

Opening Statement

JEC Hearing on “Examining the Racial Wealth Gap”

Wednesday, May 12th, 2021, 10:00 a.m. ET

Remote

Good morning and thank you to Chairman Beyer for convening today’s hearing.

At the heart of the American Dream is the ability to build a productive and happy life for oneself and one’s family. Necessary to that endeavor is, of course, the opportunity to build wealth.

Unfortunately, while average wealth for all American households has risen in recent years, it remains a fact that Black and Hispanic households have consistently held less wealth than White households.

Wealth is built through the accumulation of assets, including homes, savings, and inheritances. But accumulating assets requires income and income requires opportunity.

The crucial question, then, that we must ask to address the racial wealth gap is this: how can we increase opportunity for those with less wealth so that they can build more? And what are the things that get in the way of opportunity and upward mobility?

As Martin Luther King wisely observed, “a productive and happy life is not something you find, it is something you make.” But it is something you make *with other people*. Indeed, supportive relationships and institutions are vital to facilitating opportunity.

The Social Capital Project of the Joint Economic Committee has for the past few years studied the health of families, communities, and civil society, documenting changes in social capital over time and its uneven geographic distribution across the country.

Often historical injustices have far-reaching consequences for future generations. One of the Project’s striking early findings was that there is a connection between counties with large enslaved populations in 1860 and the counties with the lowest rates of marriage and intact families today.

Slavery stole agency from Black Americans for generations, tearing apart one of the most vital supports for human flourishing – the institution of the family. This horrific legacy, as well as the horrific legacy of racism, has undoubtedly led to far-reaching consequences for Black opportunity.

But other policies have also weakened social capital and opportunity.

Many Black Americans have paid the price for government-sanctioned redlining, lack of lending resources for homes and businesses, and union job discrimination that their parents and grandparents faced. These policies made it that much harder to build intergenerational wealth.

Today, there are still other policies that present barriers to opportunity – enduring policies that lock so many out of affordable housing, a quality education, and job opportunities.

For example, unequal access to quality education plays a large role in upward mobility and economic success. Unfortunately, because of public school zoning and residential zoning policies, many minority children from low-income families are required to attend lower-performing public schools. As a result, they are less likely to do well on standardized tests, graduate high school, and move on to college. They are more likely to end up unemployed, or in lower-skilled jobs with lower earnings.

Occupational licensing laws are often a needless barrier to work, particularly for disadvantaged Americans. Many states have onerous requirements for jobs that can be done with little risk to workers and those that they serve – including jobs performed by florists, hair braiders, and barbers – and those requirements make it hard to earn a living.

Similarly, zoning and land-use regulations prevent the formation of home-based businesses that would allow for more Black entrepreneurship. And zoning segregates Americans by race and by class.

Our current safety net programs include disincentives for both work and marriage, keeping many minorities trapped in a cycle of dependence and poverty, and preventing wealth accumulation and stable family formation.

Family stability also plays a key role in affecting long-term opportunity. White children are nearly three times more likely than Black children to be born into married households, and children born into married households are less likely to be in poverty, and more likely to achieve upward mobility. In fact, one study found that the greatest predictor of young Black children's ability to move up to a new income class is the presence of Black fathers in their neighborhoods.

In these, and other policy areas, we have much room for improvement to address existing barriers and enhance opportunity. But it's important to add that, as far as we have to go, we have made progress, too. Personal agency is not lost; and many Black Americans have advanced and flourished in spite of the barriers and discriminatory legacies they have faced.

As my friend and colleague Sen. Tim Scott recently said:

“Just before COVID, we had the most inclusive economy in my lifetime. The lowest unemployment ever recorded for African-Americans, Hispanics, and Asian-Americans.

The lowest for women in nearly 70 years. Wages were growing faster for the bottom 25% than the top 25%.

"That happened because [we] focused on expanding opportunity for all Americans."

Together, I believe we can continue working to expand opportunity, to help all Americans build a happy and productive life for themselves and their families, and thereby make savings and wealth accumulation a reality for all.

Abraham Lincoln, in his message to Congress on July 4, 1861, wrote that the leading object of government was "to elevate the condition of men; to lift artificial weights from all shoulders; to clear the paths of laudable pursuit for all; to afford all an unfettered start and a fair chance in the race of life."

It is my hope that this hearing will help us do the same.

Thank you.