

## Principles for an Inclusive Economy

The opportunity to achieve economic advancement and security has been an abiding ideal underlying American progress. Given our nation's need to ensure our economic and political stature in a changing global economy, it is in our collective interest that every one of us achieve financial security, have opportunities for upward mobility, and participate in securing our nation's economic future.

However, a wide racial wealth gap prevents us, as a country, from reaching our economic potential. The median family of color only owns 15 cents in net assets compared to the dollar owned by the median white family. As a result, many of us cannot fully participate in our economic system or provide financial security for our families. This gap must be eliminated in order to remain economically competitive in an increasingly demanding global environment and live up to our democratic ideals.

The structural nature of the racial wealth gap can be traced to public policies and practices that undermine equal opportunity. These policies—both historic and contemporary—have intentionally or inadvertently suppressed asset accumulation and wealth creation in communities of color.

Expanding economic opportunities for people of color is an essential strategy for a prosperous America and world. The U.S. needs all of its available resources to remain competitive and the world needs all available talent for global prosperity. Members of historically marginalized racial and ethnic groups are a key untapped or underutilized resource; aggressive steps to ensure that all members of these groups fully participate in and benefit from the economic mainstream will benefit all of us. America's diversity is our strength, and gives us a unique competitive advantage in an interconnected global economy.

*Policymakers, educators, and business and civic leaders can reverse the effect of these public policies through embracing the following set of principles:*

### **1. Craft public policies to support wealth creation and asset building that provide opportunities to move up the economic ladder for all those stuck on the lower rungs.**

While income is vital for working families, income alone is not enough to provide economic security over a lifetime. Promoting asset accumulation and development - whether through tax incentives for homeowners, supporting savings through tax-preferred children's, educational, or retirement accounts, or encouraging entrepreneurship through small business programs or other means – are ways that public policies can give all Americans a pathway to prosperity.

### **2. Ensure full participation in public policies intended to be universal through program design and implementation measures, targeted to those often overlooked.**

The design and implementation of public policies should be tailored rather than one-size-fits all in order to meet the wealth creation needs of all people, paying special attention to those still affected by past exclusion. Such policies must include intentional inclusion of all America's diverse racial and ethnic populations, such as the removal of barriers to asset accumulation for people of color, the use of appropriate languages, and building on culturally specific wealth building beliefs and practices.

**3. Draw upon the perspectives of and resources created by experts of color to develop public policy.**

Too often, “experts” who have very little real-world experience in or with communities of color have the most influence in shaping policies intended to address issues facing these communities. The result is often a failure to achieve the desired outcome. Researchers, community practitioners, policy experts, and advocates from communities of color have a first-hand understanding of the affected communities. Their experience, coupled with the insights provided by their professional training, are available to design effective policy solutions that will have a successful and lasting impact.

**4. Expand and enforce policies that eliminate discriminatory practices in the private and public sectors.**

Although significant progress has been made toward an inclusive society, discriminatory policies and practices continue to undermine the capacity of communities of color to rise to their economic potential. A dearth of enforceable governmental regulation has helped sustain discriminatory practices into the 21<sup>st</sup> century. To be a global beacon of democracy, full attention to the elimination of the color line through vigorous government and civic leadership is required.

**5. Promote the collection of racial and ethnic data which is essential to evaluate policy effectiveness.**

As the late Justice Blackmun once wrote: “In order to get beyond racism, we must first take account of race. There is no other way.” Too often there is insufficient data to knowledgeably design public policy or measure its effectiveness, especially for Native and Asian communities. Public policies should include requirements to collect all necessary data and conduct performance measurements to assess whether particular asset building policies are effective in closing the racial wealth gap.

**6. Support community wide prosperity through community-based economic development.**

Although economic opportunity is often viewed through the lens of individual achievement, communal assets also shape opportunities for success in life. Educational, financial, and community institutions which reflect cultural strengths already exist in many communities of color. These community-controlled institutions can best serve their members’ interests. Geographically targeted public policies should promote the equitable distribution of resources to enhance these existing culturally-competent community-based institutions.

**7. Recognize that a comprehensive human capital agenda is necessary for an economically inclusive society.**

Americans of color need equal access to the educational, health, civic, and economic opportunities that are necessary to reach the economic mainstream and maximize contributions to society. These opportunities are interlocking. When people have access to quality preventive health services, they are in the best condition to learn. When they live in prosperous neighborhoods, they have access to quality education. With education, they can better become inventors and entrepreneurs. When they are empowered and engaged in the civic arena, they can attract public resources that support economically sustainable communities. They are then positioned to add value to the national economy.