Assessing the Cost of Discrimination

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Abstract
In economics, discrimination is modeled as a cost that individuals are willing to bear to limit contact or interaction with specific types or groups of individuals. As a result, due to the positive stance of the discipline, discrimination is evaluated as though it were a rational behavior rather than a sub-optimal action that prevents the attainment of a more optimal social justice-based sustainable outcome. The latter, due to the explicit communication of values, is designated as normative economics and is typically not recognized as a role of the instruction of the discipline.

In my spring 2015 Economics of Race (ECON 427) course we explored the contribution of economics with respect to the persistence of discrimination and specific to the manner in which the discipline has evaluated the cost and benefit of discrimination. The course focused on the historical progression of a select group of non-European immigrants, voluntary and non-voluntary: African-Americans, Natives, Puerto Ricans, Mexicans, Japanese and Chinese.

Students were exposed to the basis and justification of racial designations as well as the role race has played in enabling economic exploitation. Further and more relevant to the present day perceptions of race and the characteristics associated with race, students were provided with resources and historical context from which they were able to deduce the inter-generational impact of historical racial exploitation, segregation, accessibility to education, participation in government and stereotyping.

In mid-April 2015, students in the course participated in a well-attended panel discussion as part of the Institute for Social Justice’s Engaging Ideas series where they presented items they wished to highlight and which they were introduced to as part of the readings and resources of the course. The panel was facilitated through a question and answer process.

As an ongoing component of the course, students were required to provide reflection papers specific to individual racial groups as they were covered in the course curriculum. The papers incorporated their perception of the economic basis of race as this related to items that they learned as a result of the class curriculum and discussion. The sections below include selected statements from the submitted reflection papers.

Selected excerpts:
Economic justification for Indigenous extermination: The American Holocaust

Numerous accounts of genocide have been written in history books and taught all over the world. Adolf Hitler and his attempted genocide of the Jewish population in Germany that lasted from 1933 until 1945 is one of the most remembered genocides in history. There is so much literature that has been expended on exposing Hitler and the tragedy of the Holocaust, which left over 11 million people dead. What people in the United States fail to realize is that the model that Hitler based his actions on was created here in the United States. The same country that prides itself on its motto: “the land of the free and the home of the brave” is the same country that tried to wipe out an entire race for their own greed. The Canary Effect, a short documentary that takes a look into the effects of the United States and their policies regarding genocide and the indigenous people who remain residents, clearly explains the five requirements that make the difference between a mass murder and a genocide. These five requirements include: “killing members of a group, causing serious bodily or mental harm to members of said group, deliberately inflicting on members conditions of life calculated to bring about its physical destruction in whole or in part, imposing measures intended to prevent births within the group and lastly, forcibly transferring children of the group to another group”.

The role of cultural values in economic exploitation and accumulation relative to social justice.

Before I read the perspectives of Thomas Sowell in Ethnic America and “Jews and Chinese in America” (1954), I knew little of the discrimination occurring toward Chinese-American immigrants during the 1800’s and 1900’s.It is important to note that they did not rely upon government funds, as so much of the revenue they obtained was primarily collected from fellow Chinese-American immigrants. One way the Chinese-Americans circumvented relying upon federal aid was utilization of rotating credit associations. Chinese-American immigrants more often than not felt a sense of duty, even community, towards contributing to group success. Sowell writes, “Rotating credit associations were an old institution among the southern Chinese, by which money could be pooled and used for investment. The device itself was quite simple each member in his turn had access to the pooled resources of all but what made it successful was that default on repayment was extremely rare (Sowell, 217).”

“Addressing the foundation of race is the appeal to reason that will foster the elimination of the hierarchical association of color, physical features, and culture in our society.”

~M. Venkatesan

Being Black in America

Black Americans had the most famous plight of any ethnic group in the United States. I don’t need to give you a synopsis of the enslavement of their African and displacement to America but it does have distinct socioeconomic implications hundreds of years later. Blacks were a minority even in places that they outnumbered whites because of how little access they were given as freed men. They had to fight for every right that all men are entitled too. This set them back very far as a group. They had never thought before. Discrimination is a huge issue in society today and it was really important to me to be able to bring up this issue in this class for me as well.

Reflections on the Economics of Race

“I was drawn to this course from the beginning just based on the name “Economics of Race”. It felt like a course specifically designed for me being an economics major and anthropology minor. Economics is discussed a lot in anthropology course as inequality has a profound effect on an economy. It was nice to include a human element in a discipline that is almost entirely formulas, graphs and speculation.”

“Discrimination is a controversial topic in our society today. Most people believe that it is completely based on race and color, but it has its roots in social values and economics. During the course of this class I have learned that economics is the basis of discrimination and that people ‘buy-in’ to stereotypes and marketed perceptions.”

“The most important piece of information that I gained from this course was that economics is the basis of everything, including race. I really enjoyed the topics of discussion throughout the course. I was really able to connect the idea of economics to social issues in a way that I had never thought before. Discrimination is a huge issue in society today and it was really interesting to see why these things arose and how far back in history it went. Since the beginning of this class, I’ve found myself constantly relating everything I experience or learn, to economics.”

“This class was fantastic. We were off to a slow start but after some of the snow cleared, it was very interesting and it really connected the dots from my childhood. When I was younger there was segregation in schools within the Boston area. I didn’t know why until this class. There were quite a few other things that really became connected because of this class for me as well.”

“Before taking Economics of Race-427 I was unaware of how race is perpetuated with an economic component. I truly had not spent much time contemplating the matter, I just figured it existed. However while while taking this class I learned a lot about social structures and how they impact race today. Videos presented in class have now have a better understanding that race is created through a desire of economic gain; it does not just happen.”

“None of us are necessarily inherently racist. I believe that it is a learned behavior resulting from the inequality presented by capitalism and the scarcity of economic opportunity and resources. Due to the fact that it’s a learned behavior, it can become unlearned with the proper actions.”

“I learned a substantial amount of material that I had no knowledge of previously. The mark of a good college class is obtaining more knowledge and eradicating ignorance which is what this class did for me.”

Learning Outcomes – Student-Instructor Contract

- Recognize the roots of discriminatory behavior from a historical context of racial and ethnically based economic differences from the disciplines of sociology, anthropology, and history.
- Assess the relationship between social values and to economic outcomes.
- Use a systematic framework to review current economic literature.
- Apply critical thinking skills in writing and orally to support or refute a socially based argument using economic theory and relevant quantitative and qualitative data.

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