

# Oregon faces legal challenges after establishing blacks-only COVID-19 relief fund

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A COVID-19 relief fund set up by the state of Oregon has run into legal challenges after it became known that the fund was reserved exclusively for African American residents. The state's doling out of inadequate financial aid to troubled businesses on race-based criteria reveals the politically bankrupt and deeply reactionary nature of racist politics.

The Oregon Cares Fund was arranged by state Democratic Party officials in July 2020 and reserved \$62 million out of the \$200 million that was set aside by the Oregon legislature's Emergency Board to provide relief to small businesses affected by the pandemic. The fund's website declares it is intended for "Black people, Black-owned businesses, and Black community based organizations" and provides up to \$3,000 per-family and \$100,000 per-business. The relief funds were drawn from the \$1.4 billion that the state of Oregon received from the federal CARES Act last spring.

According to the *New York Times*, the fund has paid out nearly \$50 million. A remaining \$8.8 million was held up by a federal court in December, in the face of legal challenges by non-black business owners alleging discrimination. The *Times*, in its noxious and typical fashion, calls the fund "novel and bold" for allocating funds on a racial basis. Democratic state senator Lew Frederick told the *Times*, "It was finally being honest: This is who needs this support right now." The Democratic governor of Oregon, Kate Brown, has vowed to defend the discriminatory fund.

Walter Leja, the white owner of a small electrical company and a plaintiff in the lawsuits against the state, told the *New York Times* that he would be forced to lay off employees if he does not receive relief funds soon. Referring to the fund, he said, "It's discriminatory. It's locking up a bunch of funds that can only be used by Black businesses when there's a ton of other businesses out there that need access to those funds. It's not a white or Black thing. It's an everybody thing."

Leja, alongside two other small business owners are suing based on the argument that the fund violates the 14th Amendment's equal protection clause. Maria Garcia, the Mexican American owner of Revolucion Coffee House in Portland, claims her application for aid was denied because her

shop "does not meet the criteria because 0% of its owners identify as Black," according to the *Wall Street Journal*.

Oregon's Democratic lawmakers claim that the racially exclusive legislation is required to make up for historical crimes committed against blacks. African Americans make up 2.2 percent of the Oregonian population, while Hispanics make up 13.4 percent, Asians 4.9 percent, and Native Americans 1.8 percent.

While there is no question African Americans have faced discrimination in the state—for instance, in 1844 the then territory passed a law barring African Americans from settling there—in reality it is working class and lower-middle class people of all races who have been most severely affected by the pandemic. Meanwhile, the US government has pumped trillions of dollars into the financial markets to enrich corporate executives and investors, while allowing the virus to spread rampantly, workers to be laid off and forced into poverty, and small businesses to collapse in financial ruin.

Furthermore, a brief overview of Oregon's history demonstrates that blacks were not the only ethnic group that suffered racist discrimination and capitalist exploitation.

Upon gaining statehood in 1857, the Oregon government adopted a number of anti-Chinese measures, such as forcing Chinese miners to pay a \$50 tax each year and prohibiting them from voting. In 1882, alongside the nationwide Chinese Exclusion Act passed by Congress, the state of Oregon banned Chinese from public schools, restricted their housing opportunities, and prohibited them from entering professions.

The Native American population was also subject to brutal racism and violence at the hands of the federal and state governments. Their attempts to fight back culminated in the Rogue River Wars (1855-56), which turned into a one-sided campaign of extermination and terror against the Native population.

Among the most oppressed section of the American working class, the Oregon indigenous population faces high rates of extreme poverty, homelessness, addiction, suicide, police brutality and other manifestations of social inequality. A study by a research team at Portland State University in 2011 found

that nearly half of Native children live in poverty.

During World War I, German Americans were pressured to swear their loyalty to the US and saw restrictions placed on the use of the German language, including an order by the State Council of Defense for Oregon which required the use of English during church services.

The history of racism and xenophobia in Oregon is inseparable from and flows out of the brutal exploitation of the working class that has characterized American capitalism. Oregon's key industries were logging and mining, among the deadliest and most exploitative in American history.

The efforts of the racial communalists in and around the Democratic Party to center race as the fundamental division in American society is meant to obscure the brutal class divide that has been laid bare by the pandemic. Workers of all races and nationalities are getting sick and dying around the world because they are being forced back to work in dangerous conditions, and because hospitals do not have enough staff or beds to deal with the surge in patients.

None of this will be addressed by creating a racially exclusive fund for black business owners and others. It completely ignores the class character of the capitalist state's response to the pandemic, which has placed the accumulation of profit over the lives of masses of workers of all races. It deliberately obscures the fact that it is not "white people" who have benefitted from the pandemic, but a ruthless financial oligarchy, which is indifferent to the lives and health of all poor and working class people.

Even before the pandemic, 13 percent of Oregonians lived below the federal poverty line. That encompasses more than 516,000 people, which includes 134,000 children, according to the Oregon Center for Public Policy. Of those in poverty, 4 in 10 lived in deep poverty—defined as having an income less than half of the poverty guideline, in this case a family of 4 having to survive on \$13,100 a year.

According to a report from Oregon State University, some 1 million Oregonians, or 1 in 4, experienced hunger in 2020. While official poverty statistics for the first year of the pandemic are still to be compiled, there can be no doubt that the level of hardship experienced by workers and the poor has risen sharply. In the context of the growing level of misery, the paltry aid provided by Oregon's Democratic government to workers and small businesses assumes an insulting character.

Just one Oregon billionaire, Nike founder Phil Knight, has a personal fortune estimated at more than \$48 billion. This is more than 240 times the amount of money the state allocated to relief for small businesses. It also dwarfs, many times over, the \$1.4 billion in aid that the state received from Congress via the CARES Act, underscoring the obscene level of inequality that the pandemic has both exposed and exacerbated.

According to *inequality.org*, the wealth of the 651 billionaires in the US skyrocketed between March (the start of the pandemic) and December 2020 from \$2.95 trillion to over \$4

trillion. The top 10 billionaires alone control more than \$1 trillion. To put that unfathomable number in perspective, \$1 trillion in wealth held by just 10 people is more than it would have cost to send a \$3,000 check to every one of the 330 million people in the US.

This is almost 4 times the \$267 billion in stimulus checks that was given to 159 million people last year. It is also more than the \$900 billion in COVID "relief" funds that was passed by Congress in December, which consisted mostly of corporate handouts while providing little more than crumbs for the jobless.

Rather than addressing these discrepancies, Oregon's Democratic Party lawmakers have revived criteria similar to the "one drop" rule used to discriminate against minority groups in the past. In determining who was eligible to receive aid, a tutorial video on the fund's website states a business must be at least 51 percent black owned, that is, 51 percent of the owners must identify as black.

This raises critical questions as to how these claims may be verified. Anyone can "identify" as black. If there are doubts on the part of the fund's organizers as to the purity of the claimants' race, how will these discrepancies be resolved? Perhaps the claimants should have to submit to a DNA test, or to a tracing of their ancestral line.

Revealingly, the racist proponents of the fund offer not a word of protest against the miserly character of the relief that has been offered. The pittance left over for working people from the CARES Act, which was largely intended to satisfy Wall Street and big business, is accepted as given. Instead, they pit small business owners and workers against each other along racial lines in the scramble for aid, obscuring the common social and class interests which working people of all backgrounds share.

The right-wing efforts of the Democratic Party to sow racial divisions in the working class and sections of the middle class must be fiercely opposed. Socialists do not accept the framework that there is not enough money or resources for everyone who needs it, which encourages people down the dangerous path of racial communalism and nationalism.

Rather than encouraging a scramble for crumbs among the most desperate and hard-hit layers of society, a socialist movement must be built which unites workers of all races, ethnicities, nationalities and identities to demand the expropriation of the wealth of the rich and its distribution to provide full access to financial assistance, unemployment aid, food, housing, education and health care for poor and working class people not just across Oregon, but throughout the world.



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