

**EPISODE 1286**

[INTRODUCTION]

“**RB:** That's the kind of things you talk about when why are we here, because whenever there was any accumulation of black wealth, it was taken away.”

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**FT:** Welcome to so money, everybody. I'm Farnoosh Torabi. December 1st. We're going to finish the year strong. And today's conversation focuses on the racial wealth gap. What we can do to support the current generation and also save future generations. My guest is Rodney A. Brooks. He's a veteran newspaper journalist who's written about retirement, and personal finance, as well as race, wealth and health disparities. His work has appeared in US News and World Report, the Washington Post and USA Today. He has a book out now called *Fixing the Racial Wealth Gap: Racism and Discrimination Have Put us Here. But This is How we Can Save Future Generations*. Our conversation intersects money, race, health, literacy, and much more. Here's Rodney Brooks.

[INTERVIEW]

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**FT:** Rodney A. Brooks, welcome to So Money. This is a special day for the podcast. Getting to connect with a fellow financial journalist.

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**RB:** Well, thank you for having me. I really appreciate it.

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**FT:** You are a veteran newspaper journalist. You've written about retirement and personal finance, racial, wealth and health disparities for the better part of 30 years. You recently retired. And you've written for the such major publications as US News and World Report, Washington Post, USA Today. And now more of your focus has been turning to the racial wealth gap. And you have a book, *Fixing the Racial Wealth Gap*. What prompted you to write it?

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**RB:** The title of the book is *Fixing the Racial Wealth Gap: Racism and Discrimination Put us Here. But This is How we Can Save Future Generations*. I have been urged for many, many years, because towards the end of my career with USA Today, I started doing personal finance. And interesting thing is I was an editor for 30 years at USA Today. So when I left USA Today, or retired, then I became a writer again. So I was writing about personal finance. And people kept urging me to do a book aimed specifically at African-Americans, a personal finance book, because African-Americans have so many unique financial problems. It just took me a long time to get around to writing it.

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**FT:** Well, better late than never. And we were saying before we were recording that as someone who has been covering news and talking about stories at the intersection of money and race for a while, this wasn't always a story that would have maybe gotten front page attention, but now is. And what do you make of that?

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**RB:** I feel like it's better now than never. The George Floyd and other protests, the social justice protest, Harris talking about a lot of things that we weren't talking about. Now, my hope is that a year later that we won't forget about those protests and what bubbled to the top. The racial wealth gap got a lot more prominent during that time. So I thought it was the perfect time to, well, publish the book.

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**FT:** And the book, we will get into that, *Fixing the Racial Wealth Gap*. You have identified the problems, as well as micro and macro fixes. But perhaps to help level set and everyone understanding how we got here, what do you see as being the leading forces for why we have this huge disparity today?

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**RB:** I don't want to throw out a whole bunch of numbers, but just a couple. And one of them is home ownership. African-Americans home ownership rate is about 43%, 44%. And that compares to about 73% for white Americans. The average wealth of a black family is \$17,000 compared \$271,000 for white families. And those two things, just so how enormous this gap is. So I sort of start out talking about the history. How we got here? And part of it is whenever African-Americans attained a certain amount of wealth, or 1800s, early 1900s, it was taken away, stolen away.

One of the things that came out that people were talking about a lot after social justice protests was Tulsa and Black Wall Street, and how white mobs just burned down a very thriving black community. But what was sort of overlooked is those race riots happened all over the country. And I did a story for one magazine and the editor. And I said, "Tulsa happened like dozens of times." And the editor questioned me and said, "Did it really happen this many times?" And I said, "Well, I actually probably could have said hundreds of times. But, yes. And you name it. It was Philadelphia, New York. It wasn't just the south.

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**FT:** But there was only one movie made about the Tulsa. As far as Hollywood is concerned, as far as movie goers are concerned, it was just that one time, right?

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**RB:** Yes. You're still hearing about these things. So there was the thing in California, it was a turn of the century, a black couple older black resource resort at the beach. It's called Bruce's

Beach. It was a place where black families could go and spend the day at the beach. And eventually, people did not like that happening. So the county just took it away. And only this year did they return it to the descendants. But that's the kind of things you talk about when why are we here? Because whenever there was any accumulation of black wealth, it was taken away.

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**FT:** I mean, so in a word, it's racism. And we've had guests on this program talk about – My friend, Rachael Rogers, for example. She's a wealthy black woman who bought a ranch. And she says, “You wouldn't believe it. But many of my neighbors are not happy to have me there. And they've been petitioning.” And it's like you cannot believe it sometimes. But yet, here we are.

And so maybe we could talk about, first, these big problems and what the powers that be can do to help. I mean, certainly, there are things that as individuals we can do. But this is a systemic problem. What are your proposals for how we can fix this at a large scale?

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**RB:** Two or three of the biggest things that I talk about is baby bonds. They were originally proposed by a couple of economists, including William Darity, who wrote *From Here to Equality*. His book is basically about reparations. And actually, Senator Booker has introduced legislation. I don't know if it will ever get anywhere. But basically, when somebody is born in America, they will get a bond, sort of – For lack of a better word, say, a savings bond. And saves \$1,000. So \$1,000 is added every year until they're 18 or 21. So is more weighted towards the lower income. So the lower income people would get more. And the higher income children would get less.

But by the time they turn 21 they would have this pool of money that's guaranteed to them that they can use for college tuition or down payment on a new house. And there's estimates that this could vastly reduce the racial wealth gap. Now, another one is reparations. There were surveys that made it look like it actually might happen during the social justice protest. But I doubt that we'll ever see.

We see cities and counties around the country passing bills, approving reparations. But they aren't really reparations. Reparations, I think is a payment. And there are different ways to pay it based on your heritage, and whether you can trace it back to slavery, how you identify yourself. But again, reparations paid to black Americans would reduce the wealth gap dramatically.

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**FT:** Yes. And so while we wait for this legislation, I'm hopeful, but what can individuals do? And not just the African-American community, but people like me and others who want to be allies and support this, what can we do?

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**RB:** Well, the third thing that's sort of related that might reduce the problem, the wealth gap, is increasing black homeownership. Now, for any American, homeownership is a huge part of their wealth. So that's one of the big reasons for the wealth gap. And another is intergenerational wealth. I mean, black families don't have the money to leave to their children and their grandchildren. So inheritance wealth is very small when it comes to black Americans versus white Americans.

I think a big thing is financial literacy. And another state has approved requiring financial literacy for high school students. It's amazing what people don't know. Black families – I'm not talking about your family, but black families don't talk about finances around the dinner table. I went off to college not knowing very much about financial, or even about opening a checking account. But you sort of learn on your way.

I have in the book a great example of a black businesswoman in New York, who her mother made her write out the checks to pay the bills every week. And she said, "I never asked for anything, because I knew there was nothing left."

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**FT:** Yes. I know mothers who do that. And that is another bad technique, I will say, because it certainly makes it real for your children. And I agree with you. I think it is, as you mentioned, prevalent in the black community. But I think a lot of minorities, minority families, but even culturally, as a country, we don't talk about money. And that does start at home, where it's considered taboo, it's considered impolite. It is considered not something that children should have to worry about. But then, of course, we see the impact of that as adults.

We're going a little bit all over the place, but I think that's okay, because you're seeing so many interesting things. And I want to make sure I capture this to the extent that I can. But you yourself, you mentioned you didn't have this financial literacy growing up. And yet you became somebody who was financially literate. I was reading, you are educating new employees in the newsroom, like, "You got to sign up for the 401(k)". And so what were some of the resources or people that you benefited from in terms of building wealth and having a better understanding of what it takes to build wealth?

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**RB:** I think for me, it was self-taught. And even as a financial journalist, I look back on my early days and say, "Okay, I should have done this. And I wish I had done that." So that's why I thought it was so important to me when we had a new employee come on to sit them down to say, "The first thing you need to do is sign up for the 401(k).

And I did a virtual book launch, and several of the people that I had done that with came on, and it was a virtual book launch. And they talked about how important that was to them. So financial literacy, I think you can have an impact on one person, and that could impact generations to come.

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**FT:** Where did you grow up, Rodney? And then how were those money conversations like around you? What were the things that you overheard that were either good or bad that it all filters in? Whether we're really paying attention or not?

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**RB:** I grew up in Newark and Linden, New Jersey. That's northern New Jersey. So close to New York. My father died when I was 16. So I don't think my father and I ever sat down and talked about money. And there was more as I grew older with my mother. But she was not sophisticated. And I didn't know people in the community, until I became a professional, who could provide that kind of assistance. And I think that's one of the reasons that black Americans are so conservative as investors. Black Americans don't invest in big numbers in the stock market. One of the things is if you don't have a lot of money, you think of the stock market as risky. So you're going to look for more conservative investments.

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**FT:** Right. It sort of perpetuates, right? It's like a cycle. One of the things I'm reading about is how this era of cryptocurrency and Bitcoin is like the new gold rush. And I see a lot of black investors getting in on this and teaching it to their community of fellow Black investors. And I just wonder, I mean, talk about risky. I wonder what your take on this is, and whether that's really the best way to go forward with managing your money, especially if you don't have a 401(K), or if you're not investing in more tried and true investments?

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**RB:** Well, I think if you look closely, you're going to see that these are millennials. These are young, black investors who are jumping in. These are not the older investors. And, like I said, Black Americans are very conservative, especially older. So not only are they not going to understand it, but they are going to think that it's like super risky. And no, I don't think it's the answer. I mean, I admire them for putting their foot in there and dipping their toes in there and learning it. But I think there's still a lot to learn about cryptocurrencies. And so many financial people don't quite understand them yet. So, no, I don't think that's the answer to the issues. I'm glad to see these young black investors though who are encouraged because they are not –

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**FT:** It's a gateway? Maybe it's a gateway into the world of investing. And along the way, you'll pick up some index funds and open up that 401(k). Yeah, I get it. I agree with you. You, at some point, pivoted in your career to cover money. What was that pivot like? What was sort of the draw? I always find that financial journalists we're not built like everybody else. There's something unique about us. What was it about this space that really drew you?

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**RB:** Probably the tech bubble. People made a lot of money. People lost a lot of money. You could go into a brokerage office and people would – This was obviously the old days before they can do all the stuff on the Internet. But they would sit in the brokerage office and watch the stocks go by. But CNBC became huge. And it piques a lot of people's interest. And I've sort of went from covering business news to more personal finance and stock market. And at some point, I actually went to Georgetown to study financial planning, and I did get a certificate on financial planning. And that was funny, because USA Today has – Newspapers were starting to shrink and layoffs were starting. And my older son called and said, “Dad, what's your plan B.” And I had no plan B.

And it just felt funny. But my son is like saying, “Okay, you need to figure out something to do.” So my choice was to go back to school and study financial planning. And from there, that was sort of the interest. I started focusing more, and that's where my teams or reporter were stock market, personal finance and economics.

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**FT:** Were their stories that you wanted to be told, but for whatever reason, there was pushback? I mean, like now we're talking more about the racial wealth gap. I don't think enough. But it's definitely more covered now than I think ever in my career. And I've been doing this for 20 years. And I just wonder the history of this, from your end, like why? I guess I know now why we're talking about it. But there were many reasons 30 years ago to talk about it too. And yet we didn't cover it as much. What's your take on that?

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**RB:** You know, there were books, but there weren't a lot of stories. And the stories, they're out there. And you knew, for instance, there were health disparities. There was probably more about the health disparities. Black America's suffer more from the top 10 causes of death in the US than white Americans.

When you started to see stories was basically when the housing market blew up. And then you started to see how many black Americans were losing their wealth because they were losing their homes with the big housing recession. So that's when I think you started seeing the big stories when the market crashed. And then you saw how many unqualified people were receiving mortgages. And the housing bubble crashed. And ever since that time, the percentage of black Americans owning homes has decreased. Now it's at the point where it's the lowest since the 1960s.

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**FT:** And yet, the housing market just keeps going up and up and up. It's becoming unreachable for average Americans. Are you hopeful that we're going to get to a place where housing can be something that can be a part of the American dream for all awning a home?

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**RB:** That's where I think the big picture policy has to come to help. We need some housing programs that are going to bring not just lower income black Americans, but lower income Americans into the housing market. They can be from city level, county level, state level. But such a huge part of our wealth is to housing wealth. And if you don't have that, you have nothing to pass on to your children.

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**FT:** What are some stories that you think have yet to be told, or should be told, or we should put more emphasis on to help with this movement? So we've talked about systemic changes. We

talked about what individuals can do. The media can also be extremely helpful in informing the public and pushing for policy. What are some things that I can be working on?

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**RB:** The one I think not written about enough is Social Security. Such a huge number of black Americans depend on Social Security for – I think 38% of black Social Security recipients depend on it for 90% of their income or more. And one of the reasons is everything so interrelated when it comes to this. But one of the reasons is that black Americans take it much earlier. They take it before full retirement age. So their benefits are 30%, 40% lower. And once you do that, you're locking it in for life. Even waiting when you can make a difference. You can have arguments about Social Security for you. Whether you can take it early, because some people just say it's not going to be around. One thing, we could stop talking about that and scaring people into taking it early.

But also, we have to think about caregiving. And that's why I say everything's interrelated, because so many black women, especially, end up as caregivers for their spouses, for their parents and for their siblings, that they have to leave the job market early. So that means they're contributing less to Social Security. And so they contribute – Not only are they contributing less, but they are retiring early so they do that. So the benefits are greatly reduced. Now, that's one of the things that I think we could do more about.

And another one is, I talked a little about the health disparities, because one thing I learned about when I was doing a story on Alzheimer's is we are more likely to suffer from Alzheimer's than white Americans. And they don't know why, medical evidence to show why. They're speculation. So I talked about Social Security and people not having the money. So they're lower social security payments. But at the same time, as they get older, they have more health issue. You're basically sick, and you don't have – When you're least likely to be able to afford to take care of yourself.

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**FT:** Right. And you're not working. So you're missing out. And you're maybe not 65 yet to get Medicare. What I'm hearing from you is that the racial wealth gap, closing this is not just addressing the financial issues, but also health issues, housing issues. Basically providing more resources, affordable resources, affordable entry to these infrastructures to help us be able to focus on making the money and enjoying our careers and building wealth. It's what life should be for. And I know it's a long road. But we so appreciate your commitment to this and your new book, *Fixing the Racial Wealth Gap*. Racism and Discrimination. Rodney, thank you so much.

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**RB:** Thank you for having me.

[OUTRO]

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**FT:** To learn more about Mr. Brooks, visit [rodneyabrooks.com](http://rodneyabrooks.com). Thanks for tuning in everybody. Stay tuned for Friday's Ask Farnoosh. I'll be answering your money questions. Not too late to get those in. Just send me a direct message on Instagram @farnooshtorabi, or you can send me an email, [farnoosh@atsomoneypodcast.com](mailto:farnoosh@atsomoneypodcast.com). I hope your day is so money.

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