



Democrats should focus on

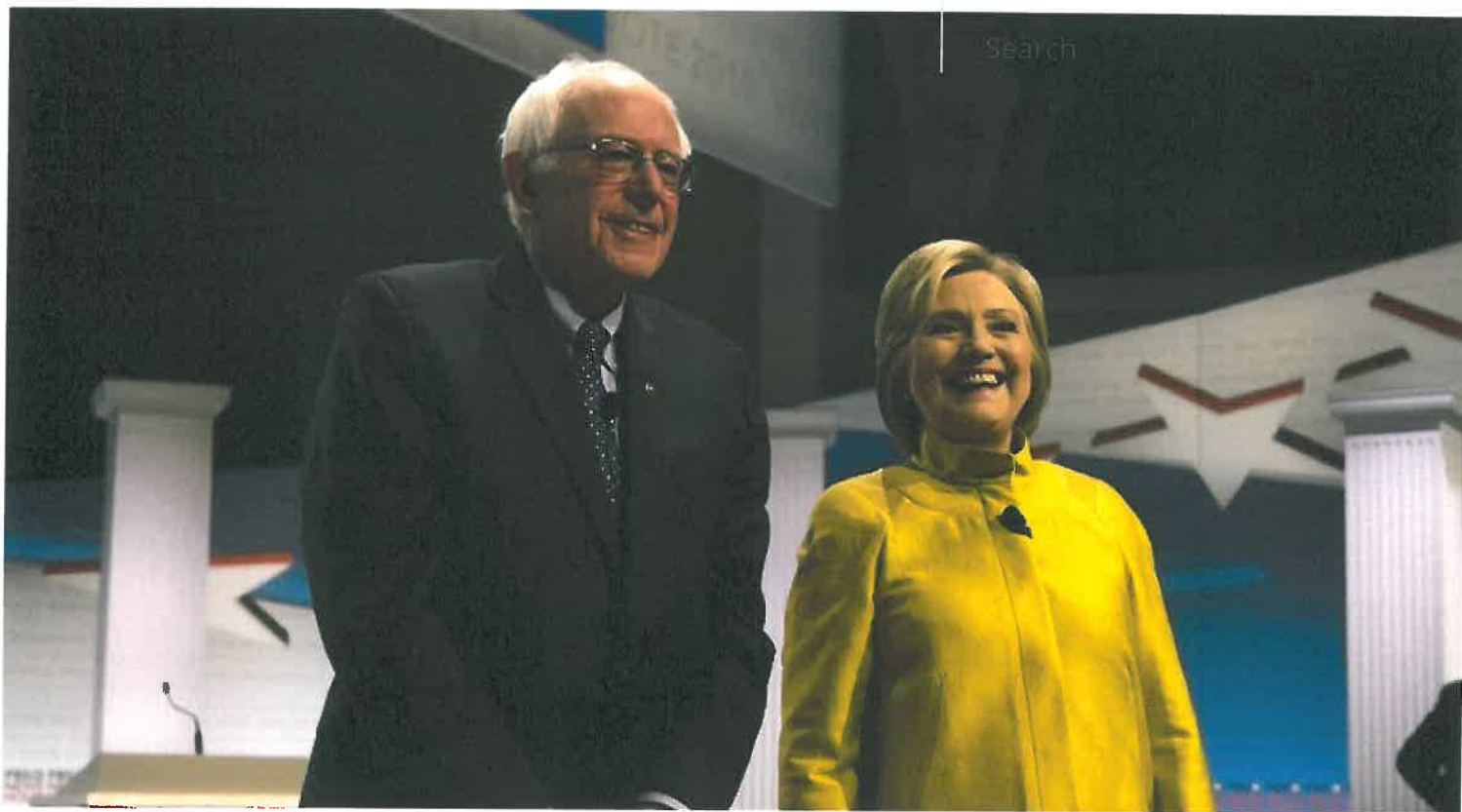
race

The Post and Courier (1)

Winner of the Pulitzer Prize

BY BERNIE MAZYCK and JEREMIE GREER

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Democratic presidential candidates Sen. Bernie Sanders, I-Vt, left, and Hillary Clinton smile as they take the stage before a Democratic presidential primary debate at the University of Wisconsin-Milwaukee, Thursday, Feb. 11, 2016, in Milwaukee. (AP Photo/Tom Lynn)



This weekend, South Carolina Democrats will choose their preferred standard-bearer for the November presidential election. Last weekend, South Carolina Republicans did the same.

No matter who ultimately wins, there's one issue that should trump all others for the immediate attention of the next president: closing the racial wealth divide in this country.

In case you were wondering if this is a crisis, you need look no farther than South Carolina, where empirical data tell the story. The median net worth of white households in this state is \$133,683. The median net worth of black households is \$14,413.

Or consider the liquid asset poverty rate, which measures whether a family has sufficient savings to weather three months without income. In South Carolina, 38 percent of white households don't have the necessary liquid assets; the rate for black households — 68 percent.

The racial wealth divide existed long before the last economic downturn, but the Great Recession widened the gap considerably.

Nationwide, African-American and Hispanic households lost far larger shares of their wealth — 31 percent and 44 percent, respectively — compared to 11 percent for white households.

And the recovery is bypassing these households of color. Black and Hispanic households now own six cents and seven cents of wealth, respectively, for every dollar of wealth owned by white households. That's up one penny compared to where they were at the end of the recession.

Before the Great Recession, the racial wealth divide developed as the direct result of decades of systematic abuses and injustices that deprived communities of color of equal economic opportunity.

One of the greatest contributors to the creation and expansion of this divide has been federal policy. Many of the federal initiatives used to expand economic opportunity for white families systematically created discriminatory barriers that limited households of color from building long-term wealth.



A few of the most noteworthy examples include the exclusion of farm workers and domestic workers from coverage under the Social Security Act of 1935; the racially biased implementation of the GI Bill by officials within the Department of Veterans Affairs, and the Federal Housing Administration's practice of shutting out, through red-lining, entire communities of color from the opportunity to purchase their own homes.

In the more than 50 years since the Civil Rights Act was passed, policymakers have corrected these and many other discriminatory actions.

But other policies remain in effect today that actively limit the wealth-building potential of households of color. For example, tax policies such as the Mortgage Interest Deduction and reduced rates on capital gains not only overwhelmingly benefit wealthy households, they also disproportionately concentrate benefits in white communities.

Also, by allowing states to opt out of expanding Medicaid, the Affordable Care Act has created a health care coverage gap that is disproportionately impacting individuals of color, largely in the South.

The time is now to recognize the role that federal policies have played in perpetuating the racial wealth divide and to do something about it.

Our next president should move — within his or her first 100 days in office — to conduct a thorough, government-wide audit of federal policies that are contributing to this problem. The next president can begin by creating a post of special advisor or ombudsman to oversee and coordinate the audit, which can make use of new empirical tools for measurement such as the Racial Wealth Audit developed at Brandeis University. The special advisor should make recommendations regarding discriminatory policies that require congressional action — creating a legislative agenda — and those that can be addressed by the executive branch.

According to the U.S. Census Bureau, just four years from now in 2020 more than half of the country's children will be minorities, and by 2040, more than half of the nation's entire population will be people of color.

These demographic realities, when coupled with the alarming state of economic inequality that exists today, argue for decisive action. If the issue of racial equity was not alarming enough, this is an issue of economic sustainability.

But we can't fix what we don't acknowledge. It soon will be time for by a new president, with Congress, to take a hard look at government regulations and policies that contribute to the

racial wealth gap in South Carolina and the nation as a whole.

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