

Math:

“Assessing the Impact of
Housing Discrimination on
Wealth and Opportunity”

Life Learning Academy Project-Based Curriculum

Project Title: Assessing the Impacts of Housing Discrimination on Wealth and Opportunity

Project Design Team and/or Instructors: Jamie Pillers

Subject Area(s): History; Mathematics

Grade Level(s): 9 – 12

Project Overview:

In this project students learn how to apply their reading and mathematics skills to a critical assessment of issues affecting their families and communities. The project is based on a segment of the PBS television series “Race, the Power of Illusion” titled “The House We Live In”. The PBS-provided materials, along with census and real estate data analysis suggested by PBS, help our students understand how housing discrimination evolved in the United States and how it affects the wealth and power of their families and communities.

During this project students view portions of the PBS program, read a number of essays by the authors of the PBS program and recent articles about current housing discrimination struggles. Then the students use statistical analysis of population and real estate data from their communities to assess the impacts of housing discrimination. During this portion of the Project (Lessons 5 and 6) the students step outside the PBS lesson plan to study statistical methods useful in judging whether data they’ve collected is meaningful or not. We’ve augmented the PBS lesson plan this way in order to give our students tools they’ll be able to use later in life to critically select useful information from the vast amount now available.

Throughout the project, the students will engage in classroom discussions to assess the meaning of the lesson materials and of the students’ findings.

Educational Standards Addressed:

California State Social Science Content Standards

1. Students compare the present with the past, evaluating the consequences of past events and decisions and determining the lessons that were learned. CA State [1], Chronological and Spatial Thinking, 1.
2. Students relate current events to the physical and human characteristics of places and regions. CA State [1], Chronological and Spatial Thinking, 4.
3. Students construct and test hypotheses; collect, evaluate, and employ information from multiple primary and secondary sources; and apply it in oral and written presentations. CA State [1], Historical Research, Evidence, and Point of View, 4.

4. Students show the connections, causal and otherwise, between particular historical events and larger social, economic, and political trends and developments. CA State [1], Historical Interpretation, 1.
5. Students interpret past events and issues within the context in which an event unfolded rather than solely in terms of present-day norms and values. CA State [1], Historical Interpretation, 3.

California State Mathematics Standards

6. Students organize and describe distributions of data by using a number of different methods. CA State [2], Grades 8 Through 12 – Probability and Statistics, 8.0.
7. Students collect, organize, and represent data sets that have one or more variables and identify relationships among variables within a data set. CA State [2], Grade 7 – Statistics, Data Analysis, and Probability, 1.0.
8. Students make decisions about how to approach problems by identifying relationships, distinguishing relevant from irrelevant information, identifying missing information, sequencing and prioritizing information and observing patterns. CA State [2], Grade 7 – Mathematical Reasoning, 1.1.

Goals and Rationale:

During this project students will develop a deeper appreciation of the importance of their reading, writing, oral communication, and mathematics skills as tools for improving their lives and their communities. To do so, students will practice critical reading, selective note taking, idea sharing in small groups, statistical analysis of data, and presentation of their conclusions.

Objectives:

- While viewing and discussing the PBS video, students will learn a vocabulary for discussing and writing about housing discrimination.
- Students will learn the history of housing discrimination in the United States and how that history has led to continuing disadvantages for certain racial groups.
- Students will learn to distill a large amount of information gathered from video, internet, and printed sources using selective note taking.
- Students will learn to refine internet information searches.
- Students will learn to present data in ways that focus audience attention on important argument(s).

- Students will learn to use statistical methods for selecting useful data and analyzing its meanings.
- Students will learn to present the project findings to their peers.

Project Outline/Detailed Description:

See Project Outline.

Assessment Methods and/or Tools:

See Project Outline.

Texts and Supplemental Instructional Materials:

1. *History-Social Science Content Standards for California Public School, Grades 9 Through 12, 2006*, California Department of Education: Sacramento, CA.
2. *Mathematics Content Standards for California Public Schools, Kindergarten Through Grade 12, 1997*, California Department of Education: Sacramento, Ca.
3. *Race – The Power of an Illusion* web site at www.pbs.org/race, 2003, Independent Television Service: San Francisco, CA.
4. *Race – The Power of an Illusion, Episode 3: The House We Live In* (VHS or DVD), 2003, PBS/California Newsreel, San Francisco, Ca.
5. *PBS Lesson Plan for Teachers: “The Growth of the Suburbs – and the Racial Wealth Gap*, 2003, PBS/California Newsreel, San Francisco, Ca. (attached PDF file in Appendix 1)

PROJECT LESSON PLAN OUTLINE

Housing Discrimination Impacts on Wealth and Opportunity

Lesson #	Content Outline	Teaching Sequence	Equipment and Materials	Preparation	Assessment
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Housing Discrimination Impacts on Wealth and Opportunity Outline

1 (100 min.) [5]	Students view 1 st half of the PBS documentary video; then explore the concept of family wealth vs. income.	<p>Introduce the subject of the PBS documentary video, and the general structure of the project. (Students will look at video, explore the internet, read interviews, write their findings and ideas in a journal and share them with the class, and finally prepare a final poster presentation with a partner.) (5 min.)</p> <p><u>Show first half of the documentary</u> (approx. 26 min.), when narrator introduces the issue of end-of-WWII housing. (30 min.)</p> <p>Conduct PBS Lesson Plan Activity 1 (<i>Concept of Family Wealth</i>). (35 min.)</p> <p>Conduct PBS Lesson Plan Activity 2 (<i>Sources of Wealth Disparity</i>). (30 min.)</p> <p>Note: During this first day of the project, each student should begin a written journal that will contain information gathered from video viewing and class discussions. From today's lesson, the students' journals should include their Family Net Worth calculations and a summary of the class' discussion of questions posed at the end of each Activity. (Throughout the project, students should be given time to write their thoughts after the class discusses <u>each</u> Activity question.)</p>	<p>TV and video player.</p> <p>PBS video "Race ... Episode 3"</p> <p>PBS Lesson Plan, (Appendix 1).</p> <p>Copies of the Net Worth Profiles tables for each student (see PBS Lesson Plan, Activity 1).</p> <p>Student journal materials.</p>	<p>View "Race... Episode 3" video ahead of these lessons.</p> <p>Study Net Worth Profile calculation in Activity 1.</p> <p>Study the Discussion Questions at the end of Activities 1 & 2.</p>	Students' participation in class discussions and their journal writing.
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Housing Discrimination Impacts on Wealth and Opportunity

Lesson #	Content Outline	Teaching Sequence	Equipment and Materials	Preparation	Assessment
2 (100 min.) [4], [5]	Students view 2 nd half of the PBS documentary video; explore the PBS web site that supports the video; and learn about two families affected by housing discrimination.	<p>Briefly discuss with the class what they learned while watching the 1st half of the PBS video. Remind students to look back over their journal. (5 min.)</p> <p>Conduct PBS Lesson Plan Activity 3 - <u>show 2nd half of PBS video</u> (approx. 30 min.) describing the evolution and impacts of housing discrimination in the United States following W.W.II.. Then lead a class discussion of the questions at the end of Activity 3. Make sure students write their thoughts from discussion in their journals. (45 min.)</p> <p>Move students to Computer Lab, give the students the PBS web site url and ask them to explore the site to see what they can find. After roughly 15 min. of exploration, ask students to discuss what they found. (25 min.)</p> <p>Conduct PBS Lesson Plan Activity 4 (<i>A Tale of Two Families</i>) (25 min.)</p>	<p>TV and video player.</p> <p>PBS video “Race ... Episode 3”</p> <p>Computers connected to the Internet.</p> <p>PBS Lesson Plan (Appendix 1).</p> <p>Student journals.</p>	<p>Explore the PBS web site (www.pbs.org/race).</p> <p>Study Discussion Questions located at the end of Activity 3 and 4.</p>	Students’ participation in class discussions and their journal writing.

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Lesson #	Content Outline	Teaching Sequence	Equipment and Materials	Preparation	Assessment
3 (100 min.) [4], [5]	Students share what they discover about the affects of institutional racism on individual wealth and opportunity by reading transcripts of interviews with three academic experts in social science.	<p>Begin this lesson by asking each member of the class to share what they've discovered thus far in the project. Do this by first asking students to review their journals and then to write two important things they've learned. Then ask students to share what they wrote with the rest of the class. (15 min.)</p> <p>Conduct PBS Lesson Plan Activity 5 (<i>Deepening Understandings ... Six Readings</i>). Assign one of the readings A – F to each of the students in class. When class finishes the reading, each student shares with the class what they found in their reading, especially the answers to the questions at the end of their reading. Remind students to note down any information from the discussion that might be useful in presentations later in the project. (45 min.)</p> <p>Conduct PBS Lesson Plan Activity 6 (Class discussion of Activity questions). Lead a class discussion of each of the eight questions in the Activity. After each question has been thoroughly discussed, ask students to write their responses to the questions in their journals. Finally, ask students if there were any big ideas they saw in the interview transcripts or heard in their class discussions that were not covered in the Activity questions. (40 min.)</p>	<p>Two copies of each of the Readings A through F (Appendix 1)</p> <p>Student journals.</p>	Read six Jigsaw readings A – F (Appendix 1) before students read them.	Student participation in class discussions and writing in their journal.

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Lesson #	Content Outline	Teaching Sequence	Equipment and Materials	Preparation	Assessment
4 (100 min.) [1], [2], [4], [5]	Students will write an essay describing what they've learned thus far about housing discrimination in the United States and its affects on wealth and access to opportunity.	<p>Ask students to team up with a partner and prepare an outline of an essay that will describe the main ideas of the PBS documentary and the associated interviews. When they've finished their outline, each student will take a copy of their outline and discuss it with a different team member and add any information found missing. (40 min.)</p> <p>Then ask each student to write his or her essay. (60 min.)</p>	<p>Student journals.</p> <p>Computer lab (or writing materials) for preparing essays.</p>	Access to computer lab.	Completed essays that clearly present all the key ideas presented in the PBS documentary and the associated interviews.

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Lesson #	Content Outline	Teaching Sequence	Equipment and Materials	Preparation	Assessment
5 (200 min.) [3], [6], [7], [8]	Students collect housing value data and population breakdown-by-race data for their neighborhoods and for a variety of neighborhoods around the San Francisco Bay Area. Students will organize the data, and analyze it for meaning in light of what they've learned from the PBS documentary. During this lesson and Lesson 6, students will learn to use some statistical tools to help them judge the	<p>Begin this lesson by returning to the Family Wealth assessments the students did at the beginning of the project. Discuss again with them what they learned about the importance of net worth vs. income, the contribution home equity has on net worth, and the impacts net worth can have on opportunity. Then ask students to make educated guesses of what they think they'll find when they look at house values around the Bay Area. Ask the students to write their guesses in their journal. (20 min.)</p> <p>To prepare for the remainder of this lesson, discuss with students what they know of Bay Area regions as they relate to house values. At the end of this discussion, students should be aware that there will likely be neighborhoods around the Bay Area that have significantly different housing values and population characteristics. Then assign each student a few neighborhoods to research: their own and at least two that might be expected to be significantly different, housing value and population-wise. Take the students to the computer lab and show them how to use two real estate web sites: www.realtor.com www.sfarms.com</p> <p>Ask each student to find housing price data (including sale price, square footage, number of bedrooms and baths, lot size) for at least ten homes in each neighborhood they are researching. They'll also need to find the population-by-race makeup of</p>	Student journals. Computers connected to the Internet.	Before beginning this lesson, look at housing cost and population information contained in local real estate web sites. Suggested sites include www.realtor.com and www.sfarms.com Access to computer lab.	Student participation and the data they collect.

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Lesson #	Content Outline	Teaching Sequence	Equipment and Materials	Preparation	Assessment
	<p>usefulness of the data they've collected.</p>	<p>the neighborhood (these two websites provide that data). (120 minutes)</p> <p>Students help each other organize all of their housing and population data into a 'database' in such a way that they can see the impacts, if any, of neighborhood racial makeup on the value of housing. Students will need to make proper comparisons being careful to compare housing with similar characteristics (sq. footage, # of bedrooms and baths, lot size). (60 min.)</p> <p>Students will study and use statistical tools (sampling methods; tendency analysis) to make critical judgments about the appropriate use of the data they collect.</p>			

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Lesson #	Content Outline	Teaching Sequence	Equipment and Materials	Preparation	Assessment
6 (100 min.) [2], [3], [4]	Students write an essay describing what the class found in their data search and analysis.	<p>Students discuss their ‘database’ of information they collected from the internet. The discussion should be led using questions like</p> <ul style="list-style-type: none"> • What differences in housing value and population, if any, do you see between your neighborhood and others? • Did you find examples of home prices that seemed not to fit in the neighborhoods you were studying? What made these data stand out? • Do you see any evidence of red-lining in any of the neighborhoods? • Do you think opportunities for jobs, education, or recreation would be different in the neighborhoods you studied? <p>(30 min.)</p> <p>Students write an essay describing their data accumulation process and conclusions they drew by analyzing the data. (70 min.)</p>	<p>Database of information students collected from the Internet.</p> <p>Computers (or writing materials).</p>	<p>Copy of housing value and population database for each student.</p> <p>Access to computer lab.</p>	<p>Student participation in class discussion and their essay.</p>

Housing Discrimination Impacts on Wealth and Opportunity

Lesson #	Content Outline	Teaching Sequence	Equipment and Materials	Preparation	Assessment
7 (100 min.) [1], [3], [8]	Students study and discuss ways to narrow the racial wealth gap.	<p>Begin this lesson by discussing what they've learned thus far about the impacts of race and housing on wealth. (10 min.)</p> <p>Conduct PBS Lesson Plan Activity 7 (<i>Presidential Briefing...</i>). Discuss with the class the list of policy ideas presented in the Activity (see "Presidential Briefing Instructions" box). This portion of the lesson will likely have to be primarily a teacher-centered presentation of definitions of terms used in the policy ideas. After students have discussed the ideas presented in the Activity, ask them if they have any other ideas for improving the wealth gap problem. Then divide class into teams of two or three students each. Ask each team to prepare a 10 – 15 minute presentation for the "President and his advisors" (a panel of LLA staff). Their presentations need to bring together everything they've learned from the PBS documentary, their journal writings, data analysis and class discussions. Provide each team with a copy of the rubric that the presentation panelists will use.</p>	<p>Copies of the "Presidential Briefing Instructions" portion of Activity 7 for each student.</p> <p>Computers or writing materials.</p> <p>Poster-making materials.</p>	<p>Be ready with definitions of all the terms contained in the policy ideas section of the "Presidential Briefing Instructions".</p> <p>Prepare presentation-judging rubric for students' use.</p>	Student participation in class discussion and in their presentation team.

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Lesson #	Content Outline	Teaching Sequence	Equipment and Materials	Preparation	Assessment
8 (100 min.) [3]	Students make their final project presentations to a panel of LLA staff.	Use the first part of this lesson to let students practice and adjust their presentations. (50 min.) Student teams give their presentations to a panel of LLA staff. (50 min.)	Students' journals, essays, and database information displayed in the classroom. Computer presentation equipment if required for any of the presentations. Presentation judging rubric sheets for each panelist.	Obtain 3 or 4 LLA staff volunteers to serve as panel members.	Students' presentation, as judged by panelists.

APPENDIX 1

- PBS *Race is an Illusion* Lesson Plan
- Reading A – What does the wealth gap have to do with race?
- Reading B – How does family wealth affect life outcomes?
- Reading C – How did government housing policies help create the racial wealth gap?
- Reading D – How does the housing market continue to perpetuate racial disparities today?
- Reading E – How are race and the accumulation of wealth related?
- Reading F – But aren't there cultural factors that affect performance and have nothing to do with wealth?

The Growth of the Suburbs - and the Racial Wealth Gap

Developed by David M. Seiter

Grade Levels: 11th & 12th grades

Subject Matter: Economics, Social Studies, And American History

Time Allotment: up to 4 class sessions

Description: This lesson explores structural racism by revealing the important role that family wealth plays in shaping life chances how opportunities to accumulate wealth have been racialized, and the roots and consequences of the current race-based wealth gap.

David M. Seiter is in his 30th year of teaching and currently teaches Economics, AP European History, and World History at Northridge High School in Layton, UT. He is a former National Social Studies Teacher of the Year.

OVERVIEW

Wealth is not just about luxury. It plays a significant role in shaping a family's life chances and creating opportunities - in ways we often don't notice. Currently, the typical white family has about eight times the wealth of the typical African American family. Even in the same income bracket, whites have on average twice the wealth of Blacks. Much of the difference lies in the value of their homes.

This lesson explores how structural racism - in the form of a history of discriminatory government housing policies and practices - helped create the racial wealth gap. Several pre-viewing activities help students understand the difference between family income and net worth, appreciate the impact family wealth has on future opportunities, and see that net worth is shaped not only by one's own efforts but also by external factors.

The video screening, discussion questions and readings that follow help render visible the historical processes and forces that have contributed to unequal wealth accumulation is not only felt in the past but also set the starting line for the next generation.

Finally, the capstone and extension activities help students deepen their understanding and apply what they've learned to other situations. These include evaluating strategies for ameliorating the wealth gap using the device of a evaluating strategies for ameliorating the wealth gap using the device of a Presidential Briefing.

NOTE: The lesson includes more activities than you may have time for. Teachers should feel free to pick and choose the activities most appropriate for their class.

BACKGROUND

RACE - The Power of an Illusion, Episode 3: "The House We Live In," is the first film on race to focus not on individual attitudes and behaviors but on the role that our institutions and public policies play in shaping life opportunities and one's ability to accumulate wealth.

Government housing programs and policies helped generate much of the wealth that so many white American families enjoy today. By lowering down payment requirements and extending the term of home loans from 5 to 30 years, revolutionary New Deal programs like the Federal Housing Administration made it possible for millions of average Americans to own a home for the first time.

But the government also set up a national neighborhood appraisal system that explicitly tied mortgage eligibility to race. Integrated and minority communities were ipso facto deemed a financial risk and made ineligible for low-cost home loans, a policy known today as "redlining." Between 1934 and 1962, the federal government backed \$120 billion of home loans. More than 98% went to white homebuyers.

These government programs made possible the new segregated, all-white suburbs that sprang up around the country after World War II. Government subsidies for municipal services helped develop and enhance these suburbs further, in turn fueling commercial investments. Property values soared in these communities, and white families were able to reap the benefits of increased home equity.

Meanwhile, African Americans and Latinos, largely confined to the inner city, saw their neighborhoods decline as urban renewal destroyed available housing and cut freeways through the heart of their communities and as welfare agencies dumped more and more poor families in their midst. Denied home loans, many remained renters and were not able to accumulate wealth through home equity. Those who were able to purchase homes saw their property values stagnate or fall since 80% of the market, the white population, refused to buy in their neighborhoods. As whites left, so too did grocery stores and services and many of these communities fell into a cycle of decline.

Although many of the worst policies and practices have been outlawed, past discrimination continues to affect families today, as wealth (or the lack of it) accumulates from one generation to the next. As sociologist Dalton Conley points out, a family's net worth is not simply the finish line. It's also the starting point for the next generation. Those with wealth pass their assets on to their children - financing a college education, lending a helping hand during hard times, or assisting with the down payment for a new home. It also provides financial security in retirement. Not surprisingly, the racial wealth gap - and the head start enjoyed by white families - appears to have grown since the gains of the Civil Rights Movement.

Wealth, more than income, is an indicator of life outcomes and performance. Dalton Conley has found that when we compare the performance of families across racial lines who hold similar net worth, many of the huge racial disparities that we see in education, graduation rates, welfare

usage and other outcomes disappear.

The "performance gap" between whites and non-whites is a product not of 'nature' or race per se but the legacy of a long history of socio-economic inequality. This suggests that remedying the wealth gap is key to addressing other types of race-based inequities.

Colorblind policies that treat everyone the same, no exceptions for minorities, are often counterposed against affirmative action or other racial remedies. But colorblindness in a society that is unequal by color, merely bolsters the advantages that has long benefited white people at the expense of other groups.

OBJECTIVES

Students will be able to:

- Analyze how structural racism affects everyone, not just people of color
- Distinguish between the advantages afforded by family income and those conferred by family wealth, or net worth
- Explain the importance of home ownership to family wealth building
- Demonstrate how family wealth doesn't just affect savings and consumption levels, but impacts the life opportunities and outcomes of future generations
- Explain how government money and policies made possible the growth of segregated white suburbs after WWII and contributed to a race-based wealth gap
- Trace how and why segregated housing patterns continue to channel wealth disproportionately to white families
- Hypothesize, compare and evaluate different public policy strategies aimed at asset building

MATERIALS

- **RACE - The Power of an illusion, Episode 3: The House We Live In** (video or DVD)
- RACE companion Web site at www.pbs.org/race:
[Where Race Lives](#) section
- Handouts (below)

ACTIVITY 1: Previewing - Introducing the Concept of Family Wealth

1. Write the following words on the board. Make sure the class can define each word and provide some examples of the first two:

- Assets
- Equity
- Liabilities
- Debt
- Net worth
- Family or household wealth

Family (or household) wealth is the same as family (or household) net worth. It is determined by adding up one's assets and then subtracting one's liabilities.

2. Copy and distribute the three asset and liability profiles below. Have students quickly calculate the total net worth of each family. (Note that asset value is determined by current market value, not original cost)

(Activity 1 continued)

Net Worth Profiles

Family A

Assets	Market Value	Liabilities	Amount
Automobiles	\$22,000	Auto Loans	\$14,000
Clothes	\$3,000	Other Loans	\$17,000
Household goods	\$25,000	Credit card debt	\$3,000
Stocks/Bonds	\$35,000	Home mortgage	\$185,000
Bank accounts	\$7,000	Health insurance	-0-
Home	\$350,000		
Retirement fund	\$45,000		
TOTAL ASSETS		TOTAL LIABILITIES	

TOTAL NET WORTH OF FAMILY A: _____

Family B

Assets	Market Value	Liabilities	Amount
Automobiles	\$7,000	Auto Loans	\$1,500
Clothes	\$2,000	Other Loans	\$15,000
Household goods	\$8,000	Credit card debt	\$9,000
Stocks/Bonds	-0-	Home (rent/year)	\$10,800
Bank accounts	\$1,500	Health insurance	\$2,500
Home (rents)	-0-		
Retirement fund	-0-		
TOTAL ASSETS		TOTAL LIABILITIES	

TOTAL NET WORTH OF FAMILY B: _____

Family C

Assets	Market Value	Liabilities	Amount
Automobiles	\$6,000	Auto Loans	\$5,000
Clothes	\$4,000	Other Loans	\$12,000
Household goods	\$8,000	Credit card debt	\$7,000
Stocks/Bonds	\$2,000	Home mortgage	\$108,000
Bank accounts	\$3,500	Health insurance	\$8,500
Home	\$120,000		
Retirement fund	\$4,000		
TOTAL ASSETS		TOTAL LIABILITIES	

TOTAL NET WORTH OF FAMILY C: _____

(Activity 1 continued)

Discussion Questions for Net Worth Profiles:

1. Which asset tends to make the biggest difference in family wealth? [Note: 42% of all American household net worth is home equity]

2. As a group activity, compile a list of factors that might affect students' ability to accumulate wealth over their lifetimes. A few examples might include:
 - Good schooling
 - College and post-graduate degrees
 - Connections - how people find out about job or internship opportunities.
 - Some studies suggest that 80-95% of jobs are obtained not through want ads but word of mouth. Are your friends and relatives managers and professionals? Construction workers or members of a union? Employees of McDonald's?
 - Skill set - e.g., auto mechanic, machinist, electrician, computer programming, etc.
 - A job with promotional opportunities ("career ladders")
 - Ability to obtain the cash needed for a down payment on a home
 - Ability to qualify for a home mortgage loan (co-signer?)
 - Owning a home in a desirable neighborhood
 - Savings that make it possible to take advantage of opportunities
 - Money inherited from wealthy parents or relatives
 - Other?

3. Sort the factors above into two categories: those that are determined solely by one's own aptitudes and efforts and those that are influenced by outside, or external, conditions. (Note that "externality" is a term used by economists to denote outside factors beyond the immediate control of the economic actor, like the weather)

4. Discuss: Do you think one's race is an externality that significantly affects wealth accumulation? Why or why not?

ACTIVITY 2: Sources of Family Wealth Disparities

To further explore the impact of externalities on asset accumulation, ask each student to review the following list and give him or herself one point for each item that is true:

Factors Influencing Family Wealth: A Self-Audit

1. My parents and grandparents were able to purchase or rent housing in any neighborhood they could afford.
2. I can take a job with an employer who believes in affirmative action without co-workers suspecting I got it because of my race.
3. I grew up in a home owned by my parents.
4. I live in a safe neighborhood and attended good schools.
5. I live in a neighborhood where most residents own their own homes.
6. I have a savings account, stocks or bonds that were given to me by parents or relatives.
7. I can tap my parents' resources to go to college.
8. I can tap my parents' resources to buy a house.
9. I'll be able to get help from my parents or other relatives and weather the storm if I lose my job or otherwise run into trouble.
10. If I get into trouble with the law for the first time, I can be pretty sure the police and the DA will be lenient.
11. I don't have to worry about helping my parents out when they retire.
12. I never think twice about calling the police when trouble occurs.
13. I can be pretty sure that when I speak to the "person in charge," he or she will see me as smart, honest and responsible.
14. I stand to inherit a tidy sum of money when my parents or other relatives pass away.

Discussion: After reviewing the list and adding up their points, ask the class:

- Who ends up with the most and fewest points?
- What kinds of patterns emerge?
- Might people's answers have been different if they were a different race?
- How might family wealth provide deeper economic security than family income?

Note: Especially if your class is racially homogenous, you might consider revisiting these questions after viewing the video and/or exploring the "Tale of Two Families" Web interactivity to see if your students' ideas have changed.

ACTIVITY 3: Film Screening

View the second half of *RACE - The Power of an Illusion*, Episode 3: "The House We Live In," beginning with this line of narration: "Perhaps the best example of how European ethnics would finally gain the full benefits of whiteness to the exclusion of others would come with an innovation in housing at the end of World War II."

NOTE: This occurs approximately 26:15 into the show and runs 30 minutes. If using the DVD, go to Scene 10 then back up about 13 seconds.

This story reveals how government policies helped create the segregated white suburbs, racializing family wealth accumulation and other outcomes.

After Viewing - Comprehension/Discussion Questions:

1. How did the new Federal Housing Administration (FHA) change down payment requirements and loan terms for home mortgages? What effect did this have on home buying in America?
2. What is Levittown and what is its significance? Was Levittown an exception or the norm? Why?
3. What is 'redlining' and how did the term originate? What are the consequences of redlining on housing patterns? What attitudes and beliefs might such practices reinforce?
4. How much of the \$120 billion in home loans underwritten between 1934 and 1962 went to non-whites? Why? What effect did that have on such families?
5. Explain the terms "white flight," "blockbusting" and racial "steering." Why do property values decline when a neighborhood changes from white to nonwhite? How are the reasons given by the film different from what you've heard or what people commonly believe?
6. Who benefits from segregated housing? Who doesn't? Why are all-white communities and all-minority communities not equal?
7. A typical (median) white family has a net worth how many times that of a typical African American family? Why? If we do nothing to address the gap, will it go away on its own or continue to grow? Why?
8. What happens to measures of racial disparities like graduation and welfare rates once groups of similar income AND wealth are compared? How does that change our understanding about the reasons why people perform differently?

ACTIVITY 4: A Tale of Two Families

If students have access to a high-speed Internet connection in the school's computer lab or at home, ask them to explore the "Where Race Lives" section of the series companion Web site at www.pbs.org/race, particularly the feature called "A Tale of Two Families." (*From the home page, click on "Learn More," then "Where Race Lives," then finally "A Tale of Two Families."*) This brief slide show depicts how race affected the life course of the families of two people- one Black, one white - who make the same income.

In class, ask students to share their thoughts about what they saw. After viewing, revisit the Family Wealth Disparities Self-Audit (Activity 2), and ask the students to "grade" both individuals, Max and Byron, featured in "A Tale of Two Families." What do they find? What government policies might level the playing field for Max and Byron?

ACTIVITY 5: Deepening Understandings of Race and Family Wealth Accumulation: Six Jigsaw Readings

The degree to which race affects one's ability to accumulate wealth and take advantage of opportunities may be new to many students. In part, this is because people often think about racism in terms of individual attitudes and behaviors rather than on an institutional level. The readings below will help the class deepen their understanding of institutional racism.

Break the class into six groups and assign each group one of the six readings below concerning race and family wealth. Ask each group to discuss the main points of their reading and then, as a group, write answers to the attached questions. When finished, each group in turn should summarize the reading and questions. When finished, each group in turn should summarize the reading and report their answers to the whole class.

Alternatively, assign all six reading assignments and their respective questions to all the students as a two-day homework assignment.

The readings are from on-camera interviews conducted for *RACE - The Power of an Illusion*. The interviewees are:

- Dalton Conley, Professor of Sociology at New York University and author of *Being Black, Living in the Red*
- Melvin Oliver, Dean of Social Sciences, University of California, Santa
- Barbara and author (with Thomas Shapiro) of *Black Wealth, White Wealth*
- John A. Powell, Professor of Law at Ohio State University and Executive Director of the Kirwan Institute for the Study of Race and Ethnicity

[NOTE: The full transcripts of these interviews are quite illuminating. They can be read in the "Society" portion of the Background Readings section of the series companion Web site at www.pbs.org/race.]

READINGS A through F are attached to this lesson plan.

ACTIVITY 6: Essays or Class Discussion

Choose several of the following questions for students to answer, either as an in-class discussion or as homework assignments. Their responses should draw from the film, the readings and their class discussions.

1. In the film, legal scholar John A. Powell says, "The slick thing about whiteness is that most of the benefits can be obtained without ever doing anything personally. Whites are getting the spoils of a racist system even if they are not personally racist." What does he mean?
2. Do the results of the Family Wealth Self-Audit (Activity 2) confirm or refute Powell's contention? Why or why not?
3. What's the difference between personal racism, where the beliefs and / or the actions of an individual reflect prejudice or result in discrimination, and institutional racism?
4. We all like to think we made it because of our own grit, merit and hard work. How have whites benefited from their race in ways that others have not?
5. We like to think that anyone can "pull themselves up by their own bootstraps" in America. What difference does access to financial and other resources make?
6. Why should white people be concerned about the wealth gap? How might we as a society address this problem?
7. Supreme Court Justice Harry Blackmun wrote, "To overcome racism, one first must take race into account." What does he mean? Do you agree or disagree, and why?
8. Some people believe that the government should pay reparations to the African American community as compensation for past economic injustices. But some white people argue it would be unfair if they had to bear this burden since they weren't responsible for slavery; indeed, their families may not even have been living in America back then. How might an advocate of reparations respond, based on what you've learned in this lesson?

ACTIVITY 7: Presidential Briefing: Steps to Narrow the Wealth Gap

This activity can serve as a culminating assessment activity.

Divide the class into small groups that will research policies to narrow the wealth gap and then make recommendations to the President of the United States. Consider grouping students the same way you did for the Jigsaw Readings (Activity 5) since those groups will already have some experience discussing the issues with each other.

Give students up to a week to develop their proposals. Ask them to present their specific policy recommendations to the class in the form of a 10-15 minute Presidential Briefing. Distribute and read the following directions to the students:

Presidential Briefing Instructions

At the end of the film, sociologist Beverly Daniel Tatum (now president of Spelman University) says: "I think we all have to think about what can I influence. I don't influence everything, but of the things I do influence, I can think about: how am I making this a more equitable environment? Who's had opportunities in my environment and who hasn't? What can I do about that?" Here's your chance to make a difference.

The President has invited you to the White House to make a 10-15 minute presentation recommending specific policies to narrow the racial wealth gap. This is a unique opportunity to influence national policy.

Research and brainstorm specific policy ideas that you believe can make a difference. Some examples are:

- Tax-free Individual Wealth Accounts provided by the government to everyone at birth, analogous to the Individual Retirement Accounts (IRAs) now available to adults
- Regional school district and taxing authorities that can equalize spending
- across rich and poor communities
- Government-paid reparations to African Americans in the form of investment in depressed communities
- Living Wage laws mandating wages of \$8 to \$12 an hour or more, rather than the current federal minimum wage of \$5.15 / hour
- Sweat Equity programs, allowing public housing tenants to gain equity in their apartments
- Community Development Banks that will make low-cost home loans
- Community Development Banks that will make low-cost home loans available to low-income people and for local small businesses
- Scatter public housing throughout the region, especially in the suburbs where new jobs are being created, rather than concentrated in the inner city

- Government subsidies to developers for the construction of low-cost homes in depressed communities
- Others?

The Briefing should describe the problem and provide background as to what led to the racial wealth gap, including a brief history and supporting statistics.

Next, present two or three policy recommendations for addressing the problem. Discuss their strengths and weaknesses. Be sure to estimate the cost of the program, how it will be financed, and a cost/benefit analysis. This analysis should include the costs to the country if the reform is NOT undertaken.

Each policy group will present their Briefing to the class. The presentation should include charts and graphs and other documentary evidence and take between 10-15 minutes.

ACTIVITY EXTENSIONS

1. Invite local real estate agents/brokers into class for a discussion of past blockbusting and redlining in your community and surrounding areas. What guidelines and laws must they observe to prevent these activities today? Are they effective?
2. Review college financial aid applications for references to assets and income. Do an Internet search to find out how much weight colleges usually give to assets, including homes, versus income when calculating aid packages. Who benefits the most?
3. Research the short and long-term impact of the Civil Rights Act of 1964.
4. Find out more details on Levittown and its developer, Arthur Levitt.
5. Research two or three programs aimed at eliminating concentrated poverty. What is their approach? Have they been successful? Why or why not?
6. Use Census Data to Track Housing Value Patterns in Your Community
Download from the Web a map of US Census tracts in your county. Assign each group of students a region of at least 20 census tracts to explore:
 - Divide the tracts assigned to your group into four categories, either by color or another graphic device: neighborhoods with 90%+ white residents; 75% - 90% white; 50 - 75% white; less than 50% white. (*NOTE: This is a complicated, several-step procedure. First, download a Census tract map of your county from the U.S. Census at www.census.gov. Then, do an Internet search for "population and race data by census tract" for your county. This data will be presented by chart not map, and as populations not percentages. Calculate the white percentage for each tract and write the percentage on your map in the appropriate tract. Finally, color-code your map by the four categories.*)
 - Take the real estate section of the local newspaper, a local home sales booklet or from the Internet. Locate three or more homes for sale from booklet or from the Internet. Locate three or more homes for sale from each of your four categories of percentage-white neighborhoods. Mark the location of each home for sale on the map with pins or colored dots.
 - Calculate the price / size ratio of each home by dividing the price by the square footage. For example, a 2000 square foot home that sells for \$200,000 has a price / size ratio of 100.
 - Write the sales price, the square footage and the prize / size ratio on the map next to each home.
 - Compose a graph that allows you to represent and compare your data visually for each of the four neighborhood ethnicity categories.
 - Each group should discuss their findings by answering the following questions, then present their findings to the whole class:
 - What kind of patterns do you detect? Does the price / size ratio vary by the ethnic composition of the census tract? Drawing from the film and the readings, what might be some possible explanations for those differences?

7. Research the Downward Spiral

It is commonly understood that homes in non-white neighborhoods are generally worth less than homes in white neighborhoods. But why? And what are the implications for those living in non-white neighborhoods? In the final episode of the RACE series, we learn that when affluent white homeowners left Roosevelt, Long Island, so did businesses and services. The tax base declined and the property tax burden on those remaining rose. The county began moving welfare families into Roosevelt. Can you detect similar patterns in non-white neighborhoods that went into decline in your region?

a. First explore "The Downward Spiral" section of the series companion Web site by clicking [here](#). (Go to www.pbs.org/race, click on "Learn More," then "Where Race Lives," and finally, "The Downward Spiral." You can also download and copy a [print-friendly version](#) if students don't have Web access.)

b. Choose a local neighborhood that has fallen on hard times over the past 50 years as it turned from white to non-white. Have students conduct a neighborhood "oral history" by interviewing knowledgeable residents, merchants and community leaders. Students might try finding them through community centers, barbershops and salons, and the aides to local city council members or county aldermen. Students should try to get under the surface of things:

- When did these changes begin to occur?
- Are supermarkets and other shopping conveniently located? How do prices and selection compare to surrounding areas?
- What kind of businesses predominate in the neighborhood?
- What jobs are available?
- How do public transportation options compare to surrounding neighborhoods?
- What about other public services?
- Is there a disproportionate amount of public housing sited in the neighborhood?
- What about toxic dumps and power plants that might affect health and property values? Parks?
- How do residents feel about neighborhood safety, police protection from criminals and drug dealers?
- How do they feel about the responsiveness of public officials to their problems?
- What happened to the local schools?
- What are the biggest challenges facing the community?
- How are community members working to solve these challenges?

RESOURCES

For other relevant online sources visit the Web sites below. Or search the series companion Web site using the key words "origins of race," "net worth," "housing," "accumulated wealth," and "institutional racism."

For more on economic inequality, visit www.ufenet.org.

Conley, Dalton. "The Wealth Factor" in *NEA Today: Inside Scoop*, September 2000 at www.nea.org/neatoday/0009/scoop.html

Conley, Dalton. *Being Black, Living in the Red*, University of California Press, 1999.

Gonzales, John Moreno. "Hispanic Color Divide" *New York Newsday*, July 15, 2003 at www.pbs.org/race in Background Readings/Society.

National Council on Economic Education, [www.ncee.net/ea/program.php?pid=19 - 26k](http://www.ncee.net/ea/program.php?pid=19-26k)

Oliver, Melvin and Shapiro, Thomas. *Black Wealth/White Wealth*, Routledge, 1997.

Clark, Charles M.A. "Wealth and poverty: On the social creation of scarcity." *Journal of Economic Issues* 36.2 (2002): 415+. Questia. 24 Aug. 2003 .

Muhammad, Dedrick et al. "The State of the Dream: Enduring Disparities in Black and White." United for a Fair Economy at www.ufenet.org/press/2004/StateoftheDream2004_pr.html

Plato, *The Republic*.

powell, john. "What we need to do About the 'Burbs" Colorlines, Fall 1999 at www1.umn.edu/irp/announce/Colorlinesfall99.html

Smith, Adam. *An inquiry into the nature and causes of the wealth of nations*. Glasgow: 1776.

RELEVANT STANDARDS:

National Council on Economic Education: National Standards at <http://www.ncee.net/ea/standards/>

Standard 2: Marginal Cost/Benefit Effective decision-making requires comparing the additional costs of alternatives with the additional benefits. Most choices involve doing a little more or a little less of something: few choices are "all or nothing" decisions

Standard 3: Allocation of Goods and Services Different methods can be used to allocate goods and services. People acting individually or collectively through government, must choose which methods to use to allocate different kinds of goods and services

Standard 7: Markets - Price and Quantity Determination Markets exist when buyers and sellers interact. This interaction determines market prices and thereby allocates scarce goods and services.

Standard 8: Role of Price in Market System Prices send signals and provides incentives to buyers and sellers. When supply or demand changes, market prices adjust, affecting incentives.

Standard 10: Role of Economic Institutions Institutions evolve in market economies to help individuals and groups accomplish their goals. Banks, labor unions, corporations, legal systems, and not-for-profit organizations are examples of important institutions. A different kind of institution, clearly defined and enforced property rights, is essential to a market economy.

Standard 15: Growth Investment in factories, machinery, new technology, and in the health, education, and training of people can raise future standards of living.

Standard 16: Role of Government There is an economic role for government in a market economy whenever the benefits of a government policy outweigh its costs. Governments often provide for national defense, address environmental concerns, define and protect property rights, and attempt to make markets more competitive. Most government policies also redistribute income.

Standard 17: Using Cost/Benefit Analysis to Evaluate Government Programs

Costs of government policies sometimes exceed benefits. This may occur because of incentives facing voters, government officials, and government employees, because of actions by special interest groups that can impose costs on the general public, or because social goals other than economic efficiency are being pursued.

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ACTIVITY 5

SIX JIGSAW READINGS

READING A

What does the wealth gap have to do with race?

Dalton Conley: The one statistic that best captures the state of racial inequality in America today is wealth, or net worth. If you want to know your net worth, just add up everything you own, subtract all your debts and that's your net worth.

Today, the average Black family has only one-eighth the net worth or assets of the average white family. That difference has seemingly grown since the 1960s, since the Civil Rights triumphs, and is not explained by other factors like education, earnings rates or savings rates. It is really the legacy of racial inequality from generations past. No other measure captures the legacy - the cumulative disadvantage of race for minorities or cumulative advantage of race for whites - than net worth or wealth.

The wealth gaps between Blacks and whites aren't explained by income. In fact, if you compare people at the bottom of the income distribution - say, a family that makes around \$15,000 a year, you'll find that the average Black family that earns \$15,000 a year in income has \$0 net worth, or is in debt actually. Compare that with the average white family that earns \$15,000 a year, and they have a good \$10,000 to \$15,000 in equity. That means being poor, being at the bottom of the income distribution, really means two different things depending on whether you are Black or white.

That white family has a little bit of a cushion. If unemployment strikes, as it does so often to people at the bottom of the economic distribution, they've got some means to ride out the storm. They might have a car that will increase the radius of their job search. They might have this money that they can spend in case of a medical emergency, even if they don't have health insurance. But compare that to the situation for a poor Black family with \$0 or negative net worth. There is no cushion. There is nothing in between the paycheck and homelessness, so to speak.

The same kind of disparity emerges at the upper end of the income distribution. If you compare, say, a white family that earns \$50,000 with an African American family that earns \$50,000, you'll find that the white family has about double the net worth - about \$80,000 to \$100,000 of net worth compared to about \$40,000 to \$50,000 of net worth for the African American family at that income level. So when you are talking about the difference between financing their kid's college education, starting a new business, moving if they need to move for a better job opportunity - having \$100,000 versus \$50,000 in net worth might make the difference between upward mobility and stagnation.

How do other groups compare in terms of wealth?

Dalton Conley: Blacks and whites really anchor the ends of the distribution in terms of wealth in America. Latinos fall somewhere in the middle. They fall, on average, closer to the African American average in terms of wealth. But there is enormous disparity within the Latino community. It's hard to talk about Latinos as a unified group because there are enormous

differences within that community. And not coincidentally, how Hispanics fare depends on their skin color and it also depends on the particular history of that group.

Cuban Americans, for example, have wealth levels that are much more similar to whites. They don't exactly equal the white levels, but they come close. On the other hand, Puerto Ricans or Dominicans are almost equivalent to the Black average. Other groups, like Mexicans and South Americans, fall closer to that group, but again are in the middle somewhere.

Questions for READING A:

1. What is the racial wealth gap? How does the net worth of Black and white families compare at different income levels?
2. How does the typical family net worth of other groups compare to whites?

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READING B

How does family wealth affect life outcomes?

Dalton Conley: The single largest item in most people's nest egg is the family home. That has enormous consequences for the next generation. It means, for example, that if you own your home and have significant equity, you're in a high-property tax district, and you're going to a good, well-funded public school.

It means that when it's time to go to college, if you don't have money in the bank, you can always take a second mortgage and draw off the equity in your home to finance your kids' college education. It means that you're in a neighborhood, most likely in the suburbs, where jobs are on the increase, and not in the inner city where jobs are on the decrease.

It means that you're in a neighborhood where your neighbors control information and access to jobs. So you're getting the cultural aspects by virtue of living in a high property value area and you can get your kids better job connections. It means that if you want to finance your kids' job search after school, you'll have equity to support them for a while.

These are just a few of the ways that having wealth, or owning a home, has enormous consequences for the next generation, not to mention one's own old age.

What does housing have to do with family wealth?

Dalton Conley: Where one's family lives in America is not just a matter of taste and preference. It has important consequences for the perpetuation of advantage or disadvantage across generations for a lot of reasons. First, you have the issue of housing and wealth. The majority of Americans hold most of their wealth in the form of home equity. So, that is their nest egg. It is their savings bank. They are living in their savings bank.

Increasingly, there are lawsuits in various states against this way of financing, where school funding is based on local property taxes. But still, it's the dominant form. We pay for our schools locally based on property taxes. So, in high value form. We pay for our schools locally based on property taxes. So, in high value neighborhoods, which are predominantly white, you are getting well-funded schools. And in low-value neighborhoods, which tend to be predominantly minority, you are getting inadequately funded schools.

The constraints that minorities face in the housing market doesn't just affect quality of life issues, you know, and the selection of homes and styles that people can live in. It really has enormous consequences for economic stability and upward mobility and the life chances of the next generation.

Because minorities have faced limited housing options in the past, now they are usually confined to areas that have worse environment conditions, have poor school funding, have increased risk of violent crime, have worse tax bases. Plus their homes have less equity value, so even if they

want to move, they are less able to afford to. Therefore the whole economic structure of the next generation can be really readily viewed in the limited housing selections of the previous generation.

How does home ownership help you accumulate even more wealth?

Dalton Conley: There is this tendency for white Americans to see the structure of their aid in the form of tax credits and not as aid, or government assistance, or welfare. But they see other forms of assistance, like reduced rents or welfare benefits, as a direct handout from Big Brother.

Owning your home, first of all, gets you a big mortgage deduction. That means you pay less income tax than you would be paying if you were renting and making similar monthly payments. Second, it probably places you in a community that has higher property values than one where you were just renting. Owner-occupied communities tend to be valued more, and that means that the property tax base is higher. That means that local services, everything from garbage services on up to the public school system, most importantly, are going to be better off in that community. So, without even having to spend your equity in your home, you are getting benefits from it.

Third, there is the ability to borrow off that equity. You can finance starting up a business by taking a second mortgage. You can pay for your kids to go to college through a second mortgage. You can finance your retirement by selling your home. Since homes have increased so much in value over the course of the latter half of the 20th century, people can finance their retirements through the sale of their home and the capital gains they get from it. The home has been a central part of savings for most American families in the latter half of the 20th century. White Americans that is.

Questions for READING B:

1. How does family wealth, even more than income, influence life chances?
2. Why is home ownership so central to family wealth accumulation? What opportunities does it help to open up?

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READING C:

How did government housing policies help create the racial wealth gap?

john a. powell: First of all, in the 1930s, in order to buy a home, you had to put 30%, sometimes 50% down to buy a home, and you had to pay off the loan in five years, not thirty. In the 1930s, this was the middle of the Depression, and consumers were losing more homes than they were buying. The federal government stepped in, and created the first serious national program around housing. So it started making money available, and then later it insured private investments.

Melvin Oliver: And to do that, they created the Federal Housing Administration, whose job it was to provide loans, or the backing for loans, to average Americans so they could purchase a home.

The tables were turned completely around. The new terms of purchasing a home was that you put 10% or 20% down, and the bank financed 80% of it - not over five years, but over thirty years - at relatively low rates. This opened up the opportunities for Americans to own homes like never before. The average person could own a home. Furthermore, the FHA allowed no or low down payments for certain kinds of homes.

So you had this great opportunity. But it was a color-coded opportunity. How? In order for homes to receive financing, they would have to be certified by home appraisers. The appraisers were given written criteria that assigned colors to different types of homes. Green was the highest value - green homes were homes that were in all-white neighborhoods, usually suburban, and far away from communities that were either integrated or all Black. Red was the lowest value - red neighborhoods were in all-minority or mixed communities and were usually in inner cities. These homes rarely got mortgages. The vast majority of mortgages were reserved for homes in all-white suburban areas. This appraisal method came to be known as redlining.

This color-coded criteria was central in determining who got loans and who didn't. This color-coded criteria was central in determining who got loans and who didn't. They didn't say Blacks couldn't get loans. But they did say communities in which there were few Blacks could get loans. As a consequence, most of the mortgages went to suburbanizing America, and it suburbanized it racially. Today metropolitan America is made up of white suburbs and African American inner cities.

john a. powell: Up until then suburbs had been largely the homes of the well-to-do. All of a sudden, it became cheaper to buy a home in the suburbs than to rent a place in the city. But this venture for acquiring a home was only available to whites. So it redefined the racial geographic space in the United States in a fundamental way, so suburbs became associated with whiteness and cities became associated with people of color.

The national purse was put behind this game at the very time that Blacks were making demands for inclusion and to end the Jim Crow laws.

Very little government funding was given to people of color. In fact, there are a number of cases where whites who wanted to get FHA loans were told by the federal government, the only way they could do it was if they put racially restricted covenants in their deeds.

Were people of color completely left out of the housing market?

john a. powell: Blacks weren't completely left out of the housing market, but the housing market they were exposed to was largely public housing. Public housing, first of all, was built almost exclusively - with a few exceptions - in the central city. And after World War II, we started building larger and larger public housing projects, which are called "vertical ghettos."

All of a sudden you're concentrating large numbers of poor people of color in one place, and then in the '50s and '60s, there's also this idea of clearing out places where Blacks had lived before. Some people called it urban renewal, other people called it urban removal - we removed whole neighborhoods and sometimes these neighborhoods were very vibrant. We'd run a freeway through the middle of it, and they would build these giant erections in the central city.

This is a time when, also, the country was going through the beginning of "de-industrialization," where jobs were moving out of the central cities. So we're isolating people away from the tax base, from good schools, and from jobs, and really building ghettos for Black people.

Now, this was a federal program, but it was administered through local control, so each community had complete control over whether or not to build public housing, and how to build public housing. And it's not surprising that many of the suburbs - in fact, most - said no, we do not want any public housing. We do not want those people out here.

And the federal government said fine. Even though we're the federal government, even though we have the right to exercise control over the federal purse, we will do it in a completely fragmented way that will give each community a veto over who can live there. And that's still the way we operate the federal housing program.

How does geography today do the work of Jim Crow laws?

john a. powell: In the 1940s and 1950s the whole country was living in central cities or in rural areas. Suburbs as we know them hadn't really come into existence. There was a tremendous demand for housing at the end of World War II, and the federal government stepped into the breach, and stepped into the role of addressing the demand for housing, as it also stepped into the role of addressing the demand for civil rights and inclusion by Blacks.

In creating the suburbs it was explicit that the suburbs were for whites only. You had a couple of things happening at the same time: You had the end of the war. You had Blacks coming to the North and to urban areas in record numbers. You had demands for civil rights, and you had the federal government essentially paying white people to leave the central city and to live in this new space - a white

space - called the suburbs.

The structure of that is still what we're living with today. So much of the work of Jim Crow laws was maintaining social distance between Blacks and whites - it was not necessarily physical distance before the turn of the century, especially in the South. But that social distance became reinscribed as spatial distance between Blacks and whites as a result of the housing policies after World War II. Now whites lived in the suburbs, and Blacks and racialized others lived in the city. Social differences became redefined through these fragmented, racialized, metropolitan areas.

Melvin Oliver: Essentially, this resulted in the social construction of racialized space - a space in which whites lived in the suburbs, Blacks lived in the inner city. Furthermore they created these differences, these vast differences in wealth. If you look at the 1994 survey of income and program participation, you can see that a homeowner that purchased a Levittown type home in 1950 for about \$5,000 now has about \$300,000 in home equity. That's an investment that has grown tremendously over time. According to the same survey, an African American family that did not have an opportunity to buy that home, or who had to purchase a home in the inner city, has substantially less wealth. So that's how you start to see how this huge gap between white and Black wealth was created. These were FHA-financed homes.

Questions for READING C:

1. How did government money and policies affect racial housing and segregation patterns after WWII?
2. How did the construction of segregated white suburbs affect the fortunes of whites and African Americans?

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READING D

How does the housing market continue to perpetuate racial disparities today?

Dalton Conley: The housing market is a place where culture meets economics - where values about what people want and where they want to live actually influence prices. Whites control the market by virtue of pure numbers, being the largest group. So when whites want to live somewhere, prices go up, and when whites don't want to live somewhere, prices go down.

If you compare housing in Black and white neighborhoods that's otherwise exactly equal - the quality of the housing is the same, the income level of the residents is the same, education system is the same, almost everything is the same - you'll find that the white housing will be worth more precisely because it's white. Because whites are the biggest group in the marketplace, their preferences count the most in terms of supply and demand. So wherever whites want to live, housing values will be high.

The flip side is that if whites don't want to live somewhere, the value of houses in that neighborhood will be less. Think about it: if you have a group that makes up 12-14% of the population like African Americans do - or even 25% of the population if you take the entire non-white population of the United States - they can't compare with the demand created by the other 75-80% of the population, so houses in neighborhoods where whites don't want to live will be depressed by virtue of supply and demand.

The evidence shows that even if a house is in exactly the same condition - it's been kept up at the same rate, the neighborhood is almost exactly the same, but it's Black racially - it's going to be worth less money than a similar situated white neighborhood.

At one time we had explicit legal racial covenants and/or redlining policies on the part of banks. Today we don't need those anymore, because once we've segregated the market, it becomes in whites' interest to perpetuate the divisions. Whites get a boost in their property values by maintaining a segregation of the marketplace, boost in their property values by maintaining a segregation of the marketplace, maintaining their position as the dominant group in the housing market. So once you sort of have the initial push of racial covenants or redlining or any other policy that segregated the housing market, it becomes a self-fulfilling prophecy after that. And in fact, there's a vicious cycle here. Because when a neighborhood, a previously white neighborhood starts to integrate, even if individual whites don't have personal or psychological animosity or racial hatred, they still have an economic incentive to leave. Because they recognize that others might make the same calculation and leave first.

And therefore, if there's a rash of selling by whites, which are the biggest group in the marketplace, prices will go down, by virtue of the laws of supply and demand. So you get a vicious circle where whites calculate that other whites are going to sell when the neighborhood integrates. Therefore, they want to sell first to avoid losses, and they actually make it happen - they make white flight happen and drive down property values when the neighborhood becomes more integrated.

It's obviously disadvantageous to African Americans who want to accumulate equity in integrated or in predominantly Black neighborhoods. But people don't talk about how it's advantageous to whites.

What is the difference between income and assets?

Melvin Oliver: We all want the things that can provide us with better life chances. We want to have an opportunity for education. We want to have good housing. We want to have good medical care. We want to make sure that the next generation is going to be better off than the previous generation.

Those kinds of life chances depend on a certain combination of income and wealth. Many people think of income as being the basic thing for all of those life chances. But in reality, income usually goes into your pocket and out of your pocket. It provides for your basic standard of living.

But wealth - your savings, investments or inheritances from the previous generation - those are the resources that you use to really establish your opportunities in life. Getting an education for your kids, purchasing a home, handling catastrophic illness, and leaving a legacy for future generations. Wealth is really what provides for the life chances that you want your children to have. Income alone doesn't do it.

Look at the example of purchasing a home. The average home in America costs about \$150,000. Twenty percent down payment is \$30,000. You don't get that \$30,000 from income. You usually get it from wealth - your savings, your investment. And a lot of the research we've done points out that many first-time home buyers get that down payments from their parents. Parents typically use their wealth to help their children generate wealth in their lifetime.

One of the theories about assets says, income feeds your stomachs, but assets change your head. That is, you really do act differently when you have a cushion of assets so that you can strategize around important opportunities in life. When you are living from paycheck to paycheck you just think about how you're making the next day or the next week or the next month happen. But when you have a set of resources that allow you to think about your future in a positive way, you can strategize about the future, create and take advantage of opportunity. Otherwise you stay in the present. And I think the key to a fast-paced economy is taking advantage of new opportunities as they come along. And that doesn't happen when you just depend on income. You have to have a wealth or an asset base that allows you to take advantage of that future.

The average American has most of their wealth in the equity in their home. That's why I think homeownership is so important in this society. I think of homeownership as the first step to wealth accumulation, because with homeownership and equity you have so many options afterwards. Leaving your home to your next generation is a huge legacy you can leave. Using the equity in

your home to help your children achieve an education is a big advantage. You can use it to take advantage of important opportunities.

Questions for READING D:

1. How does race influence the market value of homes? Think about your idea of a "good" versus a "bad" neighborhood. How does the housing market perpetuate a racial wealth gap?
2. How do whites control the housing market? What happens to a community when whites leave?

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READING E

How are race and the accumulation of wealth related?

Melvin Oliver: The difference between wealth and income is really highlighted when you look at differences among Blacks and whites. While Blacks make sixty-two cents of every dollar of income that whites make, they only have ten cents for every dollar of wealth that whites have. The gap for wealth is much greater than the gap for income. So if wealth is important for securing life chances, then Blacks have a very difficult time doing that compared to whites.

Why is there this large difference in the wealth resources between Blacks and whites? Well, I think there are a couple of very important reasons. One, there's a historical legacy. Income is based on what you can sell your labor market skills in the labor market for. So if you have a college education, you go out and try to sell those resources and you get a certain amount of income. But wealth is not just about contemporary issues. It's also about the legacy of the past. If three generations ago your family had wealth, that wealth has passed to the next generation. And it's a strong likelihood that it's passed further on to the next generation. But African Americans have a history where there has been little wealth in the past; therefore making it more likely that there's little wealth in the future. And when you look at that history, you see a history of oppression, a history of slavery, a history of de facto discrimination, and a history where it's been difficult for Blacks to take the little income they've had to create wealth.

I think a prime example has been what happened when Blacks were freed from slavery, the period in which there was great hope. One of the things that many of us hear about is the broken promise of forty acres and a mule. And that was an important promise, because those forty acres, that was wealth. That was what could have secured a foundation for a generation of people that had had little wealth. But as we know, those forty acres promised at the end of the Civil War did not materialize.

However, during the same period, a large land reform did occur in America, and that was homesteading. A whole generation of Americans moved from east to west that was homesteading. A whole generation of Americans moved from east to west and secured land as far away as California that served as a basis for wealth that has been passed down from generation to generation. For a large part of that time, African Americans were excluded from that benefit.

So you see two very important things that occurred. And these were public policy decisions in which, on one hand, people were given access to property, given title and subsequently wealth. And on the other hand, people were not given access to property, did not generate wealth, and did not generate opportunity for the next generation. If you add that up over time, what you get is a situation in which public policy provides opportunities for some and opportunities for another. This is how America became racialized - it is the meaning of race in America.

How does wealth accumulate generation to generation?

Dalton Conley: As individuals, we like to think that our property is a result of our talent, hard work or even luck - that it's our individual fruits of labor. But economists have shown that about 50-80% of our lifetime wealth accumulation is really attributable, in one way or another, to past generations. Inheritance actually plays a small role in that. What's more common is something like your parents financing your college education, supporting you while you're in school or taking care of you, letting you live with them, while you're looking for a job. It's also little gifts along the way, co-signing the loan for a mortgage, that sort of thing.

All those kind of things lead to lifetime wealth accumulation. And it's this enormous debt we have to our ancestors' wealth that largely explains the perpetuation - in addition to discrimination and government policies - of racial equality in wealth over generations.

How did creating suburbs drain resources out of the central cities?

John A. Powell: In the 1950s something like 80 percent of the building that was happening across the country was happening in the suburbs, so all of our national resources were going out of the central city to support white folks moving out into the suburbs. Now, some of those white folks moving out of the central city were happy to live among Black people, but the federal government and certainly Levitt [the developer of Levittown] refused that. They said, no this will be a white space. In fact, Levitt evicted some white people who wanted to attract and open up housing to people of color.

So this fundamental framework was established - not just of having white suburbs and concentrating minorities in the central city, but also depopulating and depleting resources for the central city and creating this division between the suburbs and the city. And, I would say, redefining whiteness in a particular way. A good neighborhood became a white neighborhood.

Why can't people overcome this wealth gap? If you work hard and take care of your finances, shouldn't an individual be able to overcome this handicap?

Melvin Oliver: What's really disturbing about the wealth gap is that even when you control for differences between people, the discrepancy is still quite large. In other words, if you just compare people with similar backgrounds - college graduates, stable families with both parents working, etc. - they are still divided sharply when it comes to wealth. It really makes you question the notion that if you work hard, you do all the things right, that you will gain equivalency, especially racially, with your white counterparts.

I think this notion that there's a meritocracy - that all you have to do is hit the right chord, then the music will play sweet - is not a reality for African Americans. Assets really divide America more than income. And when you look at assets you don't get this notion of a meritocracy. People are still quite unequal, even when they have similar achievements in life.

Even when you compare the Black poor and the white poor, there are significant differences. The Black poor tend to have longer periods of poverty - poverty spells - than the white poor. The white poor tends to be episodically poor. That is, they go through spells, a half a year or so where they might be in poverty. They're out of work. They've used up all their resources. That kind of poverty. The Black poor tend to have longer poverty spells, and sometimes, as we've seen, intergenerational poverty. Poverty that goes from one household to another household, from a single-parent household headed by a woman with children to another single-parent household headed by a woman with children. These are big differences.

One of the reasons for these differences is that the white poor tend to live in communities that do not have concentrated poverty. White people tend to live with a range of economic classes. The Black poor tend to live in concentrated poverty communities - communities in which 30-40% or more of the people are also poor. So the resources and opportunities they have around them tend to be much different than the resources that the white poor has. The white poor often times can take advantage of opportunities. They're in relatively resource-rich communities.

Questions for READING E:

1. Why are all-white communities and all-minority communities not equal in terms of the resources that are available? What is concentrated poverty?
2. How does past discrimination help set today's starting line for the future? Why are past inequities difficult for individuals to overcome?

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READING F

But aren't there cultural factors that affect performance and have nothing to do with wealth?

Dalton Conley: Many social observers point to outcome differences between Blacks and whites, say in education, where the college graduation rate for whites is double that of Blacks. Or in occupational achievement, where whites are twice as likely to have a white collar or managerial job as Blacks. Or in income, where white family income is on average about double that of the African-American unit. Or family structure, where whites are much more likely than African Americans to delay childbearing past their teenage years and until marriage. In almost any realm of life you can think of, there are racial disparities.

Usually when policymakers or social scientists want to compare the outcomes between Black and white kids, they'll look at kids who come from families with the same income level. And when you make that comparison, you'll find that there's still a racial gap. People often point to this as something cultural or innate.

But often when we're talking about these racial disparities, we're comparing apples and oranges, because there's still an enormous wealth gap between those families with the same income level.

And I find that when you make the right comparison - when you compare a Black kid from a family with the same income and wealth level as the white kid from the similar economic situation - rates of college graduation are the same; rates of employment and work hours are the same; rates of welfare usage are the same.

So when we're talking about race in terms of a cultural accounting of these differences or a genetic accounting of these differences, we're really missing the picture, because we're making the wrong comparison. We're not comparing Blacks and whites on an equal footing if we don't take into consideration these wealth differences in addition to the income differences. The real issue is inequality.

How do the racial differences in family wealth affect life opportunities?

john a. powell: The wealth gap between Blacks and whites is a crucial factor in the relative health and stability of the communities they live in. Obviously wealth has a lot to do with where people are going to live. Where people live has a lot to do with the kind of schooling their children will have. And the kind of schooling available has a lot to do with the opportunities their children will have. Wealth creates the opportunities that set the next generation's life chances.

One of the difficulties that African American families have is the constant stress that comes from barely being able to make it from paycheck to paycheck. People who have wealth can rely on it during difficult times. When there's a crisis that requires unforeseen health care expenditures, when there's an investment that has to be made in a child's schooling, when there's an opportunity to provide for a son or daughter so that they can purchase a home - all of these things

are dependent not on having sufficient income but having the kind of assets or wealth that you can draw upon.

It's hard to overstate how important wealth is. We live in a capitalist society. Often, we focus on income or how much money somebody makes, but really the thing that buys opportunity is wealth. If you make \$100,000, and you have \$120,000 worth of debts a year you're in trouble. So, you really have to look at disposable income or wealth.

It's not just individual wealth; it's also collective wealth. If you live in a community where the whole community is poor or strapped for money, it can't buy the amenities; it can't make the kind of difference. Traditionally, Blacks have been located where there's high need and very few resources, while whites have often been located where there are low needs and high resources. Given a choice, most people would prefer to live in a place where there are higher resources and fewer needs. That choice simply has not been available to Blacks.

Where you live also determines what kind of school your children are going to go to, whether you're going to be close to transportation, and whether you're going to live next to a toxic dump site or not. There was also a recent article in the New York Times about heart attacks - it showed that where you live, what kind of community you live in has a tremendous correlation with whether or not you have a heart attack.

So, the way space is arranged actually impacts our health and opportunities in fundamental ways, and wealth is one of the best indicators of that.

Questions for READING F:

1. What happens if you compare outcomes and performance (e.g. graduation rates) of racial groups after correcting for income? After correcting for wealth?
2. How does lack of wealth negatively affect performance and health among African Americans?