

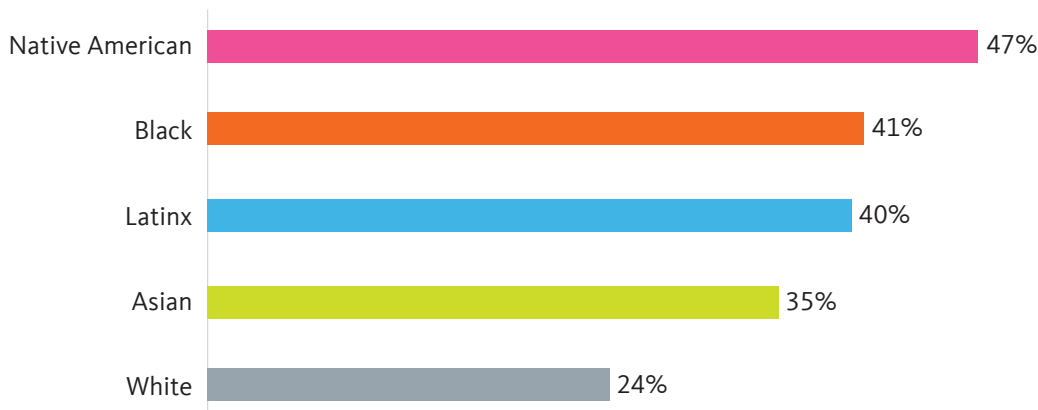


The economic fallout of the pandemic is already catastrophic: [a quarter](#) of businesses shuttered to protect public health and [more than 26 million workers filed for unemployment](#) during the first five weeks of the partial shutdown. This economic shock hit at a time when low-wage workers were already struggling with flat paychecks and exorbitant costs for basic needs like housing and health care, and the vast majority have

little or no savings to weather an emergency. Just like the health crisis itself, the economic crisis is hitting workers of color hardest. They are experiencing [more layoffs](#) and greater financial hardship than White workers, and are disproportionately among the [essential workers](#)—grocery store clerks, bus drivers, health-care aides, and others—who risk exposure to the virus while earning low wages, few benefits, and often no sick time.

**Communities of color are being hit hardest by the economic crisis.**

Percent of adults whose financial situation has been devastated or severely hurt by the coronavirus crisis



Source: [J.D. Power COVID-19 Survey, April 2020.](#)

COVID-19 has shown the extreme vulnerability of an economy built to reproduce racialized inequality rather than ensure economic stability and security for all. Sheltering-at-home further exposed the gap between college-educated, primarily White, knowledge economy workers who can easily work from home via computers, and lower wage, predominantly Black and Brown, service sector and gig economy workers whose work puts them face-to-face with the public. It revealed our lingering digital divide that excludes millions of students from online learning, makes working from home impossible, and poses a hurdle to job seeking. And it put a spotlight on uniquely American policy failures: while most developed countries guarantee paid sick days for all workers and provide universal health care, in the US only [30 percent](#) of the lowest-paid workers have any sick days and a legion of newly unemployed workers are about to lose their employer-provided health insurance during a pandemic.

Out of this crisis must emerge a new policy framework to create an equitable economy—one in which prosperity is broadly shared and working-class people and people of color have good jobs, dignified and rising standards of living, and increased voice, power, and ownership. The inability of our pre-pandemic economy to deliver economic security to all was no accident, but the result of policy choices that eroded supports and protections for a diversifying population while enriching corporations and the elite. Over the past three decades, policies have withered the safety net, strangled worker organizing and protections, held the minimum wage at a poverty level, and allowed for a growing invisible workforce of care workers, gig workers, domestic workers, and others excluded from even the most basic protections. At the same time, our policies have facilitated wealth accumulation for a largely White elite through deregulation, financialization, and the hyper-commodification of basic necessities. It is time to make [solidarity economics](#) our reality.

The lessons from past recessions are clear: We need early, sustained, and race-conscious policies and investments to stabilize people during the crisis and bridge to a more equitable future. To build an equitable economy, policymakers must:

- ✓ **Ensure economic security during the crisis.**
- ✓ **Use stimulus funds to build the next economy.**
- ✓ **Forge a new social contract that enables shared prosperity.**

## Ensure economic security during the crisis

Providing direct support to workers and households and helping small businesses preserve jobs during the mandated shelter-in-place orders are the most critical economic policies at this time. Congress has taken important steps to provide relief, and must do everything possible to keep frontline and essential workers safe, prevent job losses, and stabilize household balance sheets. This includes protecting and fairly compensating essential workers, guaranteeing income through payroll protection and expanded unemployment insurance, increasing food stamps and other safety net supports, and freezing costs as described in [Put People First](#). The policies employers set in place now to [support frontline workers](#) should translate into shifts in their business models to lead with racial equity and ensure economic mobility for workers.

## Use stimulus funds to build the next economy

While doing everything possible to minimize the economic crisis during this time of social distancing, the federal government must also take steps to get the economy moving again after the immediate health risk subsides. Already some predict unemployment could reach a record [32 percent](#) by the end of June—superseding the [25 percent](#) unemployment rate at the apex of the Great Depression. Many won't have jobs to return to: some businesses have already permanently closed, and the longer the partial closure, the more businesses will be forced to shut down.

It will take a significant stimulus to restart the economy, and this public investment must be a downpayment on the next economy. That means focusing our resources on the sectors of the economy that we need to strengthen and directing resources to the people and places we need to bring along to ensure shared prosperity:

- **Catalyze green sector growth:** We cannot build the next economy without addressing the existential threat of climate change, which disproportionately impacts low-income, communities of color. Stimulus funds should accelerate our transition away from fossil fuels and build [community infrastructure](#) through investments that make our buildings more energy efficient, expand green infrastructure and transportation options like electric buses, lay broadband in rural and urban communities lacking fast internet connections, increase clean energy production, and more—with a focus on creating millions of good jobs, supporting environmental justice communities, and expanding public and employee ownership as described in the [Green Stimulus plan](#).

- **Deliver good jobs and equitable business opportunities:**

The stimulus investments will create an incredible opportunity to deliver good jobs and business opportunities to Black, Latinx, and Native American workers and entrepreneurs of color. An analysis of the American Recovery and Reinvestment Act of 2009 found that of the \$45 billion in direct federal contracts, [less than \\$2.4 billion](#) went to Black-, Latinx-, and women-owned businesses. Policymakers must take a race-conscious approach on the front end to ensure that public investments create equitable opportunities rather than reinscribe inequities. Four policies are critical: 1) Dedicating 1 percent of infrastructure investments to a fund for inclusive job and contracting supports such as pre-apprenticeship and first-source hiring programs, small business development, and bonding; 2) setting aside a share of jobs for local and targeted hires (including people who face barriers to employment, such as having a criminal record); 3) setting aside a share of contracts for businesses owned by people of color, to mirror area demographics; and 4) prioritizing projects that meet resident needs in historically disinvested neighborhoods.

- **Foster inclusive growth:** Economic opportunity has become more and more concentrated since the last recession, and one driver of that is the increasingly uneven geography of business growth. Between 2010 and 2014, [half of all new businesses were located in just 20 large counties](#), home to 17 percent of the population. To ensure economic opportunity for the [100 million people](#) living in or near poverty—who live in every county—we must focus on making contracting opportunities available to entrepreneurs and would-be entrepreneurs living outside the small number of high-performing counties.

## Forge a new social contract that enables shared prosperity

In the course of just a few weeks, the pandemic created a once-in-a-generation economic shockwave. The sudden surge of unemployment—and the widespread loss of health insurance, housing, and food security that accompanied it—exposed the deep structural flaws of our social contract. The erosion of basic labor protections and the social safety net was harming low-income communities and communities of color long before COVID-19, but the pandemic brought this neglect into stark relief. Congress mustered rare bipartisan support for interventions that were unthinkable just a few weeks ago, such as direct cash transfers and trillion-dollar investments.

Measures to guarantee that all people can meet their most basic needs, to protect workers' rights, and to support economic democracy should not be limited to the short term of crisis management: they should be the foundation of a [new social contract](#) that supports an economy in which everyone can thrive.

- **Enact a federal job guarantee:** By creating a public option for a good job—with dignified wages, benefits (including health care), safe working conditions, and full worker rights—a [job guarantee](#) would immediately get people back to work on projects to meet community needs and strengthen [community infrastructure](#), serving as a cornerstone for a more equitable economy. Originally proposed by FDR in his Economic Bill of Rights and later a key demand of the Civil Rights movement, a job guarantee has gained traction over the past couple of years because of its ability to solve for several fundamental challenges in our labor market. It would address the failure of our economy to provide jobs for all in even the best of times. It would reduce working poverty: [40 percent of workers earn less than \\$15 per hour](#) and a job guarantee would both provide them with an alternative and set a higher standard for wages, benefits, and hours in the private sector. And it would shrink racial inequities by guaranteeing good jobs for Black, Latinx, and Native American workers who [continue to face hiring discrimination](#) and are disproportionately [relegated to low-wage jobs](#).

- **Provide for the common good:** The tolls of the coronavirus crisis have cut across the economy, public health, and social institutions. Now is the time to invest in building systems that protect the common needs and interests of all: universal health care, to ensure our collective and individual well-being is not tied to any particular employer; paid sick leave, to guarantee that no worker has to choose between paying their bills and recovering from illness; universal family care, to support all families who need access to high-quality, dignified care for their loved ones young and old; a \$15 per hour minimum wage for all workers, to ensure that no worker earns poverty wages; a [homes guarantee](#) to provide safe, affordable homes for all; and income supports to ensure basic stability, food, and water for every household.
- **Rebalance power in the economy:** A resilient economy begins with empowered workers. Policymakers should take bold steps to increase [worker power](#) and reduce the outsized influence of corporations in our economy and democracy. This includes guaranteeing workers' right to organize at scale, promoting worker voice in corporate governance and decision-making, increasing opportunities for public and worker ownership, creating a more equitable tax code (including an excess profits tax to prevent profiteering from the pandemic and invest in the new social contract programs described above), and holding corporations accountable for their impact on workers, communities, and the environment. Regulators and corporations alike need to take action to reform practices such as stock buybacks that prioritize investor profits over workers and other stakeholders.
- **Advance equity as a business strategy:** Business leaders themselves have called on corporations to focus on delivering value to all stakeholders—including customers, workers, suppliers, and communities—and not only shareholders. It is time for this intention to become the new corporate reality, and for corporations to [adopt racial equity as a value and a business strategy](#) to guarantee a successful recovery and to drive innovation over the long term. Corporations must apply an equity lens across every aspect of their operations and value chain, including their workers, products, services, marketing, governance, investments, and policy positions.

## Conclusion

Out of this crisis, we need a new path forward to an economy in which prosperity is truly shared and can be passed down for generations to come. In addition to exposing our extreme inequality, the pandemic has also revealed our interconnectedness: we are only as safe as the least protected among us. This mutuality may be less palpable during normal times, but it is still omnipresent. In a diversifying country, dismantling structural racism and ensuring economic security for all is the right thing to do and the necessary thing to do. Equity is our path to a strong next economy. Make your voice heard by contacting your local, state, and federal leaders and demand they take these actions and put people first. Stay connected to our work by visiting [policylink.org/covid19-and-race](https://policylink.org/covid19-and-race).



**Lifting Up What Works®**

**Headquarters**

1438 Webster Street  
Suite 303  
Oakland, CA 94612  
t 510 663-2333  
f 510 663-9684

**Communications**

75 Broad Street  
Suite 701  
New York, NY 10004  
t 212 629-9570

**Washington, DC**

1301 K Street, NW  
Suite 300 W-414  
Washington, DC 20005

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