



Introduction to the Special Issue: the Racial Wealth Gap

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The COVID-19 pandemic has made clear the disparities between the America that most Black and Brown people experience and the America that many White people experience. These differences are evident in the multiple systemic inequities, including in wealth, specifically the racial wealth gap, which is the disparity in assets minus the amount of debt of typical households across skin color.

The racial wealth gap has deep roots within the institutions of the USA beginning with the prerequisite to own property, or pay taxes, to vote. The Founding Fathers relinquished election control to individual states. This decision resulted in both the restriction of voting to property owning, tax-paying, White men as well as the continued struggle of minoritized communities to exercise their vote. Thus, owning a home has been the central method to access the full spectrum of benefits and opportunities granted to the restricted category, "We the People", demarcated by the first words of the US Constitution. "We the People". Because of the legacy of housing covenants and redlining, neighborhoods and zip codes have continued to be divided along lines of color. Being denied the ability to own one's home means being denied the opportunity to build generational wealth and real estate wealth, because it is an asset that most certainly appreciates in value over time.

The result of making White skin color a prerequisite for home ownership skin color is the continuation of the racial wealth gap that manifests as the segregation of social networks, stark differences in the quality of education, lack of access to green spaces and nutritious food, as well as disproportionately negative disparities in employment rates and in rates of incarceration Urban Institute, n.d (Epperson 2020).

The racial wealth gap also means that the median wealth of a White family is 10 times the media wealth of a Black family. Moreover, Black Americans can expect

to earn up to \$1 million less than White Americans over their lifetime. Black women, in particular, are most negatively impacted by lower earnings and limited access to capital (Goldman Sachs 2021; Noel et al. 2019).

Despite the myriad detrimental impacts of the racial wealth gap, the wealth gap between White and Black Americans specifically is underestimated as being 40% to 80% smaller than it is (Kraus et al. 2019). Such gaps in knowledge negatively reinforce the dehumanization of Black Americans, and point to the apathy to the inequities that many Black and Brown Americans face daily.

Moreover, until the racial wealth gap is acknowledged and recognized as a moral and economic problem, it will not be redressed systemically through policy. The purpose of the four contributions of this special issue of the *Journal of Economics, Race, and Policy* (JERP), all subject to external peer review, is to interrogate the underlying inequities that result in the racial wealth gap, which should more appropriately be termed the 'skin color wealth gap', and offer policy solutions to them. Additionally, the aim of this special issue is to meaningfully contribute to policy discussions and decisions to shift the racial wealth gap to financial equity for Americans of color on par with many of their White counterparts. Policy-oriented and solutions-based research peer-reviewed studies on the racial wealth gap have been few and far between. It is my hope, as editor of this special issue, that these articles will inspire more studies on the racial wealth gap that center Americans of color at the intersection of minoritized identities.

Petach and Tavani examine the role of discrimination in creating the racial wealth gap. They argue that both targeted investments in public education and in environmental goods in majority Black and Latinx neighborhoods will boost home values. Justice, not efficiency, should be the litmus test for economic action on racial inequity.

Bishop, Rodríguez, and Zeager investigate the differences in positional and directional earning mobility for Black and White Americans during their lifetimes, including important analysis along an intersectional lens, specifically through gender identity.

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Kroger and Wright analyze longitudinal data from the Panel Study of Income Dynamics (PSID) to illustrate both the opportunities and losses that business success or failure offers for Black and White entrepreneurs.

Weller, Maxwell, and Solomon utilize simulations anchored in data and the existing literature to conclude that baby bonds would have the single largest effect in ameliorating the racial wealth gap. They advance the argument that only targeted cash or liquid asset transfers to Black Americans can overcome the persistent wealth difference in comparison to White households.

I commend each author for participating in this special issue of the *Journal of Economics, Race, and Policy*. The policy recommendations detailed herein are timely, necessary, and consequential to advancing equity and achieving justice for Americans who have long been disproportionately denied access to wealth, and the access and benefits wealth provides, because of skin color.

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