



What Financial History Taught Me About Racism

by *Phuong Luong, CFP®*

Phuong Luong, CFP®, is a financial educator, financial planner, and the founder of Just Wealth LLC, a fee-only, virtual financial planning practice. She is a member of the CFP Board Center for Financial Planning's Diversity Advisory Group and is the vice chair of CFP Board's Council on Education.

Editor's note: This essay is adapted from a talk delivered by Phuong Luong at the CFP Board Center for Financial Planning's Diversity Summit on October 23, 2018 in New York City.

AS FINANCIAL PLANNERS, we're very comfortable talking about money. It's what we do every day. But I'll guess that most of us are less comfortable talking about race and racism. Money and racism are two of the most taboo topics in our society today, and that's why it's so incredibly important that we talk about them.

This article provides a way to think about racism that I hope helps demystify it. When I hear people say that racism is not a problem or that it doesn't "exist," it reminds me how little education and training we've received in this area. Learning about financial history alongside my training to become a financial planner taught me that there are different types of racism and each ties into money. I'll describe each one by sharing my story.

Interpersonal Racism

I am Chinese and Vietnamese American and was born and raised in the United States. I've been called a chink, ching-chong, and kung fu master since grade school and at work. I've had things called out to me by strangers, like *konichiwa*, which means hello in Japanese, or *ni hao*, which means hello in Mandarin—neither of which I speak—more often than I can remember. I remember being on my way to a job interview and someone yelling "hei-ya!" karate-chop style out of their car as they sped by. Every time this happens, I'm reminded of "my place" in this country and that some believe that I don't belong here, even if the person saying it didn't mean ill will. I have to ask myself, am I even allowed to be upset? And I have to use energy to shake it off when I could have been doing something much more productive. This is an example of *interpersonal racism*, or racism between individuals.

Institutional Racism

Until I learned the next type of racism, I took for granted that as an American citizen I have the right to start my own business any time. In the late 19th century, hundreds of thousands of Chinese people came to the U.S. to work

on farms, factories, and mines. This threatened white Americans, so in 1882, the Chinese Exclusion Act was passed.¹ It was the first major federal law to explicitly stop immigration for an entire nationality.² The Act banned all Chinese immigrants from entering the U.S. or from re-entering if they went back to China to visit. However, an exception was made for restaurant owners.³ So, there's the 15-second history of why there are so many Chinese restaurants in America—and it's deeply connected to *institutional racism*.

If the Chinese Exclusion Act was still in effect, I wouldn't have been able to establish my financial planning practice last year. Racial bias can become codified and cemented into laws and policies, in government, schools, and in our workplaces, to create a system of oppression based on race that doesn't need racism between individuals to exert its power. This is racism imbedded into institutions that can outlive any of the people who put it into place.

Interpersonal and institutional racism are connected. I learned this in my first career as a teacher. Before I entered financial planning, I was a public school teacher for seven years. I love being a financial planner because I still get to be an educator. Through my teaching

experiences I learned the profound ways racism manifests into every aspect of our lives. I saw interpersonal racism arise when individual teachers, white teachers as well as teachers of color, decide that students of color require specialized services to achieve at the level of their white peers. I saw institutional racism because there is a greater likelihood of being labeled as learning disabled if you are born into a family living in poverty. Black and Latinx children are three times more likely to live in poverty than white children in America,⁴ which may be one driver for why students of color are disproportionately labeled as learning disabled.

There's another side to racism related to stereotypes. Before I entered the teaching profession, I wanted to teach reading and writing. One stereotype of Asian Americans is that we are good at math. Well, the other side of that stereotype is that we don't excel in other subjects. So, I wonder if it was a coincidence that of the dozen or so teaching positions I applied for after graduating college with my elementary teaching license, that the only job I was offered was to teach math. I will never know if this was a coincidence or the effect of stereotyping and interpersonal racism. What I do know is that the expectations of teachers, mentors, managers, and even financial planners, can have a dramatic and lasting impact not just in children but also in the lives of adults.

Internalized Racism

I want to transition now to exploring racism within the context of our financial planning community. Interpersonal racism can nudge us toward and away from who we want to be, while institutional racism can limit us outright. But when you hear and see enough racist messages about yourself, you eventually don't need to hear the voices anymore for those messages to play in your head and become barriers in your career and

relationships. This can also lead you to apply negative stereotypes to other people from your own community. This is *internalized racism*.⁵

Another stereotype for Asian Americans is that we are quiet, overly deferential to authority, and do not rock the boat. In other words: we're not leaders. Maybe this is why in a recent *Harvard Business Review* article, researchers found that Asian American white-collar professionals were the least likely racial group to be promoted from individual contributor roles into management.⁶

Internalized racism happens when racism is turned inward and leads to self-doubt and oftentimes shame when you act outside of the stereotypes. I know this from personal experience. Self-doubt sometimes shows up when I say that I'm a business owner and my own boss. I have to work hard to shut out stereotypes leading to internalized racism and impacting my confidence. I don't always succeed. But the truly insidious thing about internalized racism is that only the person experiencing it can say whether they are, and unfortunately, reality can take a backseat when you are doubting yourself in this way.

Internalized racism is no less real than interpersonal or institutional racism. And I believe that all three limit the diversity, equity, and inclusiveness of our profession.

Racism and Financial Well-Being

So what can we do now? It quickly became a requirement in my teaching career to understand how race works in the U.S. Another key lesson I learned as a teacher is that race and socioeconomic class are closely linked. But I didn't fully understand why or how race and class were interconnected until I became a financial planner and started reading and teaching about financial history.

Since the founding of this country, race has been used as a tool to shape

who has a right to have and build wealth, start a business, run for office, or fully realize their potential—and who does not. I can't be effective in my work as a financial educator and planner without understanding how all forms of racism impact financial well-being.

Self-doubt sometimes shows up when I say that I'm a business owner and my own boss.

When I train non-profit professionals, they are usually ethnically diverse groups themselves working with majority low-income people of color. At the start of all my trainings and workshops, I provide a brief financial history of racism—in other words, the boosts and barriers to wealth-building that different groups of people in the U.S. have received based on race. I do this because traditional personal finance education tells poor people and Black and brown people that we have less wealth because we lack discipline, motivation, and financial literacy. These racist and classist myths become internalized at a young age. But American history tells a different story. Examples include:

The history of Black Wall Street. In 1921, Tulsa, Oklahoma was the center of Black business and one of the wealthiest Black communities in the country. That summer, the state government and Tulsa's white residents murdered hundreds of Black residents and burned the neighborhood within two days. This destroyed about \$1.8 million (\$25 million adjusted for inflation) in Black wealth. The rampage also left more than 9,000 Black residents homeless. No white residents were held responsible for the crimes and the event has been

named the Tulsa Race Riots in the history books.⁷

The history of redlining. Starting in the 1930s, the U.S. Federal Housing Administration, or FHA, color-coded neighborhoods to indicate to lenders which were desirable, and which were not. The redlined districts (which were predominantly minority) were “hazardous” and thus deemed credit risks. This effectively restricted access to secure, government-backed mortgages with fair rates and terms to people of color. This forced people of color who wanted to buy homes to buy and borrow from predatory lenders and sellers. This lasted for another 30-plus years until it was outlawed and has resulted in dramatically different rates of homeownership and home values across racial lines in our country.⁸

We cannot truly be inclusive until we see why and how we’ve been exclusive for so long.

The history of land theft. The Dawes Act of 1887 took 90 million acres of Native American land to divide into individual plots. The goal was to transfer land to non-Native American settlers but also to break up the social structures and long-held customs of Native tribes and communities. Native Americans who disavowed their culture and tribes were given plots and granted U.S. citizenship.⁹

To be sure, I have not scratched the surface of the long history and current acts of racism and economic oppression that have systematically targeted and continue to target Black and brown people,¹⁰ as well as the negative stereotypes people of color and poor people in America face and battle against on a daily basis.

Learning How to Think and Talk about Race

I’ve had white people and people of color tell me: doesn’t talking about this discourage people who want to make change, and doesn’t it demotivate people of color? I’ve found the opposite. Learning history has confirmed for me the resilience, strength, and power of people of color. That after all of the racist laws, violence, and theft of community and individual wealth, we are still resisting and, in many ways, thriving.

The slogan of the CFP Board’s “I am a CFP® Pro” campaign (cfppro.org) to encourage young people of color to join our profession, is: “You can’t be what you can’t see.” I wholeheartedly agree with this. Young people will be more able to see what’s possible in their lives if they see leaders who look like them. We also need to apply this idea to ourselves as a CFP community. We cannot truly be *inclusive* until we see why and how we’ve been *exclusive* for so long.

I’m not saying this is easy. The #MeToo movement has helped survivors feel empowered to share their stories. It has made our country better-equipped to talk about sexual assault and survival and has uncovered blind spots many of us had. I believe that learning how to honestly think and talk about race and racism will also lead to healing and progress.

Money is taboo. And so is racism. With practice and guidance, these conversations will get easier. As a financial planning profession, we are at a unique and privileged role to get people more comfortable with having these difficult conversations. We have the education, access, and experience working with financial systems to create systemic change. If we get comfortable honestly talking about racism, imagine what we can do. ■

Endnotes

1. See “Chinese Immigration and the Chinese Exclusion Acts,” from the Office of the Historian at history.state.gov/milestones/1866-1898/

chinese-immigration.com.

2. See the “Chinese Exclusion Act” on Encyclopedia Britannica at britannica.com/topic/Chinese-Exclusion-Act.
3. See the NPR article, “Lo Mein Loophole: How U.S. Immigration Law Fueled a Chinese Restaurant Boom,” by Maria Godoy. Available at www.npr.org/sections/thesalt/2016/02/22/467113401/lo-mein-loophole-how-u-s-immigration-law-fueled-a-chinese-restaurant-boom.
4. See The State of Working America statistics on poverty from the Economic Policy Institute at stateofworkingamerica.org/fact-sheets/poverty.
5. See chapter five, “What Is Internalized Racism,” by Donna K. Bivens in *Flipping the Script: White Privilege and Community Building*. Available at www.racialequitytools.org/resourcefiles/What_is_Internalized_Racism.pdf.
6. See “Asian Americans Are the Least Likely Group in the U.S. to Be Promoted to Management,” by Buck Gee and Denise Peck at hbr.org/2018/05/asian-americans-are-the-least-likely-group-in-the-u-s-to-be-promoted-to-management.
7. See “Black Wall Street: The African American Haven that Burned and then Rose from the Ashes,” by Victor Luckerson in *The Ringer*. Available at theringer.com/2018/6/28/17511818/black-wall-street-oklahoma-greenwood-destruction-tulsa.
8. See the *Washington Post* article, “Redlining Was Banned 50 Years Ago. It’s Still Hurting Minorities Today,” by Tracy Jan. Available at washingtonpost.com/news/wonk/wp/2018/03/28/redlining-was-banned-50-years-ago-its-still-hurting-minorities-today/?utm_term=.38aa4a11b36b.
9. See “The Dawes Act: How Congress Tried to Destroy Indian Reservations,” by Stephen Pevar on the Oxford University Press’s Academic Insights blog. Available at blog.oup.com/2012/02/dawes-act-congress-indian-reservations.
10. See “Why Wealth Equality Remains Out of Reach for Black Americans,” by Darrick Hamilton and Trevon Logan on *The Conversation*. Available at theconversation.com/why-wealth-equality-remains-out-of-reach-for-black-americans-111483.