The Economics of Racism

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MIT Mathematics
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Expectations

- We are not experts.
- Our goal is to learn, and to think (hard).
- We are all on an equal footing here.
- The focus of this session is anti-Black structural racism.
How do economic forces perpetuate racism?
Generational Wealth Transfer

Parental circumstances impact:

- Educational opportunities
- Physical and mental health
- Quality of life
- Employment opportunities
- Mentorship and networking
- Economic mobility
Median Family Wealth for Those Born 1943–51

- White
- Black

Nine Charts about Wealth Inequality in America

- White
- Black
- Hispanic
- Nonwhite
Credit and Debt

- Payday lending
- Algorithmic credit scoring
- Credit pricing
- Permanent credit card debt
- Student loan debt

- White
- Black
- Hispanic

$15,000

$10,000

$5,000

$0


Nine Charts about Wealth Inequality in America
Real Estate

- Mortgage lending
- Redlining
- Gerrymandering
- Insurance
- Home values
- School funding / property taxes
- Food deserts
- White flight and gentrification
Homeownership Rate by Race/Ethnicity, 1976–2016*
Initial Conditions and the Dynamics of Capitalism

- The first economic role of Black people in this country was as resources, not participants.
- The default mode of capitalism is to increase inequality.
- Echoes of slavery can be seen in our prison system.
- Our financial systems tend to reward those with capital and exploit those without it.
Nine Charts about Wealth Inequality in America

Size and Distribution of Select Asset-Building Tax Subsidies, 2017

Homeownership
- Mortgage interest deduction
  - Bottom 20%
  - Second 20%
  - Middle 20%
  - Fourth 20%
  - Top 20%
- State and local property tax deduction

Retirement Savings
- Employer-sponsored retirement plans
  - Bottom 20%
  - Second 20%
  - Middle 20%
  - Fourth 20%
  - Top 20%
- Individual retirement accounts
  - Bottom 20%
  - Second 20%
  - Middle 20%
  - Fourth 20%
  - Top 20%
- Saver's credit

Billions of dollars

Nine Charts about Wealth Inequality in America
Discussion Topics

- Briefly introduce yourself. Why are you here?
- How have you economically benefited or been hurt by structural racism?
- What did we miss?
- What would systemic change look like?
- Can economic forces be harnessed to solve the problem?