

July 23, 2020

## **Good intentions, bad results?**

# **By specifying communities “of color” for aid, D’s are pursuing a flawed policy strategy that could backfire**

Karl Polzer, [Center on Capital & Social Equity](#)

Although much of it may turn out to be pre-election packaging, legislation unveiled last week by Democrats to help racial minorities is a poorly conceived policy approach that fails to treat the nation’s low-wage workers fairly or equally. Senate leadership is billing the [Economic Justice Act](#) as a “major new legislative proposal to make \$350 billion in immediate and long-term investments in Black communities and other communities of color.” However, policies that reward or punish citizens based on skin color not only rest on shaky [legal](#) and ethical ground. If enacted, they may ignite a political backlash that will set minority communities back rather than helping them move forward.

There is no question that policymakers need to do much more to break down economic and social barriers that continue to disadvantage African Americans. But this should not be done by further embedding racism in our laws. If lawmakers see fit to give a racial minority group more resources for one reason, what will stop them on future occasions from providing racial majorities with more resources for other reasons? Since the majority is likely to have more power, it is hard to see how skin-color-based economics will favor the minorities in the long run.

Among the practical issues that nettle race-based proposals are exactly how to define “of color” communities and how to get dollars to flow to minorities who happen to live in predominantly white-majority areas. Wouldn’t writing such racial definitions into statute work to re-embed a philosophy of apartheid into our law and policies? Do we really want to go back down that road?

## ***Progressive, race-neutral economics will help minority communities***

For both practical and ethical reasons, [public benefits and taxes should be allocated progressively – that is, tilted in favor of the lowest-income families and neighborhoods -- and be blind to racial origin](#). This way, if more people of one ethnic background or skin color end up being poor, that group collectively will receive more public benefits while individuals of all backgrounds will be treated with equanimity. In fairness, many of the Economic Justice Act's provisions appear to work in this way, although clothed in politicized race-specifying verbiage.

As shown Table 1 below, existing progressive, race-neutral public programs end up serving a disproportionate number of people in minority populations for the simple reason that these groups include relatively higher numbers of people in poverty and with low incomes. For example, about 14 percent of whites report income less than 150 percent of the federal poverty level compared with 33 percent of blacks.

About five times more Americans identify on surveys as white than as black -- a 4.8 to 1 ratio. Yet, only 2.6 times as many whites than blacks are eligible for the earned income tax credit; 2.1 times more nonelderly whites than blacks are covered by Medicaid; and 1.6 times more whites than blacks receive food stamps. About the same number of whites and blacks receive temporary cash welfare payments.

[Legislation](#) recently passed by the [House](#) to expand the child tax credit would slash poverty rates for American families of all racial backgrounds, and particularly for minorities. If fairly implemented, race-neutral subsidies designed to provide poor people with essential benefits naturally flow to low-income groups with histories of low income. It would be wrong to deny these benefits to low-income members of higher-income racial categories.

Because eligibility for benefits is tied to time worked rather than income, participation rates in Medicare and Social Security by different racial groups more closely match population-wide averages. Yet, even with broad-based social insurance programs like these, access varies by race. For example, proportionally more whites receive Medicare benefits than blacks. Possible reasons include that

lower-income Americans, including a disproportionate number of blacks, on average [live for fewer years](#) and experience more unemployment than higher earners.

**Table 1: Pct. of recipients in government programs by race and ratio of white and black benefit recipients**

	White	Black	Hispanic	<i>Ratio: % whites/ % blacks</i>	Data Source
<b>U.S. population</b>	63	13	15	4.8	<a href="#">US Census 2019</a>
<b>% &lt; 150% FPL</b>	14	33	32	0.4	<a href="#">US Census 2018</a>
<b><i>Social insurance</i></b>					
<b>Medicare</b>	75	10	9	7.5	<a href="#">Kaiser FF 2018</a>
<b><i>Income-related eligibility</i></b>					
<b>EITC eligible</b>	49	19	24	2.6	<a href="#">Brookings 2017</a>
<b>Medicaid - nonelderly</b>	41	20	30	2.1	<a href="#">Kaiser FF 2018</a>
<b>Food stamps - households</b>	39	25	12	1.6	<a href="#">USDA 2016</a>
<b>TANF/welfare</b>	27	29	38	0.9	<a href="#">HHS 2018</a>

[Center on Capital & Social Equity](#) estimates. Note: It is difficult to compare the data in this table for several measurement and definitional reasons. It is intended to provide rough estimates of participation rates by race in selected government programs compared to the relative size racial groups in the total population.

***Enforce strong antidiscrimination standards***

Although economic policies should be applied even-handedly, the institutional legacy of slavery in the United States demands vigorous enforcement of anti-discrimination standards not only for distribution of taxes and benefits, but also regarding policing, voting, education, housing, unions, and jobs. It’s also

important that race-blind economic policies be implemented fairly – that assistance and tax breaks are not bottlenecked for some with easy access for others. Disadvantaged people – whether living in black Harlem or white Appalachia or anywhere else – all need education and assistance in accessing benefits.

Bottom line: The best way to help communities of color is through race-neutral economic policies that help ALL lower-income families. Forceful antidiscrimination oversight, public education, and helping individuals access benefits are of critical importance to make sure policies are fairly implemented. Favoring one group of struggling citizens over others, in dollar amounts or political rhetoric, can provoke resentment and outrage as much as calling people “a basket of deplorables” or labelling them with racial slurs.