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The Racist Impact of Redistributive Public Policies: Handout versus Hand-Up

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Abstract

Federal government policies, while benefitting some urban areas, have historically been detrimental to African-American people. Years of welfare and housing policies have placed central city residents, especially African-Americans, at a disadvantage which they have not overcome. Policies that once denied benefits to Black people, such as public welfare and federally-insured mortgages, morphed into stigmatized policies which, when available to Blacks, became obstacles to their advancement. These same policies enabled the majority White population to do what they were initially designed to do – provide a toehold during a period of temporary economic decline after which personal advancement was possible.

The effects of public welfare and housing policies may help to explain the vast differences in the economic status of Blacks as compared to Whites reported in recent research. The current wage Black-White gap is wide, but more telling is the enormous wealth gap between the two groups historically and currently. The Black-White wage gap increased between 2000 and 2018 while the Black-White wealth gap was the same in 2016 as it was in 1962. This paper explores how changes in the objectives, design, implementation of welfare and housing assistance have contributed to the wealth disparity and accumulation of assets. Intentionally antiracist policies are needed to counter the racist impacts of past and present policies.

Keywords

welfare, housing, Section 235, welfare reform, racism, wealth gap, homeownership gap, urban renewal

Cover Page Footnote

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Federal government policies, though benefitting some urban areas, have historically been detrimental to African-American people. Years of welfare and housing policies have placed central city residents, especially African-Americans, at a disadvantage that they have not overcome. Policies that once denied benefits to Black people, such as public welfare and federally-insured mortgages, morphed into stigmatized policies which, when available to Blacks, became obstacles to their advancement. These same policies enabled the majority White population to do what they were initially designed to do—provide a toehold during a period of temporary economic decline after which personal advancement was possible. The effects of public welfare and housing policies may help to explain the vast differences in the economic status of Blacks as compared to Whites reported in recent research. The current wage Black-White gap is wide, but more telling is the enormous wealth gap between the two groups historically and currently. The Black-White wage gap increased between 2000 and 2018, but the Black-White wealth gap was the same in 2016 as it was in 1962. This paper explores how changes in the objectives, design, and implementation of welfare and housing assistance have contributed to the wealth disparity and accumulation of assets. Intentionally antiracist policies are needed to counter the racist impacts of past and present policies.

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1. The role of government:

Governmental bodies have played a major role in promulgating policies and permitting practices that led to the racial wealth disparities now apparent in 2020. Policies that denied African-American people equal economic, educational, and political opportunities abounded prior to the Civil Rights era of the 1960s and have diminished only gradually to the present day. Black people are still under-resourced financially in income and wealth, educational attainment, and political representation. Progress has been made on all fronts, but inequality prevails.

When government policies in housing and social welfare are considered, the perception of the beneficiaries is a primary factor in public support for them. The federal government, for example, has provided housing assistance to builders in the private sector in the forms of loans, grants, and subsidies. Yet, those builders are not disparaged as are residents who receive public housing and rental subsidies. Companies that receive government bail-outs are not viewed as harshly as those receiving cash welfare benefits or food subsidies. The simplistic distinction between liberals and conservatives—with the former supporting government intervention and the latter opposing government largesse—does not adequately explain varying perspectives. Deeply held attitudes toward recipients of assistance result in different interpretations of worthiness and suitability.

Until the catastrophic impact of the Great Depression was felt in the United States during the 1930s, laisse-faire conservatism was the prevailing approach toward social welfare. This approach allowed the unfettered workings of the marketplace to resolve issues rather than government intervention. Between 1929 and 1933, the gross national product dropped 45 % and did not return to its 1929 level until 1941; by 1932, a quarter of the work force was unemployed. Local units of government financed and operated relief (or welfare) programs at that time, but they were unable to fulfill the growing requests for help.

The federal government's initial financial support to local governments for traditional relief programs was inadequate. The crisis resulted in the most massive federal economic intervention at that time. The growth of the welfare state from the time of the Great Depression to the Great Society programs of the 1960s supplanted the power of local political machines. Political machines could not match the benefits and services offered through federal, state, and local programs in the form of cash, housing, and food. During the first twenty years of the 20th century, reformers pushed state legislatures to adopt health insurance, workers' compensation, and relief programs for widows, children, and the elderly (Judd & Swanstrom, 1998).

The combination of laissez-faire, private-sector oriented public policies, and underlying racial attitudes have combined to produce policies that are biased in their impact. Business as usual or race neutral policies (where race is not overtly stated) have resulted in racist public policies. Ibram X. Kendi (2019) delineates a clear distinction between policies that are racist and antiracist. He defines the terms as follows: "A racist policy is any measure that produces or sustains racial inequity between racial groups . . . . An antiracist policy is any measure that produces or sustains racial equity between racial groups." Moreover, he states that there is no such thing as a nonracist or race-neutral policy (Kendi, 2019). Other researchers describe how public policies implemented over the years have contributed to the racial disparities so profound and enduring in American society today (Quadagno, 1994, Taylor, 2019 (b), Rothstein, 2017).

This article presents data on the tenacious racial wealth gap that exists between African-Americans and Whites in the United States and the corresponding difference in home ownership rates as a contributing factor. Two federal government programs, implemented at the state and local levels, are described as failed opportunities to mitigate the home ownership gap and eventually the wealth gap. Finally, strategies for dismantling racist public policies and replacing them with antiracist strategies are posed.

2. Origin of the wealth gap:

The wealth gap is founded in the subjugation of Black people beginning with chattel slavery in 1619. For centuries, it was the legal and social norm for Blacks to exist in subordinate conditions as they were denied the means to acquire educational, economic, and political stature. Legislation such as the Thirteenth Amendment to the Constitution in 1865 which prohibited slavery, the Civil Rights Acts in 1957 and 1964, the Voting Rights Act in 1964, and the Fair Housing Act in 1968 alleviated the barriers to full citizenship rights for Black people. In addition, equal opportunity laws and affirmative action policies were passed at the national, state and local levels to outlaw workplace and hiring discrimination. Affirmative action was also used to level the playing field in employment and education by increasing access for historically disadvantaged people including African-Americans. Some gains attributable to race-conscious educational and employment policies include that the number of Black college and university professors more than doubled between 1970 and 1990; the number of physicians tripled; the number of engineers almost quadrupled; and the number of attorneys increased more than sixfold (Thernstrom & Thernstrom, 1998).

Although conditions improved for Blacks generally, in relative terms they still lag far behind the White population.

The economic conditions for Blacks improved greatly after the Great Migration—that period between 1916 and 1970 when more than 6 million African-Americans moved from the rural south to the North, Midwest, and West. Even though living conditions were generally better, many toiled for miniscule wages as laborers and domestic workers. One sign of gradual change occurred for Black women. Although 60 % of Black women worked as domestic servants in 1940, by 1998, 60 % of Black women held white collar jobs and the percent in domestic work was down to 2.2 % (Thernstrom & Thernstrom, 1998). Nonetheless, indicators of economic well-being consistently show the stubborn divergence of Black and White circumstances.

In 2017 the Black unemployment rate was 7.5 %, up from 6.7 % in 1968, and is always about twice the White unemployment rate. Substantial progress in educational attainment of African-Americans has been accompanied by significant absolute improvements in wages, incomes, wealth, and health since 1968. Black workers still earn 82.5 cents on every dollar earned by White workers, African-Americans are 2.5 times as likely to live in poverty as Whites, and the median White family wealth is approximately 10 times greater than the median Black family wealth. The Black household median wealth was $2,467 in 1968 and was about six times greater in 2016 at $17,409. The Hispanic median household wealth increased from 1963 to 2016 and reached the level of one-eighth the median White household wealth. Over the same period, the wealth of the average White household almost tripled, from a much higher initial level, to $171,000. (See Figure 1.)

3. The Black-White racial wealth gap:

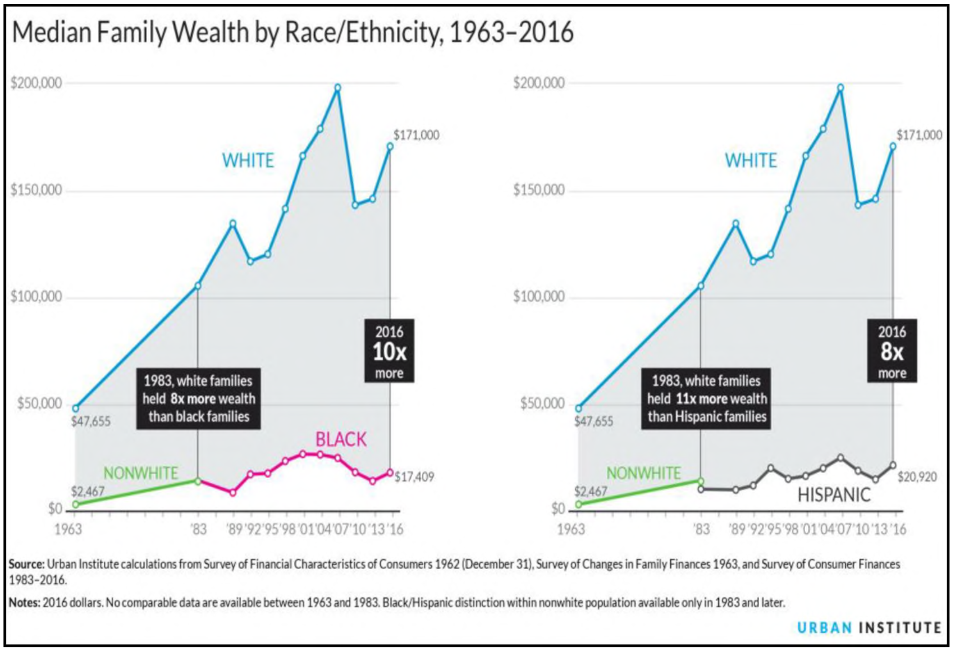
The Black-White wage gap increased between 2000 when it was 10.2 % to 16.2 % in 2018 after declining in the 1990s due to tighter labor markets that made discrimination more costly and increased the minimum wage. Acquiring a college degree did not reduce the gap; in fact, the wage deficit grew for Black college graduates entering the labor force from 10 % in the 1980s to 18 % by 2014 (Wilson & Rodgers, 2016). This contrasts with the Hispanic-White wage gap which remained fairly constant and actually decreased from 12.3 % in 2000 to 11.8 % in 2018. Moreover, for Hispanic workers in the lower 80 % of the wage distribution, the wage gap has been slowly closing (Gould, 2019).

The racial wealth gap has persisted because nothing has been done intentionally to close it. Some programs ostensibly designed without a stated racial focus have a disproportionately negative impact on Black people. Housing is one institutional sphere where inequality is perpetuated and where contemporary institutional discrimination contributes to generating and maintaining the racial wealth gap (Oliver & Shapiro, 2001).

Home ownership plays a major role in the wealth portfolios of American families and is related to the difference between Black and White net worth. A larger percentage of African-Americans and Hispanics are renters rather than homeowners who can accrue the financial benefits of owning property. In 2015, the Black home ownership rate was just over 40%, virtually unchanged since 1968, and trailing a full 30 points behind the White home ownership rate which saw modest gains over the same period.

As the share of Black households that owned their homes stood at 41% in 1968 and 2019, home ownership for White households increased 5.2 percentage points to 71.1% in 2019, about 30 percentage points higher than the ownership rate for Black households. Not only is the rate of home ownership an issue, but also the value of housing varies greatly. A segregated and segmented housing market means that the housing choices made by Blacks are still marred by discrimination in lending and the impact of segregation on housing appreciation and value. They have less of an opportunity to use home ownership as a means to accumulate wealth and build equity (Zonta, 2019).

Figure 1



4. Racial home ownership gap:

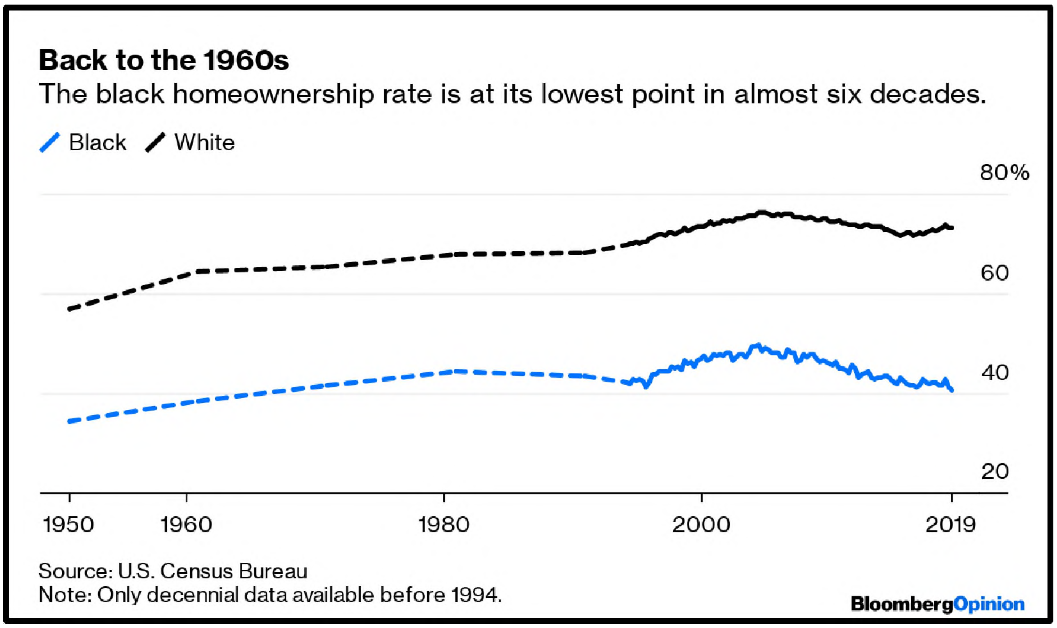
The racial home ownership gap has existed for decades and has not improved since the Great Depression—contributing significantly to the racial wealth gap. Black-White wealth disparity is often attributed to differences in home ownership and income (Thompson & Suarez, 2015). Oliver and Shapiro (2001) go beyond income differences to explain this gap. They contend that differential home ownership rates are a product of the legacy of residential segregation, redlining, Federal Home Administration (FHA) and Veterans Administration (VA) policies, and discrimination in real estate and lending markets. Discrimination in the process of securing home ownership, as well as the persistence of residential segregation, both hinder the accumulation of wealth. For Blacks living in segregated areas, the value of their homes is depressed, demand for their homes is less, appreciation rates are lower, and growth in equity is diminished.

Black and Hispanic homebuyers are more likely to have high cost loans from subprime lenders than Whites. Subprime lenders were found to be responsible for differential treatment of equally qualified lenders along racial lines (Bayer, Ferriera, & Ross, 2016). Blacks are more likely to have loans with higher interest rates despite having comparable credit scores with Whites. These conditions have multiple consequences. When borrowers are burdened with higher debt (and interest rates), the accrual of wealth is impeded. Subprime loans are associated with higher delinquency and default rates, which negatively impact long-term credit scores and sustainability of home ownership (Bayer, Ferreira, & Ross, 2016). Rather than closing the wealth gap, home ownership by means of high cost loans is more likely to expand it.

Mortgage lending was largely unregulated before passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act in 2010. Black homebuyers were steered toward higher interest mortgage products with terms that jeopardized their financial stability and wealth potential. Blacks were 50% more likely to get a subprime loan than white borrowers with terms that included features such as prepayment penalties and balloon payments that characterize predatory mortgage lending—unscrupulous practices to entice borrowers to accept mortgages on terms deleterious to their economic stability, well-being, and future.

Consequences of the mortgage meltdown, beginning in 2007, had an adverse impact on the Black community and reversed its overall wealth standing (Immergluck, Earl, & Powell, 2018). In 2013, the rate of foreclosure or serious delinquency for loans originated between 2004 and 2007 was twice as high for Blacks at 28 % as for Whites. Nationally, the Black home ownership rate grew during the 1990s and peaked in 2004 at 49%; after the foreclosure crisis it dropped to 42% in 2016, where it remains. (See Figure 2.) In 2007, prior to the foreclosure crisis in that same year, the wealth gap was narrower—the median White family wealth was eight times that of the median Black but grew to 11 times that of Blacks by 2013 (Taylor, 2018).

Figure 2



5. Background of housing programs:

The relationship between home ownership and wealth accumulation is circular. A person with assets is more likely to qualify to buy a home; conversely, owning a home is the most common way that Americans accumulate assets. As discussed in greater detail below, both processes have been problematic for members of racial and ethnic minority groups.

The housing market in central cities began a precipitous decline with the outmigration of the middle- and upper-income Whites to the suburbs in large numbers during the 1950s—also known as white flight. Government policies promoted this outmigration with the availability of low down-payment, low-interest loans insured by the federal government under the FHA/VA programs. Both programs guaranteed participating lenders that outstanding mortgage balances would be paid in the event of default. Over the years, the criteria to qualify for federally-backed loans changed to comply with varying objectives of the programs.

Section 203 of the National Housing Act of 1934 created the FHA as part of the federal government's response to the effects of the Great Depression. Housing had been a major sector of the nation's economy before the stock-market crash of October 1929; afterwards, housing construction declined greatly. Many workers in the housing industry were unemployed, and millions of mortgages were foreclosed. The VA loans were made available to returning servicemen by the Serviceman's Readjustment Act of 1944. Almost all of the new homes purchased with FHA and VA backing were built in the suburbs. The FHA had a bias toward the type of single-family housing found in suburbs, and its administrators actively promoted the idea that housing and neighborhoods should be segregated (Judd & Swanstrom, 1998). FHA administrators were drawn from the ranks of the housing and banking industries; consequently, they shared the real estate industry's viewpoint that segregation was preferable to integration in maintaining neighborhood quality (Judd, 1988). Legislation enacted by the FHA further institutionalized racial separation in housing programs and foretold the fate of central cities.

Title I, another section of the 1934 Housing Act enacted at the same time as the Section 203, provided insurance for loans to repair properties in central cities. The funds could have been used to repair substandard housing, to provide renovation assistance to households that might otherwise move to the suburbs, or to enhance the value of central business districts. The fate of Title I shows how instrumental the private sector was in formulating housing policy. In lobbying for the Housing Act of 1934, the housing industry (banks, savings and loans institutions, realtors, and contractors) agreed to Title I as a compromise to get quick congressional action. In contrast to Section 203, very little money was ever appropriated under Title I. Collectively, these two policies had an adverse effect on the condition of many central cities as housing deteriorated.

Between 1934 and the mid-1960s, almost all FHA loans were made to White borrowers; thus, the funding contributed to the growth of home ownership in predominantly White segregated suburbs. Blacks seeking to buy in the cities to which they were restricted were unable to acquire FHA loans. The FHA's underwriting policies promoted the redlining of central cities and sped up the outmigration of middle-class Whites away from central cities. The intricate operation of actors in the real estate industry was aligned against Black borrowers.

Urban renewal was launched by the 1949 Housing Act with the stated goal of rebuilding neighborhoods considered as slums. Implementation of the urban renewal programs in the 1950s and 1960s across the country demonstrated how political and economic elites came together to shape the outcomes of this program in their own interests rather than those of lower economic and political standing. Urban renewal provided grants to local renewal agencies to assemble and clear sites deemed as slums for redevelopment. The act gave private developers preference over local governments in redeveloping clearance sites. Private sector involvement was encouraged by the use of federal grants to absorb the difference between the cost of preparing the land for redevelopment and a negotiated below-market price that developers paid for land.

The focus of redevelopment under urban renewal was to be predominately residential, and households displaced by the renewal programs were to be provided with decent and sanitary dwellings. Amendments to the legislation in 1954 and 1960 raised the amount that communities could use for nonresidential, commercial revitalization to 10% and 30%, respectively. These amendments suggest a change in the way that urban renewal programs were viewed at the federal government level. Local authorities were able to allocate as much as two-thirds of urban renewal funds for commercial projects without violating federal directives (Judd & Swanstrom, 1998). Federal administrators interpreted program guidelines so that any project that allocated more than 50% of its funds to housing was categorized as a 100% housing project.

Urban renewal played out differently across cities in the country; generally, it worsened the living conditions of poor people. Urban renewal resulted in more housing being torn down than built, displacement of residents who were forced to often move into overcrowded situations, and increased segregation in many cities. Urban renewal became synonymous with "Negro removal," as some cities used the program to remove African-Americans from sections of the city near more exclusive White neighborhoods or to pursue lucrative redevelopment. The private sector did not give much consideration to the living conditions of people existing in blighted areas. However, they did consider blighted commercial and residential areas as detrimental to their real estate investments and economic well-being of central cities. So, realtors, developers, financial institutions, and local business elites favored slum clearance but were not interested in the construction of low-cost housing for displaced residents.

Urban renewal offered political opportunities that mayors and local officials typically used to their advantage. Mayors sought to carry out major clearance and redevelopment projects using federal redevelopment funds. These projects required alliances between the mayors, local officials, and the business community—corporate executives organized the alliances in most cities. This type of political alliance dominated the politics of most large cities so that by the end of the 1950s hardly any large city in the United States lacked a renewal coalition (Judd, 1998).

Urban renewal programs heightened racial tensions and contributed to the attitudes and stereotypes that still persist about African-Americans. The effects of these programs also contribute to the mistrust that some African-Americans have toward government initiatives. Black households, who were disproportionately displaced by this program, had limited options regarding places to relocate because housing discrimination restricted the places where all African-Americans could find residences. Clearance projects had the effect of increasing the pressure on existing housing at the periphery of Black neighborhoods, where middle-income Blacks in search of the housing were able to locate. Some lower-income families were able to move into public housing, but there was never enough to meet the total needed. Not all eligible families received the relocation assistance to which they were entitled under the urban renewal program.

Judd and Swanstrom (1998) describe a sequence of events associated with real-estate practices when movement of a Black household into a White neighborhood is equated with neighborhood decline. Through the practice of blockbusting, realtors would sell a house to a Black family, play into fears among the remaining Whites that the neighborhood was changing, buy properties from panicked Whites at low prices, and sell the homes at higher prices to middle-class Blacks looking for nicer neighborhoods. The inevitable outcome has been the association of Black households with residential decline. As the demand for these areas declined, Black homeowners in over-priced housing did not realize the property value appreciation that suburbanites or their predecessors had experienced.

6. Failed opportunity:

Section 235 of the 1968 Housing Act gave the FHA another role. The demands of civil rights advocates, protests and demonstrations in the cities, anxious Whites moving from cities in the wake of racial unrest, and forced busing are among the factors that melded to generate support for this legislation. Section 235 was intended to provide home ownership opportunities for Blacks who had previously been largely denied FHA eligibility. The FHA innovated homebuying initially by allowing for low down payments of 10 % or less rather than the standard 30 % and extended 30-year mortgages with stipulations that prohibited loans in Black or racially transitioning neighborhoods. The racial nature of the early program was entrenched in policies and practices that overtly continued well into the 1970s. The FHA warned that

> [I]f a neighborhood is to retain stability it is necessary that properties shall continue to be occupied by the same social and racial classes. A change in social or racial occupancy generally leads to instability and a reduction in values. (1936)

Similarly, national and local real estate boards adopted language in their codes of ethics prohibiting realtors from introducing members of any race or nationality whose presence would be "clearly detrimental to property values in that neighborhood" (Gotham, 2000).

In the 1950s, a few FHA-backed loans were made to African-Americans. For example, the Black-owned Quincy Savings and Loan Company in Cleveland was approved for FHA mortgage insurance on loans it made to Black buyers in 1953 (Michney, 2017). In 1968, FHA's emphasis changed to promote home ownership among lower-income buyers and African-Americans with low down payments of at least $200 and one to three percent interest rates. The program also covered a government subsidy to lenders maintaining the monthly payments of low- and moderate-income buyers based upon 20 % of household income.

Passed with little requirement for federal oversight, the Section 235 Program operated at the behest of local forces that resulted in its downfall and collateral damage to central city neighborhoods. Abuses occurred as participants, including lenders, realtors, building inspectors, appraisers, and buyers (unwittingly or not), colluded to get buyers into subpar properties with virtually no equity or assets to fall back on. Tales of these outcomes reached the halls of Congress when hearings were conducted in 1973, and the program was deemed a failure for its low-income home ownership aspirations. A study of the Section 235 Program operation in Kansas, Missouri, however, found that this program had racially disparate outcomes. Operating from 1969 to the early 1970s, this housing subsidy program allowed the majority of White families to purchase new housing in suburban areas while most Black families purchased existing housing in racially transitioning neighborhoods in central cities (Gotham, 2000).

As buyers abandoned deficient properties in large numbers, the Section 235 Program contributed to decline and deterioration in many neighborhoods. In addition, the scale of the abandonment set the tone for other housing programs with FHA backing at later times as central cities lost population precipitously after 1970. President Nixon imposed a moratorium on all public and subsidized housing programs by January, 1973. The Section 235 Program, supposedly designed to ameliorate racial residential segregation, not only reinforced segregation, but also it fostered the ability of White families to buy new homes (Gotham, 2000).

Through January, 1974, 453,791 homes were purchased under the program, and 10.05 % were in foreclosure or default, contrasted with a 2 % default termination under the unsubsidized FHA 203(b) program. During the House subcommittee hearings in 1973, officials offered these causes of the excessive foreclosures in Detroit (where the rate was highest): overpriced and structurally unsound houses, unsophisticated home purchasers, a failure by the state of Michigan to properly regulate the real estate industry, failure of FHA and the Federal National Mortgage Association to curb imprudent lending by mortgage companies, failure by the Department of Housing and Urban Development (HUD) to screen and counsel inner city homebuyers, inadequate HUD staffing, lack of interagency coordination, and a desultory approach to prosecution of lawbreakers (McClaughry, 1975).

7. Background of welfare programs:

Aid to Families with Dependent Children (AFDC) Program, the public assistance program commonly referred to as welfare, was supplanted by the Temporary Assistance to Needy Families (TANF) Program in 1996. Aid to Dependent Children (ADC) was enacted in the Social Security Act of 1935. When the Social Security Act was passed in 1935, the phrase “social security” referred to several types of government provision, including aid to the elderly, the handicapped, the unemployed, and the poor. Social Security shifted to refer specifically to old-age pensions over three or four decades. ADC became AFDC in 1962 when mothers of dependent children were made eligible to receive benefits.

The objective of ADC/AFDC and its clientele changed over 60 years. It was initially intended to provide temporary assistance to single parents who lacked an independent source of income until that situation changed. Given social norms when this program was established and the fact that the single parents it served were mostly White women, the prevalent expectation was that they would leave the welfare rolls upon getting (re)married.

The racial disparity of the program existed from the beginning and only intensified over the years, as evidenced in eligibility restrictions, differential implementation, and institutional racism. The program was racist in the negative perception of and impact on African-Americans, which can be traced not only to the design of the federal program, but also those that preceded it in the states. As with most public policy, the interaction between state and federal policy makers affected the content and focus of enabling legislation and the respective roles of federal, state, and local actors.

Mother’s aid and widow’s pension programs preceded the ADC program. Juvenile court judges initiated the first mother’s aid programs in Chicago and Kansas City, Missouri, in 1907 and 1908, respectively. These programs began as options to the common practice of separating impoverished widows from their children. Rather than sending widows to poorhouses and their children to foster homes or reformatories, mother’s aid allowed families to remain intact. By 1920, thirty-nine states had passed mother’s laws. They garnered support from state legislatures because they targeted a narrowly defined group of recipients, and this allowed them to control welfare costs. The Illinois statute, for example, did not require payments to all widows with children; rather, the courts were permitted to order such payments when adjudged warranted. After the law took effect, the Chicago juvenile court was inundated with applications. Relief workers rejected two-thirds of them in an effort to contain costs (Robertson & Judd, 1989). States generally used similar strategies to contain costs—reducing the amount given to each recipient and shrinking the recipient pool. The latter was accomplished through processes such as asset limits (caps on liquid assets and home equity, for example) and morality tests to determine which women were worthy of assistance (Teles, 1996). Nonetheless, inclusion of widows on ADC in amendments to the Social Security Act elicited the bulk of public sympathy for their plight; without them, the program would have been politically vulnerable.

The Social Security Act of 1935 signaled the movement of the federal government from a passive role to an active role in welfare policy. Under the original ADC program, the federal government provided grants and delegated operational control to the states. Southern members of the U.S. House and Senate demanded minimal federal regulation under the Social Security Act fearing that federal guidelines might be used to challenge the inferior status of Blacks in the South (Teles, 1996). Amendments to ADC and other programs eliminated federal oversight that might have prevented discrimination. The southern states were most well-known for excluding Blacks and Hispanics or cutting off their stipends when cheap agricultural or domestic labor was needed. Women of color were sometimes caught in a paradoxical situation when the federal government designated most mothers as unemployable, when being employable might have allowed them to benefit from the public works jobs created by the New Deal. In contrast, state governments regularly designated women of color as employable when agricultural employers wanted pickers at harvest time, thereby depriving them of the relief to which unemployables were entitled (Gordon, 2002).

As a consequence of exclusions and discrimination, in 1940, 14% to 17% of ADC recipients were Black, far below the proportion dictated by their need. Furthermore, ADC did not cover two-thirds of eligible needy children—those who were covered were disproportionately White (Gordon, 2002).

Grass-roots activism and civil rights politics connected with welfare politics after World War II. Many poor mothers, especially African-Americans, began to challenge their exclusion from public assistance and began applying in large numbers. Welfare rolls began to grow, especially in cities where communication about assistance availability was greatest and where political assertiveness among the poor, particularly the African-American poor, was highest. The number of ADC recipients increased by

17% in the 1950s and 107% in the 1960s. They saw claiming benefits as insistence on citizenship and civil rights and as a step toward upward mobility—particularly getting their children out of the fields, where many of them labored, and into school (Gordon, 2002).

During the 1960s, public assistance became more identified with the term "welfare" as a pejorative connotation. Programs under the Social Security Act of 1935 were eventually divided into benefits that workers earned (or entitlement programs) and those based upon demonstrated need. For popular purposes, this distinction translated into the deserving versus the undeserving poor. While both programs grew to cover more people by the 1980s, the latter constituency was associated with rising costs, waste, fraud, and abuse. Critics accused recipients of immoral lifestyles and laziness as allegations were made that women willfully birthed more children to receive larger welfare allotments. The numbers of people receiving benefits grew from three million in 1960 to a peak of 14.2 million in 1994 because eligibility standards were liberalized, and advocacy groups encouraged eligible people to claim benefits (Robertson & Judd, 1989). Two years before welfare reform legislation was passed in 1996, the numbers had begun to decline as the job market grew. By this time welfare had become a code word for "Black" in public policy and political discourse.

In the early days of mother's aid and the Social Security Act, African-Americans made up a small part of the clientele. In 1967, Whites still made up over half of the beneficiaries, but Blacks were disproportionately poor and were disproportionately represented among the clientele. During the 1970s, 1980s, and 1990s, efforts were made at the local, state, and federal levels to curtail participation and costs attendant to the welfare program. Congressional attempts after the mid-1970s to make dramatic changes in the AFDC program failed. Each proposal was blocked by conflicting political ideologies that resulted in stasis and conservation of most of the system (Teles, 1996).

Welfare gained national prominence when presidential candidate Ronald Reagan raised the apparition of the "welfare queen" during his 1976 campaign. Linda Taylor was dubbed the "welfare queen" in a 1974 *Chicago Tribune* newspaper article when she was arrested for welfare fraud. Having first campaigned on his intention to end welfare when he ran for governor of California in 1966, Reagan picked up on the story of this Black Chicago welfare recipient as an example of a broken system that supported her allegedly exorbitant lifestyle. He claimed that she received over $150,000 illegally although she was ultimately charged with defrauding the state of $8,000 (Kendi, 2016). Nonetheless, her portrayal as a woman who wore a mink coat and drove a Cadillac automobile was oft-repeated and resonated with the beliefs held by critics and even casual observers about the welfare system. The welfare system was widely viewed as dysfunctional; however, it did not change appreciably until the 1996 welfare reform under President Bill Clinton.

8. Ending welfare as we knew it:

People from many quarters criticized the welfare program. The program seemed to do nothing well, perhaps by design. Welfare did not end poverty; rather, the benefit amounts, set below poverty levels to disincentivize participation, perpetuated poverty. Policies were contradictory, espousing independence but dousing initiative. Welfare was charged with perpetuating lifetime welfare dependency as well as antisocial behaviors such as teen pregnancy, out-of-wedlock births, and indolence. Supporters and opponents of the program called for change over the years, but proposals were routinely bogged down in the details. The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) was enacted in 1996 in response to criticisms about the structure and operation of the program.

PRWORA brought about a major structural change with devolution—the decentralization of program decision-making and implementation. The new approach also included the dramatic termination of the 60-year old guaranteed cash assistance program and replaced it with temporary, time-limited assistance. The federal law set a five-year lifetime eligibility cap but, as was the case with the welfare program that preceded it, a great deal of variation exists among states in the implementation. In the application of time limits. states initially had 18, 21, 24, 36, 48, or 60 months' time limits with varying effects. An unintended consequence of time limits was an adverse effect on infant mortality resulting from the decoupling of TANF and Medicaid (Leonard & Mas, 2008).

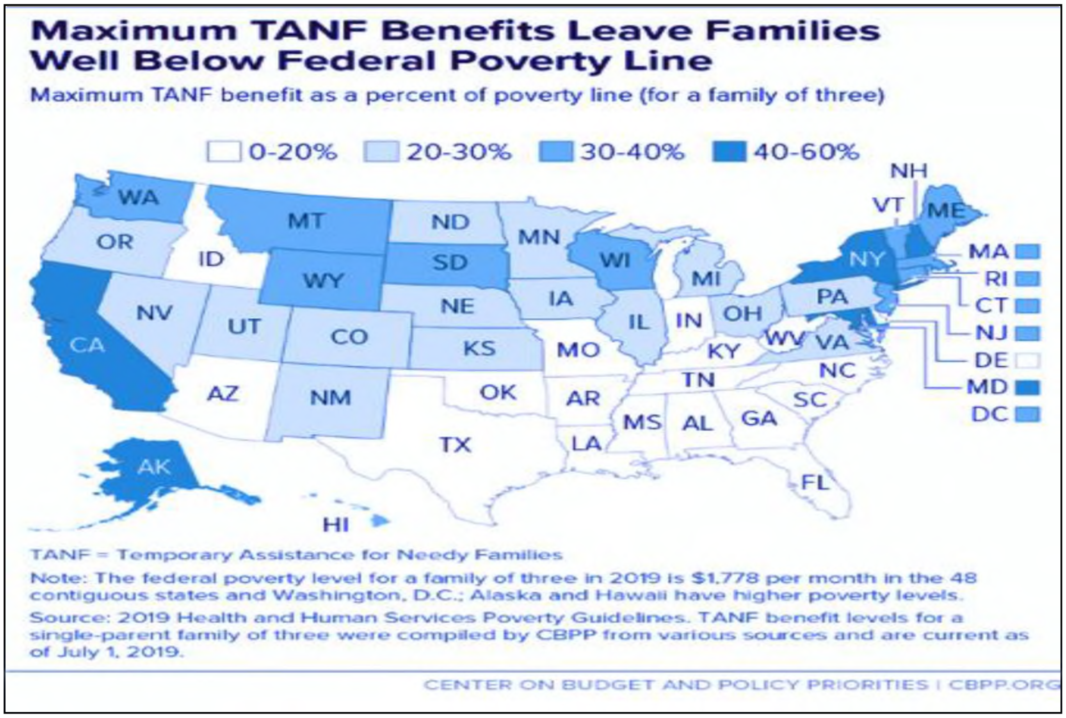
Devolution also raised the issue of states' rights to design and implement the welfare program uniquely. Research found the states with high proportions of African-Americans and Hispanics on the welfare rolls have the harshest sanctions for violations of welfare department rules (Soss, Schram, Vartanian, & O'Brien, 2001). Devolution reduced federal monitoring of programs, causing concern that pre-civil rights and pre-welfare rights racial discrimination of the 1950 and 1960s might resurface. A feminist scholar equated the backlash against AFDC with the initial reaction to the emergence of the civil rights struggle that radically challenged institutional racism (Abramovitz, 1996).

PRWORA implementation reduced the number of welfare families from 4.4 to 2.2 million from August, 1996 to June, 2000 and to 1.2 million families in 2018. Beginning in 1996, the number of White recipients declined at a faster rate than that of people of color. Whites were also more likely to leave welfare due to earnings that made them ineligible for additional assistance, but people of color were more likely to leave because they were sanctioned (Neubeck, 2002). Reports of the "success" of welfare reform in reducing the rolls tend not to mention the racial differences; yet, researchers have offered some possible explanations.

TANF implementors in some cities faced different realities than their non-urban colleagues that affected client outcomes: disproportionately less money to work with, fewer savings derived from slower caseload declines, and more clients with intractable problems. Labor market forces were beyond the control of the implementors. For example, the likelihood of moving from poverty was less for city residents contending with lower wage levels than comparable workers in the suburbs. In Philadelphia, researchers found that home health care positions in the city paid the minimum wage ($5.15 at the time), but such positions in the suburban counties paid $10.50 per hour (Allen & Kirby, 2000).

Early findings revealed that welfare reform did not eradicate poverty. (See Figure 3.) Most former recipients who found jobs earned less than they had received in welfare payments, and only 10% had sustained earnings above the poverty level. Almost 50% earned less than $5000 per year (Pawasarat, 1997). Subsequent findings about employment outcomes showed that 88% of current and former recipients of TANF in 1997 and 1998 found employment, but 75% of them lost employment within the same five-year period (Hamilton, 2012). Research reports that TANF has contributed to increased numbers of children living in families with incomes less than half of the poverty level—considered to be deep poverty. In 2016, TANF benefits lifted 287,000 children out of deep poverty; in 1995, AFDC lifted 3 million children out of deep poverty. Furthermore, racial disparities exist based on where people lived. Forty percent of White children live in states with benefits below 20% of the poverty line, compared with 55 % of Black children.

Figure 3



The term *welfare racism* was coined by Noel Cazenave to refer to the organization of racialized public assistance attitudes, policy making, and administrative policies. He and Neubeck (2001) provided examples of how welfare racism across the board—individual state and local institutional policies and practices, discriminatory acts by welfare caseworkers and employers of welfare recipients or former recipients— caused harm not only to individual clients of color and their families, but also to entire communities of color. The ratio of Blacks and Hispanics to Whites receiving welfare benefits increased after welfare reform in Florida. The authors note that, "ostensibly race-blind but punitive policies cannot help but disproportionately adversely affect people of color if they make up the vast bulk of the poverty population and the welfare rolls" (Neubeck & Cazenave, 2001). One would not expect existing disparities to increase, however, if policies, practices and procedures were applied in an unbiased, even-handed manner.

9. Conclusion:

Spatial mismatch connects the relevance of poverty and welfare to housing and neighborhoods within the context of enduring racial wealth disparities. Spatial mismatch describes the circumstance wherein people of color residing in central cities do not have access to jobs for which they might qualify because they are located in outlying suburban areas often difficult or impossible to reach by public transportation. Pugh (1998) found that the effects of spatial mismatch within five metropolitan areas explained some, but not all, of the disparities in welfare outcomes between central cities and suburbs. Other factors led Pugh to conclude that, in addition to spatial mismatch, racial discrimination and lack of information limited job access and prevented employers from hiring workers from poor neighborhoods. Blacks, to a greater degree than Hispanics, face spatial mismatch conditions that are harsher than those faced by Whites. They also found that racial/ethnic differences in spatial mismatch would continue to decline if racial segregation continued to decline at rates similar to those observed during the 1990s and would be eliminated in 45 to 50 years (Stoll & Covington, 2012). The reversal in home ownership among Black people since 2007 does not bode well for decreases in residential segregation.

Disparities in the economic well-being of middle-class blacks and middle-class Whites can be traced back to slavery and Jim Crow laws. However, the more recent effects of urban renewal, highway construction, and suburban exclusion contribute to current community development and housing challenges experienced by many Black Americans. Black middle-class homebuyers were denied opportunities that White middle-class homebuyers had to invest in new homes in lower density suburbs close to the emerging employment centers, newer schools, and healthier environments. In the postwar period, as the White middle-class home became the principal source of savings, the Black middle-class was unable to realize the same investment. The growth of the White suburban middle-class was heavily subsidized by the federal government with $100 billion invested in FHA/VA loan insurance and expenditures on highways (Judd & Swanstrom, 1998). Efforts to counteract the effects of segregation have not garnered the same commitment of resources.

In the wake of thousands of foreclosed homes in the 1980s after the Section 235 debacle, government intervention to aid lower-income homebuyers was criticized as the cause. However, this author would argue that the problem was insufficient intervention and oversight that allowed local actors with nefarious motives to act unscrupulously. Such effects of decentralization and deregulation must be considered through an antiracist lens.

When the public assistance programs and the Section 235 Program are viewed in tandem, the outcomes of stigmatization and bias toward low-income Black women and the tendency of public programs to operate toward the advantage of powerful actors rather than the clients are obvious. Among the primary victims of the Section 235 sell-and-foreclose cycle were single Black women receiving welfare seeking better opportunities for their families. Cases of poor people unwittingly buying homes in need of unaffordable repairs that led to foreclosure were recounted across the country as thousands of homes were foreclosed in the 1970s. "Recruiting thousands of poor Black women as homeowners was strategic for an industry in search of new customers—and underlined the dubiousness of the program" (Taylor, 2019a). The Section 235 Program, ostensibly designed to produce more low-income homeowners, was a boon for banks and the real estate industry as "racist exclusion gave way to predatory inclusion" (Taylor, 2019a).

Resolving problems observed with the design and purpose of welfare and housing initiatives cannot be done effectively in isolation. The issues recounted in this article are part of a larger, inherent problem of policies that Kendi calls racist—"any measure that produces or sustains racial inequity between racial groups." The only antidote to such policies is antiracist policy which "produces or sustains racial equity between racial groups.... There is no such thing as a nonracist or race-neutral policy." All policies have the effect of producing or sustaining racial equity or inequity among racial groups (Kendi, 2019). This article closes with steps that might be taken to close racial differences in income, home ownership, wealth, and spatial mismatch.

Strategies to address racist policy outcomes:

Reduce the income gap. Closing the income gap between Blacks and Whites will reduce the home ownership gap by about 9 percentage points (Choi, et. al., 2019). The most direct way to achieving this outcome is increasing the minimum wage nationally to a living wage among lower paying occupations. Across the income spectrum, however, the causes for income disparities should also be dissected and addressed when they cannot be explained by nondiscriminatory reasons. Finding that growth in the Black-White wage gap is due largely to general earnings inequality and discrimination (or racial differences in skills or worker characteristics that are unobserved or unmeasured in the data), Wilson and Rodgers (2016) call for intentional and direct action to close and eliminate the gaps. The same is applicable to all efforts to end racial disparities.

Enhance fair housing laws to enforce anti-discrimination. The federal government is moving in the opposite direction with efforts to dismantle the Affirmatively Furthering Fair Housing ruled issued by the Obama administration in 2015. A primary provision of the rule required localities receiving federal housing funds to examine housing patterns for racial bias and to submit plans to eradicate any measurable bias. Under the Trump administration, the deadline for localities to submit their fair housing evaluations by 2017 was extended by one year, and in 2020, HUD Secretary Ben Carson announced its replacement with a new rule, Preserving Community and Neighborhood Choice, that weakens the federal government's fair housing commitment and removes the mandate to address systemic housing discrimination. By leaving decisions about affordable housing up to states and localities, the rule represents a complete retreat from federally-mandated efforts to reverse historic, government-driven patterns of housing discrimination and segregation.

Enforce lending policies to prevent discrimination and bias. Housing finance instruments, FHA, Freddie Mae and Freddie Mac should be structured to reach people of color who are underserved with the specific purpose of closing the home ownership gap. Immergluck, Earl, and Powell (2018) identify a redemptive role that the FHA can play in helping Black homebuyers to weather financial storms that may occur. Contrary to the period when Black buyers could not obtain FHA mortgage loans, Black homebuyers now disproportionately rely on FHA financing. Referring back to a time when the FHA was a countercyclical source of funding during the mortgage crisis of the 2000s (Immergluck, 2011), the FHA could serve an even stronger purpose in the current downturn given the disparate, negative effects of the COVID-19 pandemic on Black households.

Enact a comprehensive urban policy. Lack of an urban policy is magnified by the abundance of poor people, whether receiving public assistance or not, and those who are housing-poor in central cities. Before the inception of PRWORA, central cities housed more poor families and welfare families than suburban areas, making them more vulnerable to the shortcomings of welfare reform. Declines in welfare caseloads have occurred at a slower rate in cities than in the nation as a whole and compared to other parts of states. Families on welfare are now more concentrated in urban areas than before welfare reform (Leonard & Kennedy, 2002). Cities do not have the substantial role that counties have in either administering or coordinating TANF programs as some states have given wide latitude to counties in shaping welfare reform programs (Seefeldt & Lin, 2002). Empowerment Zones and Model Cities are illustrative of bygone programs designed to address the complex and persistent issues facing central cities and lower-income residents—a far-reaching approach which should be resurrected. Those programs conveyed funds directly from the federal government to cities, bypassing both state and county governments.

Strengthen enforcement of civil right laws. Some problems identified with the racially-biased implementation of welfare reform could be addressed by strengthening the applicability of civil rights laws to TANF participants and enforcing the regulations among agencies and employers. The federal agency in charge, Health and Human Services, should mandate the collection of data by race/ethnicity and provide oversight to detect and correct disparate treatment. The U.S. Civil Rights Commission issued a statement in 2002 that iterated numerous instances of discriminatory and differential treatment among welfare offices, employees, and agencies that hire welfare-to-work clients; they called for increased civil rights monitoring and enforcement (A New Paradigm, 2002). In 2020, the Trump administration was moving toward tougher work requirements, stricter time limits, and increased flexibility to states to run welfare programs, policies which are likely to exacerbate existing problems. All civil rights laws should be aggressively enforced and offenders punished (Taylor, 2019a) under any scenario.

Prohibit policies that incentivize market forces at the detriment of Black people. Government complicity, at all levels, in racially dependent predatory practices should be acknowledged and uprooted. Government invoked race to shape the housing market in partnership with the real estate industry (Taylor, 2018). Severing the connection between the two and removing the profit-motive driven private sector is part of the solution. The market-centered focus of federal housing policy that has reinforced racially segregated housing patterns and prohibited African-Americans from acquiring wealth through home ownership must be dismantled. Government invocation of race to reshape the housing market would be an anti-racist action.

The societal stigmatization of Black people that pervades society on a large scale, and, in this case, welfare programs and housing opportunities, must end and be decoupled from public policy. Without anti-racist policies, the wealth gap is likely to expand. Just as some people pass on their wealth generationally, others pass on their lack of wealth generationally as well.

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