about what you can do with it and how you experience social class in everyday life.

So I'll just mention a few things. The first big thing is that wealth for African-Americans is precarious, what that means is we'll talk a lot about homeownership. I mean Andre Perry who's here on the front row, wrote a great report about how we can think about home ownership and how we think about neighborhood segregation today, and he calls it "the segregation tax".

One of the ways I think about it has to do with the Black middle-class tax, the part of what it means to be middleclass is that you can enter certain spaces, and you're supposed to get a certain type of status, a certain type of interactions that you have, and unfortunately race moots that.

So the racial wealth gap is one of those problems that sends ripples through every social institution and aspects of society. And it's important to call it a problem, because oftentimes we just say it's a gap and we don't necessarily call it a problem. And what's key about calling it a problem is to say that it's been manufactured by, primarily by American policies that have allowed one group of people to gain wealth and another group of people to not gain that wealth.

So I'll just mention a couple quick things. First, as it relates to housing. I mentioned Andre Perry, Jonathan Rothwell and also David Harshbarger published a report, and one of the things that the Perry said is that racism is robbing people that ability to uplift themselves. I think that's what's key.

When we think about the American Dream, supposedly people pull themselves up from their bootstraps, but actually what we see is that that's not the case at all. Certain people were actually given a leg up while other people had their legs knocked from underneath them, and we have to be very clear about that gap.

It's not just that one group got less, it's the fact that one group got more and another group got less, that exacerbates the gap, and we have to be very clear about that. So in this report they noted how homes in neighborhoods that are at least 50 percent Black have 23 percent less home value than in neighborhoods that aren't as Black.

The other thing we have to think about is that redlining is still alive and well. In say, Southeast D.C., I know people who try to go get a home there and they have been denied by banks, not because they don't have a good credit score, not because they don't have a good income, but because banks don't think that people should be investing in the same way in those types of neighborhoods as they do in Northwest.

And we have to be very clear that that's happening here in Washington, D.C. It's not something that's happening just in other parts of the country. When we talk about businesses, one of the things to note is that Black business ownership has significantly increased over the past 10 to 20 years, and particularly among African-American women.

In fact, some studies show the African-American women outpace other groups when it comes to business ownership over the past 10 to 20 years.

Now, the question becomes then: why don't Black businesses survive? Well the narrative that we oftentimes hear is, oh, Black people don't support Black businesses. That's not true. I've seen Black people supporting Black businesses all the time. The problem is that non-Black people don't support Black businesses, and you can't sustain a business with 13 percent of the population, you have to sustain businesses with everybody investing in the problem. It's because of hyper-segregation

that gives non-Black people the ability to say, I don't see those businesses, I didn't even know about them.

And now people don't necessarily have an excuse, because in this Internet era part of what's going on is that most businesses, and most products are purchased online, but this is the reason why wealthy Blacks and people who -- Black people who own homes oftentimes don't let people know that they're Black, because they already know that their Blackness moots their ability to gain wealth.

The final thing I'll say is that, in the *Contexts Magazine* that you all have, David Grusky, we did an interview with David Grusky, Reeve Vanneman, one of my colleagues in Maryland did the interview. And one of the things that David Grusky -- who is a Professor at Stanford -- one of the things he talked about was that in order to solve the racial wealth gap we have to engage in radical redistribution and decommodification.

What he means by that is we have to perform -- we have to be willing to perform radical experimentation to desegregate our country. Part of what happened, and I know Tonia Wellons will probably talk about this, is the assumption is that we're integrated, well, some places might be integrated but most aren't, we're just as segregated now as we were 30, 40 years ago. We have to be very realistic about that.

That then means that our schools are segregated, our churches are segregated, our restaurants are segregated, and we have to be very clear about that. The other thing when it comes to decommodification is that we've put resources in the markets, say, early childhood education, that people like us might be able to pay a lot of money for it.

We can put our kids in a rocket and send them to outer space by the time they're five years old. They know how to write, they know how to read, they know addition, they know subtraction. My second grader is doing like this advanced division. I don't even know how to do that. And I know stats. I'm like: what the heck is this he's bringing home? (Laughter)

So part of this is that, but we can pay for those resources, and the problem is that a lot of people have not had access to those resources. So, we need to think about de-commodifying what we put into the market to allow people the certain leg up.

MS. BUSETTE: Thank you. And Tom?

MR. SHAPIRO: Thank you. And it's a great pleasure to be here this morning because we are in the midst of such important work that it's really an unfinished project of democracy in the United States. And I really want to thank Brookings and *Contexts* for bringing us together this morning in person and on the web.

At the beginning I want to add and have us think about two important themes: understanding and narrative. We've had a quick contour about what the racial wealth gap is, but we haven't put any brainpower to it yet, any imagination; so just a quick set of numbers, if you will.

The median average, White family in the United States owns approximately \$171,000 in net finance -- in net well wealth. Everything you own minus all your debts. The average African-American family has about \$17,000, that's a dime in wealth for every dollar of wealth that that typical White family has.

The comparative figure for income, by the way, is about sixty cents on the dollar, so you see the humongous gap on income, but it is dwarfed, and it's part of the same gap, if you will, between Whites and Blacks in terms of wealth.

For Hispanics it's about \$20,000, so fairly close to African-American family wealth in that sense. But those aren't just numbers; those are numbers from one point in time.

If we ask the question: what happens to the same set of families as they and we move through American society, our history, our institutions, our policy, a post-racial understanding would have us believe that whatever the legacy gap is it would stay about the same. People are going to continue to improve or get worse in tandem.

Well that's not the case, otherwise we wouldn't be talking about it now. I would be talking about it, that not the case. 1984, the first time we get real information about normal American families assets and liabilities. The gap in dollar terms today was \$84,000 between a set of families, African-American and White families.

Twenty nine years later, three decades, from 1984 to a couple of years ago, that gap quadruples to about \$258,000, the same inflation-adjusted dollars. So we're talking about wealth begets wealth, unfortunately poverty begets a certain level of poverty, and the difficulty in transforming one's family, and one's self and one's community beyond that.

Now this is all very interesting in some ways because we know from some recent surveys a kind of equitable sense of the American population when they're asked: What do you think the ideal distribution of wealth in America should look like? And, yes, they break it by fifths, and yeah the top fifth gets more than 20 percent in our minds, and the bottom fifth gets a little less, but it's relatively aspirational and equitable.

When families are then asked, the same people are then asked: What do you think the wealth distribution is? It's a little more unequal, and then we see what the real results are, and families who've done that work are simply astonished at how underestimated their sense of what wealth inequality is in the United States. It's nowhere near what they think it is, and far away from the ideal. So our aspiration is about equity, but we don't come anywhere close to it in the United States.

A third -- another point I would like to get to is that no matter -- and both Sasha and Rashawn have alluded to this a bit -- no matter what accomplishments for Whites, Blacks, Hispanics, are comparatively equal, whether that's education, whether that's jobs, whether that's family structure, whether that's income, no matter what those similar accomplishments are that's the American ideal, if you will, we should be equally rewarded for what we achieve.

Doing so removes approximately half, depending on what we're controlling for, approximately half of the racial wealth gap, but it leaves that glass half-empty which raises, I think, a very profound question for us. When accomplishments are equal all that we ask for, in some ways that's what affirmative action, that's what equal opportunity is about, it assumes once we have those chances and we act on them, and we have equal accomplishments, then the rewards will be equal. No.

That leads us, it leads me, and I hope others, to begin to think about the narrative. That is when we talk about the racial wealth gap we have to get beyond where our mind immediately takes us, and that is lack of education, that is character, that is bad choices, that is conspicuous consumption, that is family structure.

Some of those obviously are important, but they are small cuts in the huge bleed of the racial wealth gap, and we need to look at the sources and the drivers, we need to look at American history, we have to have a confrontation, if you will, a Truth and Reconciliation Commission about what our past under what our present is about, and has been about, and what it delivers to the present.

And that's about policy, that's about history, that's about our legacy, and that is about our tax code among other things. So let me leave it there for the moment.

MS. BUSETTE: Thank you Tom. Tonia?

MS. WELLONS: Great. Good morning everyone. Thank you, Camille, and Dr. Ray, for having me. It's always an interest challenge to come behind researchers because they say everything that you would -- you'd think to say, and because I am not a researcher, I consider myself a professional in practice my remarks will be far more brief.

I am the Vice President of Community Investment at the Greater Washington Community Foundation, and I sit here from the perch of philanthropy. I think it's incredibly interesting to note that the Greater Washington Community Foundation is probably one of the largest philanthropies in the Greater Washington Region. We disbursed about \$98 million per year in grants, 67 percent of which stay in this region supporting the communities within our regional footprint.

And I often describe my role as sitting in the middle of the racial wealth gap in this region. We work very closely with high net worth individuals on the one hand, and with communities who are in need on the other, and we are often playing a broker role in trying to make sure that resources are placed where they are -- they're most needed.

In 2017 the Community Foundation, in partnership with the Urban Institute, issued a study called VoicesDMV and, you know, it highlighted a number of things that we already know, but it sort of brought to bear, in pretty quantitative ways the attitudes or perceptions of people who live in this region.

We asked the question around -- about housing and food insecurity in our region, and it was interesting because most people see our region as one of the more stable places, because it is from an income perspective, and from a network perspective; the DMV region actually fares pretty well relatively speaking. But one in five people in our region indicated food and housing insecurity over a 12-month period, and one in three people in our region indicated -- who are African-American or Hispanic indicated housing and food insecurity in our region.

This demonstrated itself even further during the Federal Shutdown, the longest Federal Shutdown in our entire nation's history, 34 days, when what we would consider high-income individuals,

or high-income -- moderate-income families after one pay cycle found themselves in soup kitchens, and trying to navigate social services.

I think it speaks to the notion that income and assets aren't the same. And I think that's an important factor that we have to discuss when we're talking about the racial wealth gap, because we mistake assets or accumulated wealth with incomes, which there have been some really, I think modest and impressive increases over the years, particularly for African-American families in this country, but it does not go far enough to repair or redress some of the historical legacies that have been left through slavery and Jim Crow.

And I also approached this topic which is in my story in the *Contexts Magazine* -- a shout out to *Contexts Magazine* -- from my personal perspective. My family is eight generations in this country, and I just hope you all know -- I'm just harkening back to Robert Smith's gift at Morehouse just a few weeks ago -- whenever we note that we are five generations, as Robert Smith did, or eight generations in this country for African-Americans it goes without saying, that it means we become -- we are up from slavery.

And so this is a personal, a personal topic for me because of what I know that it has taken for my family to move out of slavery into working-class, and then for me into -- to enter the middle class. Thank you.

MS. BUSETTE: Tonia, thank you very much, and thanks for sharing your personal story as well. So, you know, the racial wealth gap, as all of you have mentioned, is the result of conscious policy choices that have made it very difficult for African-Americans and Hispanics to earn income at parity, to enjoy employment benefits and to accumulate assets.

From your perspective, and Tonia I'm going to start with you. What have been some of the policy attempts to address this gap? And what, in your view, is a record of these policies?

MS. WELLONS: So I'll speak to one very specifically because it's actually my favorite one -- actually let me just, let me just go back a bit. I'll go back to my -- some of my personal background about kind of what got us from slavery to the working class, because I think it's an important story of land, of luck, and Jesus. You can't a good -- I'm from the South -- so you can't be a good Southern Christian woman without reference, some reference to Jesus, or faith quite frankly.

But, you know, the story for my family is that the three brothers who were enslaved on a plantation were able to work into a quote/unquote "land purchase agreement" with their former slaveholders, and eventually as we were approaching emancipation, owned the plantation on which my family were formerly slaves. Because we were landowners at the time we were also afforded the right to vote, which offered us some privilege that many in similar conditions just did not have access to.

I fast forward to, you know, my parents, which is kind of, you know, next generation who were high school graduates but were able to enter into the middleclass because of good factory jobs with great benefits. And I think it's important to talk about sort of the movement of Black Americans particularly into middleclass, solid middle-class lifestyles. Both my parents worked at the same factory for 30 years, imagine that, working together.

But it afforded us health insurance, paid sick leave, vacation, maternity and paternity leave, you know, all the things that surround income -- the protections that surround income. You know, with two factory -- parents who were working in factories we lived a very solid middle-class lifestyle, because our parents were -- received inherited land we were able to, you know, start early build and own houses, access loans that afforded me the opportunity to attend college.

I mean it's the classic kind of, you know, American tale of movement through -- of movement through -- into the middleclass here in this country. But we know that that was just not the case for many Americans, many Black Americans, especially, in this country.

One of the policy actions that I spend a lot of time contemplating, writing about, and talking about is affirmative action. I just wonder if we could just hold for one moment the beauty in the words "affirmative action" because it's been such a charged phrase that we miss the point around the beauty in the phrasing.

Affirmative means positive, action are just steps. And we've spent so much time over the last 15 years sort of dragging the framework through the mud that we spend no time fully appreciating the beauty in the language that was offered to us 60 years ago.

You know, I think it's interesting because racial equity, in my view, offers more charged language, to some extent, than affirmative action.

Anyway I just -- I always just want to pause for the moment so that we can hold space for

a policy that did work. I mean the overriding notion is that affirmative action was -- did not work, but in fact it was effective in making race-conscious -- race consciousness in both higher education and in Federal employment.

I draw attention very quickly to the progress that was made both in this region, and in cities like Atlanta, where we have, you know, a sort of thriving Black middleclass right now, because of the actions of mayors like Maynard Jackson, who, through his tenure pushed Federal -- local contracting from 1 percent minority contracting to 35 percent contracting.

Now, his legacy is great on the one hand for many of us, and incredibly charged on the other for others, but I think it goes to show that positive steps towards achieving race-conscious policies and decision making, can have and have had a very positive impact on moving people from up into the -- moving Black people, especially, into the middleclass.

MS. BUSETTE: Thank you, Tonia. So Tom, I hear you -- I see you shaking your head in agreement. And I know that you have published a very well-received book part of which explains the racial gap -- the racial wealth gap in terms of a range of policies and a range of practices, particularly around employment, and benefits, and things like that. I'm not sure if you want to go in that direction, but would love to get your reflections on some of Tonia's points as well as, you know, talking about some policies that you think have had merit and others that do not.

MR. SHAPIRO: Sure. Thank you. So let's talk first about the missed opportunities, and the history, the road that was taken away from us. And so it's a simple statement that in the United States more slaveholders were compensated from manumission than slaves, particularly actually we're sitting in the one area in the country, Washington, D.C., that compensated former slaveholders for the property, the chattel that was taken away from them by the Civil War.

That's a (inaudible) distinction to the step we didn't take, the 40 acres and a mule; the promise, the promise versus the reality. And we see that all along the line, and I won't go too deep into history, but as another focal point let's remember, or recall, or know about the Homestead Acts right before, and right during, and right after the Civil War in the United States, essentially providing sweat equity if a family could show that they could shelter themselves on the land and provide a livelihood for themselves, those were the conditions they got the land, with that sweat equity.

Approximately -- somebody did the modeling not me --approximately 25 percent of White property owners today can trace that property ownership back to the Homestead Acts. African-Americans were largely excluded by the way it was implemented, and remember the land, for the most part, was taken from -- stolen from Native Americans.

A road, providing land, providing livelihood, provided insufficiently, opportunities for one group, another group excluded, missed opportunities. I would just, because I know we want to tee up some of the contemporary policy solutions, and I want to leave some of that conversation for a little a little later in the discussion today.

But let's recall that virtually all of the -- what is it now 24 Democratic Presidential Candidates -- I haven't looked at the paper this morning, couch some of their policies in, that they will close the racial wealth gap.

That mantra, that beginning of public consciousness about the need to close the racial wealth gap, has permeated at least the rhetorical level of a certain Democratic base. Now, whether those policies will or will not, is an entirely different conversation, but it has teed up, among virtually all the candidates, policy agendas moving forward; from housing, to student debt, to all kinds of other -- to baby bonds. We could go down the candidates that almost all have their favorites, except for Senator Warren where she's got a bundle.

So I would -- I would leave it at that for the moment, because I think that, you know, we really want to get to some solutions, and which ones seem reasonable and feasible.

MS. BUSETTE: Great. Tom, thank you very much. And we are going to pivot a little bit because one, you know, you sort of left us at a place: Okay, what are we going to be doing? But also because Rashawn, who is next, has told us that we need to radically redesign the system. So I'm going to go with that, and I'm going to ask you what employment income and asset policies, or other policies, need to be considered to address and overcome the racial wealth gap both for individuals and families?

MR. RAY: Yeah. I mean I think to overcome the wealth gap social scientists and others have presented kind of a series of smorgasbord of potential options that I think are valuable. One in particular is thinking about a guaranteed income, so when we talk about what Tonia just discussed, about how in this area with the government shutdown, that there were a lot of people who simply could not pay

their next bills, and I think we have to be honest about the fact that 85 percent of Americans live paycheck-to-paycheck. People are one death, one sickness, people are one accident away from being in poverty and being homeless.

So I think we have to think about a guaranteed income and what that means, particularly as we think about benefits, which benefits is something that oftentimes gets thrown under the rug, but I mean if you have good benefits, health care benefits, life insurance, if you can find the insurance company, or a job that pays for these particular things, it ends up making your life better than others who don't.

And what we see in the private sector is that a lot of employers will hire people, they won't give them any benefits, or if they do they say you have to -- you have to get 40 hours, and then they don't give them 40 hours, and we see that time and time again.

I think another solution is baby bonds which essentially is the logic, and this is coming from William Sandy Darity, and Darrick Hamilton, and others, and thinking about baby bonds is the fact that when a child is born in the United States that they are giving a bond -- given a bond that they can then use as they get older to cash in on some of these things that are in the market.

So that might be, being able to pay for college, that might be putting money down on a home, that might be starting up a small business, all of these things that we know matter. Accordingly, another solution that's been touted out is thinking about loan forgiveness and, of course, this is in the -- particularly in the context of what happened at Morehouse.

And I think thinking about that, is it would be fascinating to do a study to follow these men who just graduated in 2019 from Morehouse with either their immediate predecessors or people who are coming after them, and looking at how, okay, they graduated from the same university, the top university, Morehouse is a phenomenal university, the same degrees, have we seen that their trajectories changed because one group did not have student loans and the other ones did.

Because one thing we know about the racial wealth gap, and part of it -- again I think a couple of people have alluded to this -- African-Americans have always bought into the American Dream, even when they know that it wasn't afforded to them equally, they still bought into it 150 percent full throttle, because the logic was that if I make these achievements then I will be treated like everyone else.

So somewhere in the back of their mind they think that that's going to happen. So we could actually look at those men from Morehouse and compare them to look at things look at things going moving forward.

I think the other thing we can think about is down payment assistance. So now in a lot of regards there have been a series of programs that have done this, the problem is particularly when you look at certain types of mortgage loans. People get adjustable-rate mortgages on loans, those aren't the good loans that we want, because we seen that happen over the past 50 years or so with the housing bubble.

And the way we kind of think about wealth, or how we think about just what happens with neighborhoods, is that when America kind of catches a cold the Black community gets the flu, and part of thinking about that is that the recession hit African-American and Latino communities much harder, sooner and quicker than they hit predominantly White communities. And I think we have to be very clear about that.

So thinking about down payment assistance is the fact that, yeah, people were able to get a home, but they got an adjustable rate mortgage, which might mean for people who were trying to make sense of this: you get a home loan, say, you sign the papers at 4 percent, and we know, based on some Department of Justice decisions that all of the major banking companies, Bank of America, Chase, Wells Fargo, were all engaging in what we call predatory lending.

What this means is that you were giving some people a bad loan and another group of people a good loan. So to be specific about what I'm saying, then I'll make this quick point. It's we need to do something about the mortgage insurance payment, so for those who don't know, if you don't -- if you don't have the 20 percent to put down on a home, because 20 percent is standard.

So when I tell -- when I tell students this it blows their mind. I'm like, okay, you're trying to buy a \$400,000 house, you need 20 percent. I'm like, \$80,000, who has \$80,000? Well, people whose families got land from the Homestead Act, who take out a home equity line of credit to give it to their kids to put their 20 percent down on a house. That's how they get it. They don't even have to know where it's coming from, they just know mommy and daddy has it because granddaddy and great-granddaddy had it. Because most time it was men, right, because we didn't run things through women, because women

couldn't get these things.

Supposedly they couldn't do the same sort of things that men could do, and this is part of why we still see the gender gap in pay exist today. But we can talk about that part too. But the point is that we have to do something about the mortgage insurance payment which is really messing people up.

And to be very specific about it, I do this quick analysis in class for my students where I say, if you have a \$400,000 house, you put 20 percent down and you get a 4 percent interest rate, how much would you pay throughout the 30 years? You end up paying about \$650,000. Okay?

Now, imagine that interest rate increases just 1 percent, from 4 to 5 percent, you end up paying \$720,000 throughout the course of that loan, \$70,000, imagine what you could do with that money. I've got two kids; I could basically almost them both of them to college with that, well at least tuition, maybe not housing our college campuses, which is something else we could about. But the important thing about this is --

MS. BUSETTE: That's quite an agenda, quite an agenda here. Yeah.

MR. RAY: Yeah. Yeah. Well, part of this is also coupled with then the 23 percent that we know African-Americans don't get in their homes, because this is considering that things are equal. So I think we have to think about what we do with home loans.

And the final thing that I'll say, I really think we have to think about reparations, because in reparations specifically for African descendants of slaves -- and Tom essentially just alluded to this -- when we look, historically, and we look at the fact that not only was it that African-Americans didn't get the 40 acres and a mule, but it was the fact that White slave owners got paid for not having slaves anymore.

You see, we are not just talking about going down, we are talking about a group got something while another group didn't. When we fast-forward we talk about the Homestead Act, some people got land, and some people didn't. Native Americans, a lot of that land was land that Native Americans were allocated following what most people know as the Trail of Tears, when they were put off of the land in the Southeast in particular in the Midwest.

That then that land was taken from them, even though, it's important to note, that reparations in some form were given to Native Americans in the form of this land the same way that that Jewish Americans, and Jews around the world who were persecuted by the Holocaust in many regards, if

they're living, are still receiving payments. The same way the Japanese-Americans who were interned during World War II received payouts.

African-Americans are the only group that has been systematically disenfranchised by the American Government who have never received payment for what we are talking about here, which is not just slavery, we are talking about convict leasing, we're talking about Jim Crow. This isn't just a thing that happened before the Civil War, and so part of thinking about affirmative action, for example, affirmative action, of course it helps African-Americans, but it's put in place to help a host of marginalized groups.

And that was only put in place to move forward, that wasn't put in place to correct things moving backwards. And I think that obviously some presidential candidates are playing around with this. You know, I think we have different views on what that would look like, but I do think that these are all solutions that we need to be thinking about.

MS. BUSETTE: All right. Well, that's quite a basket. You're going to add your voice to that?

MS. KILLEWALD: Sure. Yeah. So, I mean, obviously I agree with everything you said, and I just want to maybe echo and kind of bucket those different ideas. And so I was pre-conferencing with my husband to try to try out some of these ideas, and he had an analogy that I thought was sort of helpful, which was, like if you hit my car, you just owe me for the car. It doesn't actually matter what I'm going to do with that money, and it doesn't actually matter if my new car would or wouldn't be as good as the car you drive, you just owe me for the car.

And so I think that's reparations, right? It's just that is an amount that's owed. Then there's this kind of other set of what I would call class-based policies that you mentioned. So things about down payment, and so forth, that of course because of the way that we have disparities in class that are correlated with race, would disproportionately benefit folks of color, but are not specifically targeted.

And so I think, you know, those are all to the good, but I also think we have to target things that are actually about race, and particularly about racialized, contemporary institutions.

And so the car analogy for this is: I live in Boston so my car is going to get rusted out, right. And so you can compensate me for that by buying me a new car. I still live in Boston and I

guarantee you my car is going to rust out again. Right?

And so it doesn't mean it's not good to buy me a new car, that's the social origins piece that is good, but if you don't change anything else, and again keep in mind that even if we equalize social origins we see worse outcomes for African-Americans and Hispanics compared to Whites.

And so my question is, even if we do all these social-origins-based policies, and could really close that gap, how many generations is it till we are back where we are today, right?

And so I think this is not a one-stop-shop for policies, and so I just -- that's the only piece that I want to add because I think we also have to target things like, you know, contemporary housing discrimination, school systems, and so forth, not just class-based policies, and reparations which are more focused, I think -- they're more backwards-looking I think.

MS. BUSETTE: That's a great and exciting sort of set of policies and a conversation about origins. As I know, the panelists know, and many of you know, last year Raj Chetty and his research group, now based at Harvard, demonstrated through some of the work that they've done, data analysis and quantitative work that they've done that merged Census and IRS data, that outcomes for -- economic outcomes for Native American boys and African-American boys are the worst of any other sort of cohort of grouping.

And so I want us to just sort of think about that as I ask the following question. So, we know that the 23 or 24 Democratic Candidates that are, you know, currently running for President -- or as Tom mentioned -- thinking about some kind of equity-based policies, these kinds of policies, you know, are taking place in a context of public opinion. Public opinion obviously about, you know, what's happening politically, but also public opinion about who is deserving, and who is not.

And so I'm wondering, as we think about equity-based, you know, proposals that are coming out, and some of the policies that we've just discussed here: what is the importance of public opinion in shaping the policy canvass and giving latitude or constraining the policy space for equity-based policies? And so, Tom, I'm going to start with you.

MR. SHAPIRO: Sure. Thank you. So, I want to go back to a point Tonia made about Atlanta and Washington, D.C. Policy followed power, power did not follow policy. Community organizing, who the electorates are, popular opinion, what gets pushed. I don't think you're going to see the similar

kinds of subcontracting agreements in cities that are predominantly White, but will stay in place. It's what's been in place for a long period of time that came about by the same process. Policy followed power, power was different, and so the power has got to be -- got to be raised.

I would start in the policy realm as a way of aligning and changing public opinion and public consciousness, if you will. I would start with: let's stop the harm, let's identify where palpable, concrete, everyday harm is being created in an inequitable way, and let's reverse that, because I think that's a good window into helping people understand the impact of policy on populations.

And so, I'm not going to leave that abstract, I want to talk a little bit about the tax code of the United States Government and the way that homeownership is subsidized to the tune of approximately \$400 billion a year, it's not a one-off, that's every single year; right.

Going back in time and moving forward depending upon what reforms look like, approximately 84-85 percent of that 400 billion goes to the top 10 percent of income earners in the United States, that subsidy arguably goes to those of us that are homeowners that will be homeowners anyways.

MR. RAY: Yeah.

MR. SHAPIRO: Maybe it's a slightly smaller home, a different -- whatever it is, we're going to be homeowners anyways. If that 400 billion were distributed somewhat equitably I don't think we'd be having this conversation, we'd be having a different conversation. But it's not. It's institutionally discriminatory against people of color by the way it's implemented.

MR. RAY: Right.

MR. SHAPIRO: When we tried to do -- we had to do -- so we've tried to do some modeling, but race is not on our tax form, so it's a little hard data to get at, you have to use some fancy surrogates. Nonetheless, what our data showed us was that African-Americans and Hispanics left on the table in the tax subsidy for homeownership alone about \$15 billion a year.

So when we talk about, you know, these insane conversations, how can we afford to do these things? The fact of the matter is we're affording and financing harm right now, and that's a place to start. That's a place to start. Unfortunately, in some ways, and maybe it's a little too wonky for this morning, but changing the tax code may be one of the least democratic spheres of influence there is in the United States.

It gets written by a small group of largely White men, in what used to be a smoke-filled room, about a dozen people. But I think popular pressure can change that, and that starts with understanding, it starts with narrative, and it starts with power.

MS. BUSETTE: Thank you very much. Tonia?

MS. WELLONS: So, I'll just offer urgency and patience. I think what we've done too frequently is lose faith in a policy that we see working when it comes under attack by popular opinion. And I think if we are to watch our colleagues on the other more conservative end of things, there's persistence. There's persistence in pursuing a policy agenda that speaks to their policy agenda. And I think we caved too -- as I caved -- one, the liberals caved too quickly; I'll speak for myself as on the wayside, cave a little bit too quickly.

The moment that a policy that works to benefit a targeted population and it comes under attack, we kind of throw our hands up and say, okay, let's try something else. And I think it's the stop-start nature of things that has prevented us from seeing the real gains that we actually do.

I mentioned urgency because, you know, I think we take for granted that we have, you know, the next 100 years to solve this problem. It has to be prioritized now. I appreciate that perhaps one of the best things that has happened under this current leadership are these many conversations around racial equity. We have many research studies around racial equity that's seeding the fertile ground for power, hopefully, and policy that will really push an agenda forward where we can begin to close the racial equity gap in this country. I think I'll stay there.

MS. BUSETTE: Okay. Great. So, Sasha?

MS. KILLEWALD: Yeah, I mean obviously I echo everything that you said. One thing that was sort of on my mind was thinking about the language that we use, and that there's often a lot of confusion. I was thinking particularly this term reparations. People mean many, many different things by reparations, and I commend to you, if you haven't already listened to it, *The New Yorker Radio Hour* did something recently on reparations, and I was struck even across the different folks they interviewed, people were talking about quite different things.

And so I think that's a place where there's room for us to say, this is specifically what I mean by this, or to say like what I'm talking about baby bonds, this is specifically a class-based policy that

I think will disproportionately benefit people of color, or something like that, to kind of help people know what it is that we are suggesting exactly.

The thing I thought about rhetorically, it's very tempting for us to say, those at the top, you benefited from privilege and inheritance, da-da-da-da, those things are true but people don't feel things that way, right.

And so when you say to somebody those things it sounds like you're saying: you didn't work hard, right. And I think saying, oh, of course you worked hard, but think about all these other folks that also worked really hard but didn't have other supports.

In individual conversations I found that a sort of productive way to move forward. To say, this doesn't have to be an attack on your character, but think about these other folks who worked just as hard in school but didn't have the same kind of policy supports, or whatever it might be. So that's one way that I think this public opinion bit we can try to target a little bit with our language.

MS. BUSETTE: Rashawn?

MR. RAY: Yeah, I mean I completely agree. I think on the front about people working hard, you know, I think the GI bill becomes probably the best example, historically, in the sense that during World War II of course we had the draft, eight out of ten men born during the 1920s were drafted to go to war.

Part of thinking about this was across race, it was for Blacks and Whites in particular, and when they returned home of course the Great Depression had hit, and one of the ways that America generally jump-starts its economy is through a war. I mean that's one of the things that we kind of have to think about.

And so part of that is -- of course there was a lot of resources being put into the Military, and part of thinking about that is that veterans returned home and they got GI bill money which, still, to this day is one of the largest Federal Government initiatives in U.S. history.

It allowed veterans to purchase homes, they got grants to purchase homes, they were able to get grants to start up businesses, they were able to go to college, and they were also able to send their children to college. Those were things that were due veterans who served our country.

And Memorial Day just passed, and I think that's something that we really have to

acknowledge, the people who are putting their lives on the line. The problem, however, is that everyone wasn't allocated those resources in the same way. So, these policies were mandated federally, but they were implemented locally. So, what that meant was that White's got these benefits and Blacks didn't.

But both groups worked hard. They were side-by-side on the lines fighting for the United States in that particular war. And part of that then is the legacy of historically Black colleges and universities, which is something I think we have to bring up, in the sense that during that time you started seeing a plethora of HBCUs come up.

And I think we have to -- part of what happens, the narrative about HBCUs is that they don't do well and they're underfunded. And instead, I have a very different view of them, I have the view that they actually weren't meant to last, they were meant to be a buffer in a form in which segregation was happening in the United States, and African-Americans, like say Parren Mitchell, for example, who was the first Black Congressman in Maryland. couldn't go to University of Maryland.

And so Thurgood Marshall took his case, he ended up being the first African-American to take graduate courses. But part of thinking about that is that most of them went to HBCUs, underfunded HBCUs. And here we are almost a century later, for many of them over a century later, and they're still here.

I think that says a lot about what people in that particular community can do with a little, and end up making a lot. And so, you know, I think that's something to think about.

I think the other thing is thinking about -- and we're talking about what not just what wealth does, but how it makes you feel, and what you can do with it. Neighborhood resources matter a lot. I mean when we start talking about wealth, I mean we're talking about nicer grocery stores, healthier restaurants, parks, gyms.

And I think Abigail Sewell at Emory has done some great work on this, looking at the impact that wealth or poverty has on people's health. And I think one great study is a study looking at telomeres, which are the extension of your cells.

And what this study found was that Black teenagers, Black male teenagers who live in impoverished neighborhoods, their telomeres were short, and basically the same length as elderly men. So we could think about their health trajectories and what that might mean for them being in that

particular neighborhood compared to other types of neighborhoods.

The final point, when it comes to reparations what that might look like. I mean people have different views, as Sasha was saying, I think it's definitely up for debate, something to discuss, but I think this discussion has to happen, particularly with the Commission and other things that needs to happen.

I mean some people have totted out where we can look at the way people have identified on the census over the past decade, and that we could use some genetic testing and those sort of things. Other people saying, well, if we don't make individual payments to people we can invest in neighborhoods, because we know neighborhoods there's a certain threshold where it's a historical legacy of Black people living in a particular space, and you invest in neighborhood resources.

I mean I think all these are viable options, but I definitely think the problem now is that there aren't social scientists and policymakers coming together to sit at the table to hash those things out. And if one thing, hopefully when 2020 it comes out, is that that needs to happen.

MS. BUSETTE: Thank you very much. So, in about five minutes we are going to turn to the audience, so start thinking about your questions.

But this is a rapid round, so I need one idea and it needs to be crisply articulated. You are the Social Policy Advisor to the Democratic Candidate for President. We've winnowed it down, and we have one candidate, and you are going to tell that candidate the one policy that you think she or he should pursue in their first year of office to address the racial wealth gap. What is that policy? I'm going to start with Tom, because I'm pretty sure he has an idea. Go ahead.

MR. SHAPIRO: I only get one?

MS. BUSETTE: Yes, only one.

MR. SHAPIRO: All right. I'm going to leave a lot of the evidence aside because I know they're going to be picked up, because I and a small team had the great opportunity to work on helping to design and model the Senator Warren's student debt cancellation. Surprise; I'm going to talk about that.

Student debt cancellation, approximately cancel \$50,000 up to -- a family income of up to a 100,000 and then -- and then it phases out. All right, a racial equity filter on that, well, shows the following: African-American students have a higher prevalence, a higher ratio of debt, and a higher debt

load that they accumulate to pay for college, no matter what kind of post-secondary education or college that might be.

Twenty years later, 20 years later the White debt that starts off at about \$18,000 is down to less than 1,000. African-American debt is about the same, it's about \$19,000. Over 20 years one group, I won't say paid it off, has it paid off because there are a lot of sources to that. African-Americans are still basically paying down principal.

That's the way in which student loans, the way we have financed higher education moving from a public investment model to a privatization model, as a way -- a privatization regime has impacted all students, but is much more devastating for African-Americans.

Last point real quick: when we compare African-American students who had borrowers, versus Whites, the wealth difference is \$15,000, and that comes not just from the debt that comes from other occupation -- other occupational aspects that they're involved in. So education is really important and, in fact, does pay off but it pays off very differently for different groups in the United States. So I would -- that's one place to start.

And finally it is hugely popular, the Warren proposal immediately surveyed at 64 percent favorable; incredible.

MS. BUSETTE: Excellent. Not crisp but excellent contribution. (Laughter) Sasha?

MS. KILLEWALD: I'll compensate. The Reparations Commission.

MS. BUSETTE: Okay. Rashawn?

MR. RAY: I'll go with loan forgiveness. I think it could be set up similar to how say NIH does it for researchers, and part of that could be aiming to overcome the brain drain. So, you know, African-Americans, as we move up we leave the neighborhoods where we are, but the program could be part of you getting loan forgiveness is that you go back to where you're from and actually engage in a certain type of programming in exchange.

MS. BUSETTE: Excellent. And Tonia?

MS. WELLONS: I'd go with truth and reconciliation, and reparations. I had the benefit of spending time in South Africa in the immediate post-Apartheid era. They got the Truth and Reconciliation part right, they did not get the individual payments part right. And I think that's -- there's a lesson that we

can learn. And yeah, I would go with individual payments for reparations.

MS. BUSETTE: Great. Well, thank you very much. With that we are going to entertain questions from the audience. So the way this is going to work is, you're going to ask a question, and we are going to take three at a time, then take it up to the panelists, and they can answer whatever question they select, if they want to select a question. And then we'll go back out to the audience for another three.

So we need to get some hands up. And do we have anybody running mics or? Yes. Okay. So let's get these two people over here and the gentleman over there.

QUESTIONER: So, me first?

MS. BUSETTE: Yes. You can go first. And you're advocating for yourself to go first, that's great.

QUESTIONER: My question is that, what do you do with the pushback? Not only by the Republican Party, per se, but generally, people who feel they're not going to benefit from change, and I give you an example of the Affordable Care Act. What do you do with, you know, the pushback by the majority Whites?

MS. BUSETTE: Okay. Thank you. There was a gentleman back here. And then somebody right next to you over there. And those will be our first three, and then we'll go back for more. Go ahead.

QUESTIONER: Good morning. A quick note; when we talk about reparations, Trevor Noah actually has a very good commentary on that which is worth researching. Nonetheless, when you're talking about neighborhood improvements, my organization, Grounded Solutions Network, introduced a report on shared-equity housing which has avoided 99 percent of foreclosure crises; 95 percent affordability for those under 80 percent API. And six out of ten use their equity from shared-equity housing to purchase market-rate homes.

Nonetheless, Opportunity Zones have been a new norm and a new standard that's talking about revitalizing these traditionally disenfranchised neighborhoods, so when we are talking about these neighborhood improvements: how do you see Opportunities Zones playing a role and being able to lift up the equity deficits and the different disparities that have traditionally befallen them? Thank you.

MS. BUSETTE: Great. Thank you.

QUESTIONER: Hello. Thank you. I've heard it argued that in addition to past and current discrimination one reason for the racial wealth gap is that, on average, obviously with numerous exceptions, African-Americans have had children at a younger age, and have had more children. Is that an accurate factual predicate? I have no idea. And if so what's the relevance of that?

MS. BUSETTE: Okay, great. So, we have obviously a question about assumptions having to do with childbearing, and a discussion about Opportunity Zones, and what do you do about pushback in the policy realm. Those are our three questions.

MS. KILLEWALD: Okay. I'll take the last one. So in my other life I'm a family demographer, so I'll just -- this is not exactly my area so I'm a little bit over my skis, but just in broad terms, fertility rates between Blacks and Whites are pretty similar at this point. So I think that's not a substantial contributor.

The other thing is kind of curiously to me, I think the research is pretty ambiguous about the role of kids on wealth. So on the one hand, kids are super expensive, on the other hand they really motivate people to save a lot so that the kids can have things. And so I do think that's an area that we need future research, but I don't think that there's strong evidence that that's a substantial contributor.

MS. BUSETTE: Great. Excellent.

MS. WELLONS: So, I'll mention quickly around -- your question about Opportunity Zones. I think they absolutely have the potential to serve as a useful community investment instrument, that they're not necessarily designed right now to do that. They are designed as financial instruments, as tax shelters. Unless there's an active organizing strategy around advocating for community benefit, community investment, there will be no real community benefit to Opportunity Zones.

And, you know, the instrument is there but the policy framework does not support broad spread community investment as it stands right now. Not to say that it can't be managed, pushed, organized to accommodate community interests, but as it stands right now it does not.

MS. BUSETTE: Okay.

MR. SHAPIRO: Good. So, that leaves the pushback question. And let me let me take that up, if not crisply, with a little bit. I want to go back to power, and I want to go back to the importance

of community organizing, and the absolute necessity that this has to be part of a larger movement that incorporates racial justice and economic justice, and we need to -- it's hard work.

As a good colleague of mine says, hegemony can't be undone overnight; it also can't be recreated overnight. It's hard work. I'm actually thinking maybe we're thinking of two different things about the Affordable Care Act, but I think actually the Affordable Care Act is an interesting case where once people start to actually get the benefits of it, it's going to be really hard to take it away.

It's one thing to talk about something abstractly, once it's embedded in people their ability to support it and willingness to fight, transforms itself. And I think that's the case among all groups. And I think that the longer that the Affordable Care Act is embedded in policy, the stronger that support is going to become.

So, I think policies that have palpable benefit for wide swaths of the population but -- and that impact the most vulnerable, and the most fragile, more greatly, are going to have popular support. And I think that that's, lastly, the way that we talk about it, and narrate it, and frame those policies over time.

MS. BUSETTE: Thank you. Are there three other questions? Oh, wow. Okay, so we have a gentleman over here with glasses, we have a gentleman here with the purple shirt, and a young lady with the peach jacket on; so three over here. We'll get to you next.

QUESTIONER: Thank you. Dr. Ray I want to challenge a comment you made about Black people supporting Black businesses. My question is really about the psychology of wealth, specifically people who think in terms of being consumers of wealth versus producers of wealth. And I'd reference the fact that Black businesses generate about 187 billion in revenue every year, but the Black consumer population in America spends every year about \$1.2 trillion.

So, if you would reflect on that differential relative your -- relative to your comment about Black people supporting Black businesses, and relative to the psychology of wealth, I would be intrigued with what you have to say.

MS. BUSETTE: Great. Thank you. The gentleman with the purple shirt, yes.

QUESTIONER: Hi. Yeah. Bradford Wiles from the Kansas State. And one of the things that Dr. Ray mentioned was access to early childhood education is one of the benefits. And I'm

curious to get your thoughts on how -- so we know that that has benefits through multiple different long-term studies, but in terms of differential treatment and this sort of latent racism that exists, what do you propose in terms of those strategies? So not just the access to the quality of affordable care early on, but in adjusting the way that those children are then differentially treated?

MS. BUSETTE: Okay.

QUESTIONER: Thank you. So, Dr. Shapiro, Professor Shapiro, you mentioned the tax policy which I think is an intriguing way to begin to address some of the current racial wealth gap. So, I'd be interested in what would -- what you'd suggest in terms of the first and second steps to take, especially in the political environment that we are in right now?

MS. BUSETTE: Great. Excellent. So a tax policy question, which we are going to have Tom weigh in on; a question around early childhood education, and whether access is enough, or whether in fact there has to be a really sharp focus on the way early childhood education supports children of color; and then a question about the psychology of wealth, the differences between it being a consumer of wealth and then being a generator of wealth.

And that, well, first go to Rashawn, but of course others can answer. Why don't we first start with early childhood education one?

MR. RAY: Do you want to --

MS. KILLEWALD: No. You go ahead.

MR. RAY: Okay. Okay. So, I think when we talk about not just early childhood education, but really thinking about throughout the education life course. I mean obviously we know that racism is embedded in educational interaction. So, not just the fact that schools are in impoverished neighborhoods which completely kind of obliterates the type of resources that come into the schools, which is a part of it, that's a structural part of it.

But then we also know there's an interpersonal dimension in the classroom, where, we know that Black and Latino kids in particular get profiled and policed in the classroom in a way that other students don't. And so I think we have to address those particular things.

I have some specific ways that I think we could deal with that. I think one way is through thinking about experimentation. So we know that there are studies that recently came out where they've -

- you know, and I'm doing a whole lot of stuff with virtual reality, not just in policing but in other realms, where they put glasses on teachers.

And in short, they find the teachers, and they can measure down to the millisecond, that they zone in on Black students, in particular Black male students more than other students in class. Even though, as you all know, kids are doing the same stuff for the most part in class. I mean they just -- that's just what kids are doing.

So part of it is how we deal with that, and I think we deal with that through more advanced teacher training, and it's not just about that some, you know, lukewarm diversity training, but it's really taking people through a form of experimentation and telling them, this is how you perform in this space. And so let's deal with you dealing with that.

On the structural end, I think part of the radical redistribution is part of what happens now is the logic is that all kids are going to get equal education in the United States. Pretty much everyone here should know that's a fallacy, but part of what we can do, and part of the reason why that's a fallacy is because schools are primarily funded through local property taxes.

So what we have to do is we have to redistribute those funds, say throughout a county, because if you take cities like Memphis, St. Louis, Baltimore, what you see is that they have a city, and then they have a county government school system. That's so that they can actually split up the resources, and instead of those resources being put together and then distributed equally, I think we will start to see differences.

And I think -- and I think part of what we will start to see is teacher salaries increasing, which is a large part of the problem. There are a lot of potential teachers who opt out of being a teacher because of pay, and because of the stress of the job. And so part of that, I think what these different changes would do is kind of move us toward dealing with more diverse schools. Like I grew up in Atlanta, I was bussed. I could talk about that experience afterwards if you're interested in that.

But my experience was decent, but part of that was because they were only bussing kids who made good grades. So, my friends who were just as smart as me weren't getting bussed, because they had already kind of opted out, of the fact that the school system wasn't invested in them.

I'll make a quick point about the consumer producer part, and oh, the psychology of

wealth. I think part of everything about the psychology of wealth, and the fact that the logic is that African-Americans spend a whole lot of money, a whole lot more money than other groups. It's interesting, typically we only have the stat about Black people spending money, but White people spend a whole lot of money too we just don't necessarily frame it that way.

I think the other part of this is thinking about the fact that their studies show, and there are a couple that are really important here, by: Kathy Edin has done a lot of work; and they Louise Seamster, who actually published a piece in the *Contexts Magazine* that you all got, who shows that low-income mothers, in particular, are actually more frugal with their money than people who have more money.

People never built wealth through savings, it just doesn't exist, so the whole logic that people's going to save money and have \$80,000 to put down on a house, that's just not what happens. So I think we kind of have to -- but to your point, I think we have to think about, important thing about these tax incentives and thinking about Opportunity Zones, is that what you're starting to see are people coming together to hoard their wealth.

So while one individual person might not have the wealth -- a Black person might not have the average wealth of a White person but five or ten African-Americans might come together and say, we're going to invest our money in these Opportunity Zones, and start to do something about what's happening locally. But I look forward to talking more about that.

MS. BUSETTE: Excellent. Now, let's get really wonky, tax policies, the first, where would you start -- first and second steps?

MR. SHAPIRO: So first step in our minds, we need to stop thinking in silos. And we need to understand how all the systems are talking about are really intersecting, and as a quick example about African-American businesses, entrepreneurship, spending, student loans; that 20 years after the loan the average African-American is still paying approximately \$300 a month. The White borrower who owes less than \$1,000 is paying a lot less.

Where can people spend? Where can they save? Where can they invest? Where is a down payment from the home is going to come from? What other debts aren't going to be paid off? Systems go between each other and the intersection there is really critical.

On subsidizing housing through the tax code, very quickly, my strategy is that we could close this door and literally within a-half-hour we could redesign the whole system. It's not that difficult, it's difficult to understand how we got to where we are now in terms of the distributional aspects.

We want we want to think about housing first as shelter and as a public good, not as an investment strategy. So, I want to take that \$400 billion. And I want to save every single penny of it, and reinvest it, and retransform -- it's already being redistributed to the top, right, we need to undo that redistribution to the top; and talk about a flat level for renters and homeowners, talk about help on first-time down payments, help on community building.

And we could take that \$400 billion and distribute it in a much more equitable way that provides a greater standard of living for all people in the United States while it impacts communities of color much greater.

MS. BUSETTE: Okay, great. Thank you. We are going take three more -- did you want to say no --

MS. WELLONS: No.

MS. BUSETTE: Okay. We are going to take three more questions, and they're going to come from this side. So the gentleman with the blue shirt with red on the collar; the gentleman with the -- in the suit with the bowtie -- and the gentleman with the blue shirt back there; those are our three.

QUESTIONER: You've put forth a lot of great policies, and a lot of efforts have been made over the years to address these issues, but the real question is: whether any of these policies will actually be fully implemented, and whether or not capitalism and racism are intertwined, and one cannot survive with the other?

My daughter is a professor in sociology, and that's the argument she always makes -- (laughter) -- racism will not go away until we get rid of capitalism. So, is that true or not? Thank you. (Laughter)

MS. BUSETTE: Okay, racism and capitalism are intertwined, talk amongst yourselves. Okay. (Laughter)

QUESTIONER: Okay really, so let's get to where the rubber meets the road here, because the bulk of wealth and wealth transfer has come through the ownership of property, and homes,

and home ownership. The opportunity now on a policy side, is there is a reformation going on right now in housing finance with sort of the remake of Fannie and Freddie, who control \$3.5 trillion worth of mortgage loans and a \$5 trillion market. What policy and policy ideas do you have there to really address that issue on something that's happening right now today?

MS. BUSETTE: Okay.

QUESTIONER: I thank you, all, very much. My question is simply, we've talked a lot about the domestic nature of these policies. Is there a global level to this that we should be aware of that's implemented in racial wealth inequality? And if so, how would you suggest we tackle that?

MS. BUSETTE: Okay. So, a question about the global sort of reference points for dealing with inequity and inequality. This question about the changes that are happening in Fannie and Freddie and what opportunities now that those are sort of being redesigned, what opportunities do we have to think about wealth, and equity, and the wealth -- racial wealth gap as those policies are being redesigned?

The first question was really about the intertwining of capitalism and racism, and is it really possible to separate the two, in this country I'm assuming? Okay, great. So, those are really simple questions. (Laughter) So, Sasha, I'm going to start with you.

MS. KILLEWALD: Sure. I guess -- I don't know, I may have a couple thoughts. So, one, sociology professors the worst, right, for these kinds of things. One thing I think we haven't talked about that is useful to bring into the conversation; Tom mentioned earlier something about the growing absolute wealth gap across decades at the same time that the relative gap has kind of fluctuated. And so one thing to keep in mind is we're also in a context of growing wealth and equality writ large.

And so that pulling away of the top, stagnation or decline at the bottom, you know, because of how wealth is patterned by race has the effect of exacerbating the race gap. So, one I think manifestation of a particular brand of capitalism at this moment, that it is having the effect of exacerbating wealth inequality. I know it's like not the deep level of your question, but it's one thing that we haven't talked about yet.

In terms of the homeownership point, again, it's a little bit off-center from your question, but one thing I just want to flag is that it's certainly true that most people hold most of their wealth in their

home, which doesn't necessarily mean that their home is how they gained most of their wealth. So homes do matter for accumulating wealth, but you could only get that house if you've already accumulated a substantial amount of -- well, for the reasons that Rashawn mentioned earlier.

So I think housing policy is absolutely important, but income inequality is also going a long way to contributing to the racial wealth gap. So, you said that people don't accumulate wealth by savings; I don't think that's quite right. I think that for folks in the bottoms, or half of the income distribution, more income doesn't translate into savings, because if you have an apartment with no heat you need to get an apartment with heat, you don't need to put money away.

But towards the top-half of that income distribution, especially like the top-quarter, you see people putting away a substantial share of their income towards wealth, so I think it's the both (inaudible).

MS. BUSETTE: Great. Okay others?

MR. SHAPIRO: So, let me chime in on the global, and let me stay away from housing, because I've been too wonky on that already. When I think about the global, I think about actually two things, one is the lessons we can learn from elsewhere in the world. And I'm thinking South Africa, I'm thinking the U.K., I'm thinking of several other societies that have attempted to redress racial and wealth inequality in the past.

And I absolutely agree, and we're going to talk about this later, the South African model is the one to be avoided. Where you get democratic transformation, really critically important, not to be -- not to be misunderstood -- but you don't see a transformation in the economy at all. In fact you could argue it's gotten worse. So that's a -- that's a schism that we need to avoid and that's a lesson to learn. I think there are other lessons like that.

The other part about the global context, I would suggest, is not just about globalization, it's about wealth inequality has been ramping up globally, but not at the same pace. We see that in the United States, in fact among the industrial nations, it's much worse, and we are beginning to understand that's because of policy.

That's because of the way we have subsidized, and aimed policy to redistribute to the top, and not have very many penalties for that, where other societies have taken that on. That doesn't

mean they've corralled wealth -- widening wealth inequality, it just means they've ameliorated a bit. So I think it's -- when I think of global I think of wanting to look at the lessons, policy and movements.

MS. BUSETTE: Excellent.

MS. WELLONS: I'd only add to that the connectedness of social and political movements, and just, you know, acknowledging that a lot of what happens in the United States' context is often replicated, good, bad, or indifferent, in other places around the -- around the world. You know, I think about the similarities between Jim Crow and Apartheid, between sort of Black empowerment and the civil rights movements here in this country.

I think we'll see the same, some of the same types of conversations that are already at play in Africa and the Caribbean and Latin America around the impact of Colonialism; sort of making the case for reparations, or other methods of repairing the injustices through those policies, and our historical legacies, our shared historical legacies.

MR. RAY: I'll make just two quick points. On the home, on the home loans I think we need a standard system for loaning so that your zip code doesn't determine the type of loan you get. We know that you go to two or three different banks, and depending on where you're trying to purchase at, you get drastically different -- different types of loans that you can -- that you can get.

Second, I think we need down-payment assistant programs without the mortgage insurance premiums. I think these sorts of things really start to do something to reduce the gap. And, you know, to Sasha's point about savings, when you have more money you're able to put more money in a 401(k), you're able to purchase a life insurance policy.

When you're low income, not only can you not do that because you don't have the money, but those options aren't even available to you, because your employer might not even have a 401(k) program that you can even invest in. And I think these are the ways that we can start thinking about savings and wealth.

MS. BUSETTE: Great. So, one thing I will say -- just Moderator's prerogative here -- just to talk a little bit about the issue of, kind of joining up the issues of reparation, and some of these issues we've uncovered here about housing and housing finance is that, you know, there are several ways to think about reparations which my colleagues have discussed here, but one way to think about reparations

is also to consider the continuing sort of systemic discrimination against certain groups.

And when you think about the remaking of housing finance, so you could -- that could be one of the elements of a "reparation strategy" and you would get rid of -- you know, the need for PMI. You would have down payment assistance, and you would make sure that you're having equal chances to the same kind of loan, prime loans, regardless of your zip code.

That that should be sort of enshrined in a rewrite, but in addition, we need to make sure that we're continuing to capture data from lending institutions, because if we don't continue to capture that data we will revert to where we were in the past.

And so I think there are a lot of different pieces that go into the housing finance part, and I think there are many, many ways that one could leverage that to make sure that we're making opportunity in the housing finance market more widespread, particularly for African-Americans, Latinos and Native Americans.

So with that, I'm going want -- I'm going to ask you to warmly thank our panelists.

(Applause)

I want to thank all of you for coming, and our online audience as well. And always, I want to thank our fabulous event, security and facility staff, who always make these kinds of events as success. Thank you very much.

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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