

American Rescue Plan Act can do more to address racial wealth inequality, professor writes

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While the American Rescue Plan Act provided a major infusion of economic aid to low-income and middle-class Americans, more should be done to tackle racial wealth inequality and the structural issues in the tax code that allow those at the top of the income distribution to benefit

disproportionately from tax subsidies, an Indiana University professor wrote.

Goldburn P. Maynard Jr., assistant professor of business law and ethics at the IU Kelley School of Business, analyzed the American Rescue Plan Act's major provisions to determine their potential impact on racial equity, presenting his findings in Yale Law Journal.

The article, "Biden's Gambit: Advancing Racial Equity While Relying on a Race-Neutral Tax Code," was published Jan. 9 and is part of a series that examines the novel tax implications of the American Rescue Plan Act through the lens of fiscal impoverishment, race, unemployment insurance, and state and local responses to economic crises.

"While analysis reveals that the Biden Administration made some progress on (racial equity) through ARPA, in the months since its passage, [federal courts](#) have undermined some of this progress by halting race-conscious equity programs in ARPA," wrote Maynard, who worked as an estate tax attorney for the Internal Revenue Service before entering academia. His essay argues that "race consciousness is central to achieving" racial equity and "requires more than traditional policies that target financial need."

The bulk of the stimulus measure focused on redistribution through the tax system, which does not incorporate racism and other dimensions of social inequity into its notions of fairness, Maynard wrote. To this day, the IRS does not collect racial data on taxpayers.

He also noted that several policies targeted people or groups based on need. For example, the Department of Housing and Urban Development in November provided \$14 million in American Rescue Plan funds to support fair housing organizations. But few new policies under the plan have addressed systemic discrimination, and most were designed to be

temporary, such as the child tax credit.

"Where these policies fall short is their lack of focus on historic systemic discrimination," Maynard wrote. "ARPA does not tackle the central issues that lead to racial inequity in the first place. Because RE [racial equity] requires the consideration social hierarchy and historical injustices, these provisions of ARPA are not as impactful as others."

Several core policies in the American Rescue Plan Act target individuals or groups based on need, particularly racial minorities, he said. But several courts with conservative judges have treated race-based policies designed to counteract racial inequities as discriminatory in their interpretations of the Constitution.

"Today, many courts equate efforts to promote RE with efforts to promote racial segregation. The odds of having all three branches in perfect alignment are slim," Maynard wrote. "ARPA also illustrates weaknesses in our current understanding of the Constitution as limiting the government's ability to redress historic wrongs. The status quo limitations are so strong that it is hard to imagine any large pro-equality advancements in the foreseeable future.

"At our current pace, achieving RE will be a centuries-long project. This is discouraging, but highlights the importance of continuing the fight for wealth taxation and other levies on capital. It also underscores the smallness of the tax system when tackling a problem as embedded as RE. There are many decisions, regulations and laws that have embedded racism structurally and systematically. The tax system serves as an efficient compensator of harm, but this is not always what the victims of harm want. Instead of after-the-fact compensation for discrimination, victims of inequities often prefer to have the discrimination eliminated. That is the purpose of RE. The [tax system](#) can play an important role in promoting RE, even if it is not the leading one."

More information: The article is available at
[www.yalelawjournal.org/forum/b ... ancing-racial-equity](http://www.yalelawjournal.org/forum/b...ancing-racial-equity)

Provided by Indiana University

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