

Nyamagaga Gondwe

The Black Tax: How the Code Reinforces Black Poverty

Abstract

When tax policies reward wealth and punish poverty, they exacerbate Black poverty. Tax expenditures enacted through the Code advance values outside of the revenue-raising function of taxation and deplete public funds available for welfare projects. Federal efforts further erode the revenue base when they divest from public welfare programming by directly funding private organizations that provide public services. At the same time, anti-welfare sentiments in federal policy have led to increased spending on means-tested government aid. As such, while the government pays for private organizations to take on public assistance work, it also leans on the people living in poverty to rectify their own condition of poverty.

But Black poverty, specifically, is not a self-inflicted condition; when the federal government places the burden of correcting poverty on poor Black Americans and divests from public assistance programs, it entrenches that poverty more deeply. I draw on the work of three authors in my analysis: Dorothy Brown, Anne Alstott, and Anthony Infanti. In her work, Brown shows how tax policy can be anti-Black in allowing corporations to deduct the cost of discrimination suit settlements but requiring settlement recipients to include the value of the settlement in their income. Alstott writes about the ways that the Earned Income Tax Credit is a source of economic harm for the working poor, especially when they are unemployed willing workers who cannot find work. And Infanti discusses the ways that tax scholarship reflects the values of the dominant group in American society through its near-exclusive reliance on economic analysis at the expense of a richer dialogue about the impact of tax policy on minority

communities. This paper aims to expand on Critical Tax scholarship by analyzing anti-poverty tax policies against the backdrop of Black American economic history.

This paper will proceed in three steps. First, it will analyze two anti-poverty tax provisions: the charitable contributions deduction (§ 170) and the Earned Income Tax Credit (§ 32). This analysis will show how, even in its anti-poverty policy, the tax system rewards wealth and punishes poverty. Second, the paper will discuss Black Kinship Networks, a system of common-pool resources that the Black community has used for economic survival since before Emancipation. This section will show that Black Americans were forced to create the means of their survival outside of the traditional economy when federally facilitated economic exclusion prevented Blacks from participating in activities that would lead to inter-generational economic growth. Finally, the paper will show that when the federal government divests from public welfare projects, it not only reinforces the underlying conditions of Black poverty by conscripting Black Americans into dead-end, low-wage labor, but it also worsens those conditions by eroding the supportive function of Black Kinship Networks.

This paper ultimately argues that the federal government is obligated to relieve individual Americans of the burden of anti-poverty work by reifying the revenue-raising function of the Code and shoring up public aid.