

Facts About the Ways Systemic Racism Persists in the Contemporary Era

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Key Points:

Overt racial discrimination in policy, law and practice in the past produced enormous advantages in wealth, life chances and opportunities for whites. The momentum of that past continues to shape social inequalities in the present.

Home ownership is the single most significant factor to wealth accumulation and the transfer of wealth inter-generationally. Exclusion of people of color from property acquisition through overtly discriminatory housing policies accounts for a significant portion of inequalities along racial lines.

New forms of discrimination through “color-blind” policies continue to add to old disparities along racial and gender lines.

“[M]ore than four decades after the civil rights activism of the 1960s, and nearly one hundred and fifty years after the abolition of slavery, race remains the most important single variable determining opportunities and life chances in the United States.” (Lipsitz, *How Racism Takes Place*, 15)

Wealth

- According to sociologist Thomas Shapiro, inheritance is more important in determining life chances than college degrees, number of children in the family, marital status, full-time employment, or household composition (See *Black Wealth/White Wealth* and *The Hidden Costs of Being African American*)
- “A 2010 study conducted by Shapiro and his colleagues at the Institute on Assets and Social Policy at Brandeis University revealed that the wealth gap between Blacks and whites quadrupled between 1984 and 2007.” (Lipsitz, *How Racism Takes Place*, 4)
- “On the average, whites inherit \$102,167 more than Blacks. White families are 2.4 times as likely as Blacks to have parents who can provide help with down payments or closing costs. Largely because of assets inherited from the past, Blacks get \$2.10 in net worth for every dollar earned, whites get \$3.23.” (Lipsitz, *How Racism Takes Place*, 4)
- “Only 26 percent of white children grow up in asset-poor households, but 52 percent of blacks and 54 percent of Latinos grow up in these economically fragile households.” (Ibid, 4)
- “Even *high-income* Blacks average assets of only \$18,000 compared to the \$74,000 in assets held by *middle-income* whites. These differences are not due to market forces, personal attributes, or family composition, but rather are the consequence of both direct discrimination and the indirect effects of the racial dimensions of state policies designed to provide incentives and subsidies for asset-building activities like homeownership.” (Ibid, 4)
- “A North Carolina study found that Black neighborhoods house three times as many payday lenders as white neighborhoods.¹⁸ The number of check-cashing businesses in the nation jumped from 2,151 in 1986 to 5,500 in 1997 and 22,000 in 2003. Fees charged on payday loans can amount to an annual rate of as much as 400 to 1,000 percent.” (Ibid, 8)

Housing

- At least forty-six million white adults today can trace the origins of their family wealth to the Homestead Act of 1862. This bill gave away valuable acres of land for free to white families, but expressly precluded participation by Blacks (George Lipsitz, *How Racism Takes Place*, 2011, pg. 2)
- FHA and VA financed more than \$120 billion worth of new housing between 1934-1962, but less than 2% of this was available to nonwhite families (George Lipsitz, *The Possessive Investment in Whiteness*, 2006, pg. 2)
- Between 1934-1968 (from the passage of Federal Housing Act in the New Deal to the passage of the Fair Housing Act of 1968 outlawing racial discrimination in housing) 98% of FHA loans were given to whites (George Lipsitz, *The Possessive Investment in Whiteness*, 2006, pg. 6)
 - This is important because home-ownership is the single most important factor in wealth accumulation and transfer over generations. By excluding nonwhite people through racial discrimination in housing, the federal government and private lenders and realtors essentially took away possibilities for wealth accumulation and transfer from people of color
- During the 1950s and 1960s, local “pro-growth” coalitions justified urban renewal programs as a way to build more housing for poor people. In reality, urban renewal destroyed more housing than it created. 90% of low-income units removed for urban renewal projects during the entire history of the program were never replaced. (George Lipsitz, *The Possessive Investment in Whiteness*, 2006, pg. 7)
- Commercial, industrial and municipal projects occupied more than 80% of the land cleared by urban renewal projects, with less than 20% allocated for replacement housing. (George Lipsitz, *The Possessive Investment in Whiteness*, 2006, pg. 7)
- 4 million whites moved to suburbs out of central cities between 1960-1977, while the white population in suburbs increased by 22 million; inner-city population for blacks grew by 6 million during this period, with only 500,000 moving to suburbs. (George Lipsitz, *The Possessive Investment in Whiteness*, 2006, pg. 7)
- By 1993, 86% of suburban whites still lived in places with a black population of less than 1%. (George Lipsitz, *The Possessive Investment in Whiteness*, 2006, pg. 7)
- A 1993 Federal Reserve Bank of Boston study revealed that Boston bankers made 2.9 times as many mortgage loans per 1000 housing units in neighborhoods inhabited by low-income whites than in neighborhoods populated by low-income black people. (George Lipsitz, *The Possessive Investment in Whiteness*, 2006, pg. 13)
- The same 1993 study found that Black and Latino mortgage applicants are 60% more likely to be denied a loan than whites, even after controlling for employment, financial and neighborhood characteristics. (George Lipsitz, *The Possessive Investment in Whiteness*, 2006, pg. 14)

- In Houston, the NCNB Bank of Texas disqualified only 13% of middle-income loan applicants but 36% of middle-income black applicants (George Lipsitz, *The Possessive Investment in Whiteness*, 2006, pg.13)
- Middle-class whites have between 3 and 5 times as much wealth as equally achieving blacks (Lipsitz, *How Racism Takes Place*, 3)
- Sociologist Thomas Shapiro shows that between 1990 and 2020, some seven to nine trillion dollars will be inherited by the “baby boom” generation. Almost all of that money is rooted in profits made by whites from overtly discriminatory housing markets before 1968. (Lipsitz, *How Racism Takes Place*, 3)
- “All too often, race rather than class or creditworthiness determines who gets subprime loans. The Center for Responsible Lending calculated that in 2002 high-income African Americans were three times more likely to be subjected to subprime terms than low-income whites.” (9)
- “Philadelphia study found only 2 percent of white borrowers in that city used subprime lenders for home purchases, compared to 20 percent of Blacks. In middle-income neighborhoods in Chicago, subprime refinance loans constituted 48 percent of lending in predominately Black neighborhoods but only 8 percent in comparable white areas.” (9)

Exposure to environmental hazards

- 1987 study by the Commission for Racial Justice of the United Church of Christ found race to be the most significant variable in determining location of commercial hazardous waste facilities, not reducible to class (9)
- In a review of 64 studies examining environmental disparities, the National Wildlife Federation found racial disparities outnumbered disparities by income; in cases where disparities in both race and income were both present, race proved to be more important in 22 out of 30 tests (9)
- In LA, 71% of African Americans and 50% of Latinos as opposed to 34% of whites live in neighborhoods with highest levels of air pollution (9)
- The federal Agency for Toxic Substances and Disease Registry’s 1988 survey of children suffering from lead poisoning found that among families making under \$6000/year, 68% of black children suffered from excess lead in their bloodstream, as opposed to 36% of white children; among families making \$15,000/year, only 12% of white children and 38% of black children suffered from toxic levels of lead (9)
- Nationwide, 60% of African Americans and Latinos live in communities with uncontrolled toxic waste sites (9)

Health

- “Michael Marmot, chairman of the World Health Organization’s Commission on Social Determinants of Health, offers a vivid illustration of the health consequences of racialized space. “If you catch the metro train in downtown Washington, D.C. to suburbs in Maryland,”

Marmot observes, “life expectancy is 55 years at the beginning of the journey. At the end of the journey, it is 77 years.” (Lipsitz, *How Racism Takes Place*, 7)

- “Research indicates that discrimination itself is a health hazard, that the panoply of racially tinged everyday experiences that people of color confront can injure their cardiovascular, endocrine, immunologic, and metabolic systems, contributing to increased chances for hypertension, obesity, diabetes, depression, asthma, and infections.” (7)
- “A U.S. Department of Agriculture study found that the inner-city poor pay on average 4 percent more for food than suburban dwellers pay.” (7)
- “One study conducted in New Orleans found that neighborhoods that were predominately Black housed an average of 2.4 fast-food restaurants per square mile, while the number in predominately white neighborhoods was only 1.5 fast-food establishments per square mile.” (7)
- “The predominately Black and Latino neighborhoods of South Central Los Angeles have one primary care physician for every 12,993 residents, but there is one primary care physician for every 214 residents in the largely white area of Bel Air.” (9)
- “Suburban and largely white Bethesda, Maryland, boasts one pediatrician for every 400 children, but the Black neighborhoods in southeast Washington, D.C., have one pediatrician for every 3,700 children.” (9)

Criminal Justice System

- 1990 study by the National Institute on Drug Abuse found that while only 15% of 13 million habitual drug users in the US are black and 77% are white, African Americans are 4x more likely to be arrested on drug charges than whites in the nation and 7 to 9x more likely in Pennsylvania, Michigan, Illinois, Florida, Massachusetts, and New Jersey (11)
- 1989 study by Parent’s Resource Institute for Drug Education found that African American high school students consistently showed lower levels of drug and alcohol use than their European American counterparts, even in high schools populated by residents of low-income housing projects (11)
- While comprising only 12% of US population, blacks accounted for 10% of drug arrests in 1984; 40% in 1988; 42% in 1990 (11)
- African Americans in federal prisons get sentences that are approx. 20% longer than whites committed for the same crimes (11)
- Although 70% of arrests are of whites, 70% of convictions are of people of color (Ruth Wilson Gilmore, “Globalisation and US Prison Growth” in *Race & Class*, vol. 40, 1999, p. 174)

Tax Reform Since 1980s

- In the 1980s, changes in federal tax laws decreased the value of wage income and increased the value of investment income and inheritance—this is harmful to minorities who

suffer from a gap in wealth between them and whites more than they suffer from the gap in income between minorities and whites (16)

- The failure to raise the minimum wage between 1981-1989 and the decline of more than 1/3 the value of AFDC injured all poor people, but they placed an extra cost on poor minorities who face more constricted markets for employment, housing and education than poor whites (16)
- Tax increment financing for redevelopment programs offers tax-free and low-interest loans to developers whose projects use public services, often without having to pay taxes to local school boards or county governments. In St. Louis, for example, tax abatements for wealthy corporations deprive the city's schools (and their majority Black population) of \$17 million per year. (17)
- Nation-wide, industrial development bonds resulted in a \$7.4 billion dollar tax loss in 1983, which ordinary taxpayers had to make up through increased payroll taxes; People of color, who are more likely to be working class due to past racial discrimination, suffer disproportionately from these changes as taxpayers, workers and tenants. (17)
- A study by Citizens for Tax Justice found that wealthy Californians spend less than 11 cents in taxes for every dollar earned, while poor residents of the state pay 14 out of every dollar in taxes (17)
- CA 1978 Proposition 13 deprived cities and counties of \$13 billion a year in taxes while businesses alone avoided \$3.3 billion to \$8.6 billion in taxes per year under this statute (17)

Employment

- Deindustrialization and economic restructuring since the 1970s and 1980s produces disproportionate effects on communities of color
- During the 1970s, the share of low-income households headed by African Americans increased by one-third (18)
- In 1971, Black family income was 60% of white family income; in 1980, Black family income fell to 58% of white family income (18)
- Earning by young black families had reached 60% of white families' income by 1973 but dropped to 46% by 1986 (19)
- Younger Black families experienced a 50% drop in real earnings between 1973-1986, with the decline in black male wages particularly steep
- 1995, every US ethnic and racial group experienced an increase in income except the 27 million Hispanics who experienced a 5.1% drop in income
- Deindustrialization decimated the industrial infrastructure that formerly provided high wage jobs and chances for upward mobility for black workers

- Attacks on government spending for public housing, health, education and transportation deprived members of minority groups of services and opportunities for jobs in the public sector
- A massive retreat from enforcement of antidiscrimination laws has sanctioned pervasive overt and covert racial discrimination by bankers, realtors and employers (19)

The costs of ignorance: massive transfer of wealth toward the wealthiest due to white public's desire to overturn policies that would benefit communities of color

- Wealthiest 1% of population owns nearly half of all the stocks, bonds, cash and other financial assets in the nation
- Wealthiest 15% of population controls almost all of the country's assets
- 28,000 wealthiest people receive more income than 96 million of the nation's poorest
- Bottom 90% of population went from receiving 66% of national income in 1917 to 50% of national income in 2000
- Wealthiest 1/5 of population has seen their income rise by 21% since 1980 while poorest 3/5 of population has seen falling wages, living standards and working conditions
- 85% of \$1 trillion increase in stock market valuation between 1989-1997 went to richest 10% of US families (George Lipsitz, *The Possessive Investment in Whiteness*, 2006, 106)

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