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## **PROMOTING OPPORTUNITY FOR ALL AMERICANS: WHY WE NEED GOVERNMENT INVESTMENT NOW MORE THAN EVER**

In the wake of the massive flooding after the levees broke in New Orleans, the nation saw the physical destruction of thousands of lives and homes. The nation watched while mostly Black Americans were forced to live in unimaginable conditions waiting over four days for help. As a nation, we must understand why the levees could not hold back the waters of a category 3 hurricane and why so many Black New Orleanians were stranded in a flooded New Orleans.

The story of New Orleans and the Gulf Coast is also the story of cities throughout our country. The following information helps explain why millions of people in our country, particularly people of color, continue to live in poverty day in and day out, what that means for the rest of us, and what we must do to create hope for a new future with more opportunities for all Americans.

### **When the levees broke and New Orleans flooded, the poor, elderly and infirm had no way to get out and no government agency helped them flee.**

- ◆ Almost one-third (28%) of New Orleanians were poor before Hurricane Katrina hit the Gulf Coast.<sup>1</sup>
- ◆ Many New Orleanians had disabilities: 10.3% of 5-20 year olds, 23.6% of 21-64 year olds, and 50.1% of those age 65 and older had disabilities.
- ◆ Over 11% of New Orleanians were elderly.<sup>2</sup>
- ◆ More than 105,000 city dwellers did not have a car during Katrina's evacuation.<sup>3</sup> Nearly two-thirds (32.7%) of Black New Orleanians had no car to help get them out of harm's way compared to less than 10% of Whites.<sup>4</sup>

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<sup>1</sup> The Brookings Institution, Special Analysis by the Brookings Institutions Metropolitan Policy Program, New Orleans after the Storm: Lessons from the Past, a Plan for the Future, at 4 (Oct. 2005), *at* [http://www.brookings.edu/dybdocroot/metro/pubs/20051012\\_NewOrleans.pdf](http://www.brookings.edu/dybdocroot/metro/pubs/20051012_NewOrleans.pdf).

<sup>2</sup> Elizabeth Fussell, Social Science Research Council, Leaving New Orleans: Social Stratification, Networks, and Hurricane Evacuation, Sept. 26, 2005 (citing U.S. Census 2000), *at* <http://understandingkatrina.ssrc.org/Fussell/>.

<sup>3</sup> *Id.* at 19.

<sup>4</sup> Alan Berube and Stephen Raphael, Access to Cars in New Orleans, prepared for the Brookings Institution Metropolitan Policy Program Katrina Index (using data from the U.S. Census of Population and Housing, 5% Public Use Microdata Sample, 2000), *at* <http://www.brookings.edu/metro/katrina.htm>.

- ◆ Over 20% of people hit hard by the flood waters from the broken levees were living at or below the poverty line and another 30% were living just above the poverty line.<sup>5</sup>
  - Flooded areas were extremely poor -- 38 of the region's 49 concentrated poverty neighborhoods (neighborhoods where more than 40% of the population live in poverty) were flooded by Katrina.<sup>6</sup>

**Both before and after Hurricane Katrina, poor Black New Orleanians suffered the most from the patterns of extreme poverty.**

- ◆ Almost half (44%) of those harmed by the broken levees were Black.
- ◆ Nearly 70% of poor people impacted by the storm were Black.<sup>7</sup>
- ◆ In the City of New Orleans, communities of color made up nearly 80% of the population in flooded neighborhoods.<sup>8</sup>
- ◆ More than half (52%) of poor Black New Orleanians lacked access to a car compared to only 17% of poor Whites.<sup>9</sup>

**Black people were on the front lines of our failed infrastructure, because Blacks have been excluded from opportunity.**

- ◆ While the entire city suffered from low wages, poor education, and unemployment, Black residents suffered even more.
  - In 2000, median household income for Blacks was half that of Whites.
  - More than three times as many Blacks were poor than Whites (35% compared to 11%).
  - Poor Blacks were five times more likely than poor Whites to live in extremely poor areas (43% compared to 11%).

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<sup>5</sup> Congressional Research Service, The Library of Congress, CRS Report for Congress, Hurricane Katrina: Social-Demographic Characteristics of Impacted Areas (Nov. 4, 2005).

<sup>6</sup> The Brookings Institution, Special Analysis by the Brookings Institutions Metropolitan Policy Program, New Orleans after the Storm: Lessons from the Past, a Plan for the Future, at 17 (Oct. 2005), at [http://www.brookings.edu/dybdocroot/metro/pubs/20051012\\_NewOrleans.pdf](http://www.brookings.edu/dybdocroot/metro/pubs/20051012_NewOrleans.pdf)

<sup>7</sup> Congressional Research Service, The Library of Congress, CRS Report for Congress, *Hurricane Katrina: Social-Demographic Characteristics of Impacted Areas*, November 4, 2005.

<sup>8</sup> The Brookings Institution, Special Analysis by the Brookings Institutions Metropolitan Policy Program, New Orleans after the Storm: Lessons from the Past, a Plan for the Future, at 16-17 (Oct. 2005), at [http://www.brookings.edu/dybdocroot/metro/pubs/20051012\\_NewOrleans.pdf](http://www.brookings.edu/dybdocroot/metro/pubs/20051012_NewOrleans.pdf).

<sup>9</sup> Alan Berube and Stephen Raphael, Access to Cars in New Orleans, prepared for the Brookings Institution Metropolitan Policy Program Katrina Index, at <http://www.brookings.edu/metro/katrina.htm> (using data from the U.S. Census of Population and Housing, 5% Public Use Microdata Sample, 2000).

- Nearly half (44%) of Black men 16 and older were unemployed compared to less than a third (30%) of White men.
- Less than half (41%) of Black households owned their home compared to more than half (56%) of Whites.<sup>10</sup>

**Like New Orleans, around the country, many more people of color than Whites live in neighborhoods of concentrated poverty – neighborhoods with few jobs, under-resourced schools, poor public transportation, few services and poor housing conditions.**

- ◆ More than half of Black and Latino households (60%) are excluded from middle-class wealth, because they have a lot less in financial assets than Whites do.<sup>11</sup>
  - Whites own \$40,000 more in assets (home equity, stocks, and bonds) than Blacks do.<sup>12</sup>
  - Nearly three quarters of White households have middle-class wealth.<sup>13</sup>
  - Less than 10% of Whites are poor, but over twice as many Blacks (24%) and Latinos (22.6%) are poor.<sup>14</sup>
  - One third of Blacks have nothing -- no financial assets at all. Twenty-six percent of Latinos have nothing. Only 13% of White households have nothing.<sup>15</sup>
- ◆ Almost half of Black students in the U.S. attend central city school districts, where schools are poorer, compared to 17% of White students.<sup>16</sup>

**Blacks and other people of color are more likely to be poor because they have been denied opportunities given to Whites over many generations.**

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<sup>10</sup> The Brookings Institution, Special Analysis by the Brookings Institutions Metropolitan Policy Program, New Orleans after the Storm: Lessons from the Past, a Plan for the Future, at 7-8 (Oct. 2005), at [http://www.brookings.edu/dybdocroot/metro/pubs/20051012\\_NewOrleans.pdf](http://www.brookings.edu/dybdocroot/metro/pubs/20051012_NewOrleans.pdf).

<sup>11</sup> See Andrew Barlow, Between Hope and Fear: Globalization and Race in the United States (Rowman & Littlefield 2003).

<sup>12</sup> Melvin L. Oliver & Thomas M. Shapiro, Black Wealth/White Wealth: A New Perspective on Racial Inequality 33-35 (1995).

<sup>13</sup> See Andrew Barlow, Between Hope and Fear: Globalization and Race in the United States (Rowman & Littlefield 2003).

<sup>14</sup> U.S. Census Bureau, Poverty: 1999: Census 2000 Brief, at 8 (2003).

<sup>15</sup> See Andrew Barlow, Between Hope and Fear: Globalization and Race in the United States (Rowman & Littlefield 2003).

<sup>16</sup> See Christopher Swanson, Education Policy Center, The Urban Institute, Who Graduates? Who Doesn't? A Statistical Portrait of Public High School Graduation, Class of 2001 (Feb, 25, 2004), at <http://www.urban.org/url.cfm?ID=410934>.

Since the 1930s, our national government has been growing the White middle class while barring Blacks, Latinos, Native Americans and many Asians from it.

- ◆ The Federal Housing Administration (FHA) created in 1934, subsidized mortgages and insured private mortgages, but often required new owners to add racially restrictive covenants to their deeds, ensuring all-White neighborhoods.<sup>17</sup>
- ◆ By the 1950s, federal money insured half the mortgages in the United States, but only in segregated White neighborhoods.<sup>18</sup> People of color were literally classified as nuisances, to be avoided along with “stables” and “pig pens.”<sup>19</sup>
- ◆ The FHA urged developers, bankers, and local governments to use zoning ordinances and physical barriers to protect racial segregation.<sup>20</sup>
- ◆ The Post- World War II GI Bill fueled a massive movement of White men into high-paying professional and managerial jobs. Blacks, many of whom were denied entry to the armed services because of the color of their skin, were less likely to get GI Bill benefits.
- ◆ Black veterans experienced job discrimination. They didn’t get the good-paying jobs they should have with their GI Bill-funded education. For example, the United States Employment Service funneled many Black veterans into low-skilled jobs. Black servicemen, who risked their lives to serve their country, came home to the same low-wage, bottom-of-the-barrel jobs they were forced to accept before they went off to war.<sup>21</sup>
- ◆ The federal government took over \$13 billion from cities between 1953 and 1986 for “urban renewal,” which took people of color out of poor but viable neighborhoods and permanently put them in high-density, high-rise public housing in sections of the city far from good jobs and good schools.<sup>22</sup>

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<sup>17</sup> Richard Thompson Ford, The Boundaries of Race: Political Geography in Legal Analysis, 107 Harvard Law Review 449, 451 (1995).

<sup>18</sup> David Rusk, Inside Game/Outside Game: Winning Strategies for Saving Urban America 86-88 (1999).

<sup>19</sup> Richard Thompson Ford, The Boundaries of Race: Political Geography in Legal Analysis, 107 Harvard Law Review 449, 451 (1995) (*citing* Charles Abrams, Forbidden Neighborhood: A Study of Prejudice in Housing 231 (1955)).

<sup>20</sup> David Rusk, Inside Game/Outside Game: Winning Strategies for Saving Urban America 87 (1999) (*citing* Irving Welfeld, Where We Live: A Social History of American Housing (1988)).

<sup>21</sup> Michael K. Brown et al., White-Washing Race: The Myth of a Color-Blind Society 75-76 (Michael K. Brown et al. eds, University of California Press 2003).

<sup>22</sup> David Rusk, Inside Game/Outside Game: Winning Strategies for Saving Urban America 90-91 (1999); *see also* Jonathon Barnett, The Fractured Metropolis: Improving the New City, Restoring the Old City, Reshaping the Region 163 (New York: Harper Collins 1995).

- ◆ Urban renewal actually made cities less attractive to Whites, driving even more of them to the suburbs and creating more racial segregation and reducing cities' middle-class tax base.<sup>23</sup>
- ◆ In the 1980s and 1990s, states used federal mass transit dollars to help those living in distant suburbs commute by train to the financial city centers, but did not take care of the transportation needs of thousands of city center residents (mostly people of color), abandoning them to wait on city streets for overcrowded buses to get to their jobs.<sup>24</sup>
- ◆ The federal interstate highway program, which began in the 1950s, has made and continues to make White flight to the suburbs easier while destroying vibrant Black, Latino and White ethnic communities. Since 1956, the federal government has spent a half-trillion dollars to help pay for highways that lead out to an ever expanding suburban frontier.
- ◆ In its first decade, the program displaced 330,000 families (mostly Black). Bulldozing, which many communities of color and working-class White ethnic communities have been politically powerless to stop, have destroyed homes and thriving commercial corridors. New highways also separate communities from each other, literally walling off Black communities from White communities.<sup>25</sup>

**Because of policies like these, New Orleans, like many other cities in the country, has become more segregated and poverty more concentrated over the last 40 years.**<sup>26</sup>

- ◆ Between 1970 and 2000, the number of concentrated poverty neighborhoods in the City grew by two thirds, even though the poverty rates stayed the same (26% to only 28% in that same 30 year period).
- ◆ In 2000, of the 50 largest U.S. cities, New Orleans ranked number two for its share of its poor population living in extremely poor neighborhoods.<sup>27</sup>

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<sup>23</sup> Jonathon Barnett, The Fractured Metropolis: Improving the New City, Restoring the Old City, Reshaping the Region 162 (New York: Harper Collins 1995).

<sup>24</sup> See Robert D. Bullard, Addressing Urban Transportation Equity in the United States, 31 Fordham Urban Law Journal 1183, 1196 (2004); Robert Puentes, Survey Series of the Brookings Institution Center on Metropolitan Policy, Flexible Funding for Transit: Who Uses It?, at 1-2 (May 2000), at <http://www.brook.edu/urban/flexfundingexsum.htm>.

<sup>25</sup> Sheryll Cashin, The Failures of Integration: How Race and Class Are Undermining the American Dream 113-15 (Public Affairs New York 2004).

<sup>26</sup> See Alan Berube and Bruce Katz, The Brookings Institution Metropolitan Policy Program, Katrina's Window: Confronting Concentrated Poverty Across America (Oct. 2005), at [http://www.brook.edu/metro/pubs/20051012\\_Concentratedpoverty.pdf](http://www.brook.edu/metro/pubs/20051012_Concentratedpoverty.pdf).

<sup>27</sup> The Brookings Institution, Special Analysis by the Brookings Institutions Metropolitan Policy Program, New Orleans after the Storm: Lessons from the Past, a Plan for the Future, at 6 (Oct. 2005), at [http://www.brookings.edu/dydocroot/metro/pubs/20051012\\_NewOrleans.pdf](http://www.brookings.edu/dydocroot/metro/pubs/20051012_NewOrleans.pdf).

- ◆ As recently as 1976, there were no neighborhoods with a concentration of a majority of Blacks. In 1970, although New Orleans was a poor city, its poor were not highly concentrated in hyper-segregated neighborhoods.<sup>28</sup>
- ◆ In 1970, 54% of the region's population lived in the City. By 2000, it had only 36% of the population. This represents the loss of jobs and tax base.
- ◆ In 1970, the City had two-thirds (66%) of the region's jobs. The City's share of jobs sank to less than half (42%) by 2000.
- ◆ In 1970, the City was 42% Black, but by 2000 that number had risen to 67%, while the City only had about one-third (36%) of the region's population.<sup>29</sup>
- ◆ Before the levees broke, New Orleans Parish schools were poor and in trouble. Its school system was almost completely segregated. Almost no Whites were in the system.<sup>30</sup>
- ◆ During the 2005-2006 school year, the school district faced a \$25 to \$30 million shortfall. In the 2004–2005 school year, only 44% of fourth graders could read well and only 26% could do math well. Eighth graders performance suffered even more. Twenty-six percent could read well, while only 15% could do math well.<sup>31</sup>

**This segregation and patterns of investment and disinvestment, which exist in cities throughout our country, harm us all.**

- ◆ While White families live closer to good jobs and good schools, and have more wealth building opportunities than do families of color, many White families are also paying a premium to live in segregated White neighborhoods.
  - Houses cost more, families have to spend more of their income on private school tuition because of failing public schools, their children are socially isolated, and parents are forced to spend far too much time commuting and away from their families.<sup>32</sup>

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<sup>28</sup> Id. at 5-6.

<sup>29</sup> Id.

<sup>30</sup> John R. Logan, Lewis Mumford Center for Comparative Urban and Regional Research, Choosing Segregation: Racial Imbalance in American Public Schools, 1990-2000, at 6 (Mar. 29, 2002), at <http://mumford.albany.edu/census/SchoolPop/SPReport/SPDownload.pdf>.

<sup>31</sup> See Paul T. Hill and Jane Hannaway, Urban Institute Series, After Katrina: Rebuilding Opportunity and Equity in the New New Orleans, The Future of Public Education in New Orleans, at 2 (Jan. 30, 2006), at <http://www.urban.org/url.cfm?ID=900913>.

<sup>32</sup> Sheryll Cashin, The Failures of Integration: How Race and Class Are Undermining the American Dream 186-87 (Public Affairs New York 2004).

**The fates and well-being of Whites, Blacks, Latinos, Asian Americans, and Native Americans are linked. Our economic competitiveness rises and falls on our growth in productivity.**

- ◆ When government works to reduce central city poverty in communities of color, whole regions have become wealthier and decreased regional poverty rates.
  - Inequality and poverty create distrust and social tension and lower the human capital crucial to a competitive economy.
  - Regional metro areas with more wealth equality between their cities and suburbs are more likely to have faster economic growth across the region.<sup>33</sup>
- ◆ Our country is now operating in a new global economy where a large educated workforce is essential for nations to compete. Countries with more “self programmable labor” (educated people able to reinvent themselves to adapt to the constantly changing economy) will better be able to compete in the new global economy.<sup>34</sup>

**Government investment created the White middle class. It can create a stronger middle class that admits Blacks, Latinos, Native Americans and Asian Americans.**

- ◆ When our government is responsive to our needs it has improved our lot. Government built the middle class.
  - The Works Progress Administration, created by the federal government in 1934, employed 3.5 million Americans, in the building and improvement of our schools, parks, hospitals, bridges, highways, roads, and streets. The WPA and other programs reduced both White and Black poverty, though in the end they helped far more Whites than Blacks (through federal housing policies that ensured segregation and other programs, such as Social Security, which Blacks were mostly left out of).<sup>35</sup>
- ◆ Our government also created important racial equality measures and anti-poverty measures that made poor communities better. It can and must do more.
  - Corporations can't do this because their bottom line is profit. Government is us. We elect our leaders and they choose policy-makers to deliver

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<sup>33</sup> Manuel Pastor et. al., Growing Together: Linking Regional and Community Development in a Changing Economy, Shelterforce Online (Jan./Feb. 1998), at [www.nhi.org/online/issues/97/pastor.html](http://www.nhi.org/online/issues/97/pastor.html).

<sup>34</sup> See Manuel Castells, The End of the Millennium 372-73 (Blackwell Publishers Inc. 2d ed. 2000).

<sup>35</sup> Michael K. Brown et al., White-Washing Race: The Myth of a Color-Blind Society 26-27 (Michael K. Brown et al. eds, University of California Press 2003); Cass Sunstein, The Second Bill of Rights: FDR's Unfinished Revolution and Why We Need It More Than Ever 47 (2004).

promises to improve our nation. The government's bottom-line is and must be our well-being.

- Government investment in the 1930s and 40s put millions of Americans to work and lifted millions of Americans out of poverty.<sup>36</sup>
- Government investment was vital to ensuring that millions of working Americans could live the American dream – home ownership, college educations for their children, and money left over to buy nice things.
  - It was federal dollars in the 30s, 40s, and 50s that created the White middle class.
  - White job gains were due to advantages in the labor market created by the welfare state.<sup>37</sup>
- ◆ But now, as government investment in social programs has been dwindling, the US middle class is shrinking.<sup>38</sup>
  - Two-thirds experienced downward mobility in the 1980s and 1990s. Moreover, the poor are getting poorer and the rich are getting richer.
  - In our globalizing economy, entry-level jobs are disappearing and jobs are increasingly less secure.<sup>39</sup>
- ◆ Tax and spending cuts and hence government disinvestment, have depleted America's budget surplus, built up in the 1990s, that would have helped provide much needed funds for strengthening the levees that broke and led to the massive flooding of New Orleans. Tax cuts for the wealthy help put thousands of Americans in harm's way and makes all of us more vulnerable to hard times (natural disasters, illnesses in the family, sudden lay-offs, crashes in the market).
  - In 2004, the richest 10% of Americans received tax cuts two times what the government will spend on job training, college pell grants, public housing, low income rental subsidies and child care.<sup>40</sup>

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<sup>36</sup> Cass Sunstein, The Second Bill of Rights: FDR's Unfinished Revolution and Why We Need It More Than Ever 47 (2004).

<sup>37</sup> Michael K. Brown et al., White-Washing Race: The Myth of a Color-Blind Society 74-75 (Michael K. Brown et al. eds, University of California Press 2003).

<sup>38</sup> See Andrew Barlow, Between Hope and Fear: Globalization and Race in the United States 66-68 (Rowman & Littlefield 2003).

<sup>39</sup> Id.

<sup>40</sup> Melvin Claxton and Ronald J. Hansen, Exclusive Report: Tax Cut Impact, Working Poor Suffer Under Bush Tax Cuts, The Detroit News, Sept. 26, 2004 (citing the Center on Budget and Policy Priorities and the Tax Policy Center), at <http://www.detnews.com/2004/specialreport/0409/26/a01-284666.htm>.

- Over the last four years, the aggressive pursuit and signing into law of massive tax cuts (over a trillion dollars) for the wealthiest 5% (those with incomes of 300,000 or more) has meant billions less for disaster relief and a safety net.<sup>41</sup>
  - On May 28, 2003, Bush signed a \$125 billion tax cut aimed at getting rid of taxes on stock dividends (almost two-thirds of these cuts would benefit the wealthiest 5% of households). Three out of the five states that would receive the least from the new tax cuts were Louisiana, Mississippi, and Alabama.
  - On June 17, 2004 the U.S. House of Representatives passed a \$155 billion White House-backed bill to cut corporate taxes. October 22, 2004, Bush signed the new tax cut into law, just weeks after Hurricane Ivan almost hit New Orleans. Bush proposed a \$708 million cut to the Army Corps of Engineers, including a huge cut to federal funds (\$71.2 million) for hurricane and flood prevention in New Orleans.
  - On April 13, 2005, the House passed a \$70 billion, White House-backed measure to eliminate the estate tax for the wealthiest 2% of Americans.
- August 29, 2005, Hurricane Katrina hit. New Orleans' flood and hurricane protection infrastructure collapsed. The city flooded, killing over a thousand people.

**Investment and rebuilding efforts must target communities of color to create opportunities that they did not have before the levees broke.**

- ◆ Only very recently has the government begun to address hundreds of years of racism and injustice. Its work is not over.
- ◆ We can't leave this work to the market. The market, without government intervention, won't operate fairly.
  - During World War II, Black workers got defense jobs only after Roosevelt created a federal antidiscrimination agency – the Fair Employment Practices Commission (FEPC) to desegregate the defense industry.<sup>42</sup> Government intervention was needed to make sure the market operated fairly.

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<sup>41</sup> David Sirota, How the Katrina Catastrophe Proves That Conservatives' Tax Cut Zealotry Has Left America Vulnerable to Disaster, In These Times, Oct. 24, 2005, at 16-21.

<sup>42</sup> Michael K. Brown et al., White-Washing Race: The Myth of a Color-Blind Society 71 (Michael K. Brown et al. eds, University of California Press 2003).

- More recently, it took the government's leadership in other ways to help Blacks, Latinos, Asian Americans, and Native Americans begin to get a fair chance at good education and good jobs. These policies have benefited a much broader group that also includes Latinos, Native Americans, and Asian Americans, women and men, including White men and women.
  - In 1998, there were eight million women-owned businesses in the US, with nearly \$3 trillion in combined sales, employing approximately 18.5 million employees).<sup>43</sup>
  - More working women also has meant more income for the family and more jobs for more Americans.<sup>44</sup>
  - White men have benefited too. For example, when women successfully challenged the minimum height requirements for becoming a New York City police officer, this opened up opportunities for short, White men as well. This challenge shattered the myth that good police officers have to be physically dominating and led to the creation of police forces better able to serve and protect the entire community.<sup>45</sup>

**Efforts to promote opportunity for the least among us have promoted opportunity for all of us.**

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<sup>43</sup> National Association of Women Business Owners, Some Facts About U.S. Women Business Owners, March 1998, at <http://www2.nawbo.org>.

<sup>44</sup> Tim Wise, Is Sisterhood Conditional? White Women and the Rollback of Affirmative Action, NWSA Journal, Volume 10, Number 3 (1998) (*citing* Charles R. Lawrence III and Mari J. Matsuda, We Won't Go Back: Making the Case for Affirmative Action 159-60 (New York Houghton Mifflin 1997), *available at* <http://iupjournals.org/nwsa/nws10-3.html>).

<sup>45</sup> See Lani Guinier and Gerald Torres, The Miner's Canary: Enlisting Race, Resisting Power, Transforming Democracy (Harvard University Press 2002).