

Racism and the Economy

focus on the **Wealth Divide**



The Federal Reserve Banks of
Atlanta | Boston | Chicago | Cleveland | Dallas
Kansas City | Minneapolis | New York | Philadelphia
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POLICY BRIEF

The 12 regional Federal Reserve Banks are partnering on the Racism & the Economy [event series](#) to highlight the economic impact of structural racism and offer ideas for disrupting it. The ninth installment of the virtual series, held on Oct. 20, 2021, focused on racialized barriers to wealth accumulation and their implications for long-term economic mobility among families and communities. The speakers highlighted persistent racial disparities in wealth and examined how past and present institutions and practices contribute to these disparities. These include [racist lending practices which barred Black families from homeownership and access to credit](#) and [policies that stripped native communities of land resources](#). The event highlighted three bold and disruptive proposals for reform that target systemic racism at its roots.

- **Federal tax code reforms:** Law professor Dorothy Brown argued that a refundable tax credit for low-wealth households would redress the inequality caused by past barriers to wealth accumulation for people of color and relieve the disproportionate burdens the current tax code places on Black families specifically.
- **Democratic investment:** The Boston Ujima Project laid out their multi-stakeholder community capital model, which allows investors at all levels to contribute to a fund with higher yields than they would otherwise access, but with less risk than comparable investments. Shareholders in the fund work together to select investments in their local community, to grow prosperity at home.
- **Supporting heirs' property owners:** Dănia Davy from the Federation of Southern Cooperatives proposed targeted legal and business support to help “heirs’ property owners” in the South. Heirs’ property is a form of common ownership that is susceptible to loss and has disproportionately impacted Black farmers. Land titles are tied up because two or more related people inherit land from someone who did not have a will or left a simple will that bequeathed the property equally to family members without designated succession.

Parts of these proposals are explored in papers written for the event, which are hosted alongside Fed research in the [event’s resource library](#).

For more information

If you have questions or would like to connect with Federal Reserve staff in your area, contact [Sara Chaganti](#) at the Federal Reserve Bank of Boston.