



Structure

- I. Introduction
 - a. Structure = How the economy is structured to keep race relevant over long periods of time.
 - b. "The Fallacy of Naturalization"
 - i. Making something appear natural when it's not
 - ii. People claim race has a biological basis.
 - c. People try to fix (make permanent) elements of culture – naturalizing culture
 - i. Want you to think that it's unchangeable
 - ii. Becomes self-fulfilling prophecy if enough people buy in.
 - d. Works the same with naturalizing structure / the economy
 - e. "Whatever the current arrangements are, that's the only way it can be!"
 - f. The antidote to naturalization is seeing these things as socially caused and socially changeable.
- II. Meritocracy
 - a. Meritocracy is the belief that individuals get ahead based solely on their motivation, talent, and hard work.
 - b. This is both a belief about how the world *is* and about how it *should be*
 - c. As a value this means that collectives should not give an individual *any* advantage over any other. Everyone gets ahead on his/her own merits alone!
 - d. A problem: this is an awfully high standard!
 - e. Organizations that might give someone an advantage:
 - i. Scholarships given by any foundation (including "legacy" scholarships)
 - ii. Banks giving loans
 - iii. Family businesses
 - iv. Affirmative action
 - f. Collectives
 - i. Families, friends, community, churches, unions.
 - ii. Race / gender / age groups.
 - g. Exceptions to Meritocracy in our Society
 - i. College admissions based on family
 - ii. More wealth translates into better education, better health, and ultimately more success.
 - iii. Cultural biases, and use of aptitude tests.
 - iv. Better schools in some areas than others.
 - h. What would need to be changed?
 - i. Eliminating judgments (cultural bias)
 - ii. Eliminate / reduce wealth differences. In a pure meritocracy, there'd be zero difference in wealth. Could perhaps reduce the difference to get *closer* to meritocracy.
 - iii. Mandate equal quality education
 - iv. Universal health care
 - v. Free admissions to college
 - i. The Rub
 - i. Competition increases if everyone has an equal chance
 - ii. Couldn't pass on wealth to the next generation so each generation would start on a level playing field
 - iii. There isn't "enough" for everybody so there's much opposition to meritocracy.
- III. Necessary and Sufficient Conditions for Success
 - a. Necessary: Motivation, talent, hard work.
 - b. Are those sufficient? No! You need more than that!
 - c. Those qualities are necessary to get a job but they cannot create a job in the first place.
 - d. Levels of unemployment depend in part on economic structure.
 - i. A full employment economy employs everyone.

- ii. A structural rate of unemployment guarantees that some people will be unemployed. The question is: who should it be?
 - iii. Unemployment is devastating for those who suffer through it, yet the economy is structured such that 1 in 20 people are unemployed.
 - e. Stagnant Economy
 - i. No economic growth or recession
 - ii. Tends toward a “zero sum game” – the size of the pie is fixed.
 - f. Expanding Economy
 - i. A rising tide lifts all boats.
 - ii. Possible for everyone to “win” economically
 - g. Contracting Economy
 - i. Tends toward lose-lose games
 - ii. Possible that everyone “loses” economically
 - iii. One way to compete better is to exclude a group from playing. Eliminate competitors from the market.
- IV. Social Closure
 - a. Closing a group out of the market
 - b. “A technique of decreasing competition by excluding a group of potential competitors from that market.”
 - c. People need to act collectively, so one group ends up excluding another from the market.
 - d. Characteristics upon which social closure may be based
 - i. Race, nationality, gender, religion
 - ii. Sexual orientation, age, social class.
 - iii. Disabilities
 - iv. Stereotypes can be developed for each of these groups. They’re socially identifiable.
 - v. Any social marker about which another group may claim superiority.
- V. Housing Markets
 - a. Need to establish social closure in the first place.
 - b. “Our group is better,” so do the practical work of creating segregated neighborhoods.
 - c. Before WWI most blacks lived in the south. Those who did live in the north lived in integrated neighborhoods (in the south too)
 - d. During WWI the demand for labor increased, but the cotton economy declined, so blacks went north. Now there’s a housing shortage.
 - e. White Race Riots broke out in Chicago. Bombings, burnings. Whites rioted to push blacks out.
 - f. Maintain Segregation
 - i. Housing Covenants: “If you buy this house, you agree to never sell it to a black or a Jew.” This would be part of the contract.
 - ii. Redlining: Banks say “we won’t lend within this area.” Wouldn’t lend to blacks effectively. This was started by the federal government.
 - iii. In 1968: It’s illegal to discriminate in housing based on race. “Fair Housing Law”
 - g. More contemporary practices
 - i. Don’t show minorities all the available units.
 - ii. Steer minorities to some neighborhoods and whites to others. Whites are also steered away from integrated neighborhoods, making them tend toward minority neighborhoods.
 - iii. Quote higher rates or prices to minorities.
 - iv. Don’t advertise units that are available, so word of mouth becomes necessary.
 - h. Why are housing markets important?
 - i. Housing is segregated, so schools are segregated.
 - ii. Thus there’s better education for some and consequently better jobs for some.
 - iii. So housing ends up affecting other markets too.
- VI. Networks
 - a. How do people get jobs?
 - i. Formal hiring

1. Resumes, advertisements, interviews
2. Very expensive to conduct. Paid advertising, time and money to read resumes and conduct interviews (perhaps hundreds).
3. All applications need to be taken seriously!
4. Fly people out to interview, meals, ...
- ii. Informal Hiring
 1. Get jobs through connections. "A friend of a friend" tells you about a job.
 2. As common as the formal technique.
 3. Get a recommendation, fly out one person, potentially finished after that!
- iii. Because it's so hard to hire formally, somewhere from 50 to 80% of jobs are filled through informal hiring.
- iv. Strong Ties vs. Weak Ties: How closely are you connected to people in your network?
 1. Family? Acquaintance?
 2. Much more likely to get hired through weak than strong ties (since there are more people in that category)
- b. Segregated Networks
 - i. Most people keep socially similar people in their networks – including race.
 - ii. Combine informal hiring with the segregation in networks, get segregated hiring!
 - iii. This means there's indirect discrimination. The structure of who we know is doing the discrimination, not any one person or group of people.
 - iv. With whites doing most of the hiring, the problem is even worse.
- c. How can this be changed?
 - i. Could have a more formal hiring process.
 - ii. Could integrate networks more.
 - iii. Could outsource formal hiring procedures to save time / money.
- d. Characteristics on which social networks can be segregated: Class, age, family, hobbies, sexual orientation, gender, education, religion, economic condition, location, politics.
- e. Segregation has already occurred, so we're exposed to segregated groups.
- f. What leads to segregated networks?
 - i. There aren't enough structural opportunities to integrate networks.
 - ii. We have segregated housing, which leads to segregated schools, and that reduces the chances of forming cross-racial friendships.
 - iii. We don't take advantage of opportunities to integrate networks.

VII. Structure vs. Agency

- a. Agency is about the ability to take action.
- b. This is a similar question to whether we're prisoners of culture.
- c. Our choices may be limited by the structure.
- d. It's hard to find a balance between structure and agency.
- e. U.S. Society stresses agency ("you can do anything") even when it doesn't really exist.
- f. Potential for Agency depends on age

	Children	Young Adults
Where you live	little	much
Schools to attend	little	much
Choice of friends	some	much
Who we date	(N/A)	much
Who we marry	(N/A)	much
Elections	none	can vote
Government Policies	none	can lobby

- g. Still limited by structure at any age.

VIII. How Structure Constructs Race

- a. Concept
 - i. How does economic structure define our concept of race?

- ii. Culture defines it through assumptions and stereotypes, passes them along through socialization, and endures for a long time. It's hard to forget culture.
 - iii. In structure, racial inequality means material advantages.
 - iv. Transmitted through institutional rules and practices. Need to fit in with your organization's "style" (including informal rules that are never specifically documented).
 - v. Structure's endurance comes from the power and resources available to organizations.
 - vi. It's not that people are convinced of something and they stick to it, it's that people have to follow the rules in order to be promoted whether they like them or not.
 - b. Creating Housing Segregation
 - i. In the 1920s...
 - 1. 1 in 8 white men were in the KKK.
 - 2. Ford heavily funded anti-semitic publications.
 - 3. Charles Lindbergh was sympathetic to the Nazi party.
 - 4. Italians, Jews, other "white" groups were racialized.
 - ii. Then after WWII those groups were de-racialized and blacks became the focus.
 - iii. Suburbs were created as GIs came home and had nowhere to live.
 - iv. New Deal housing program
 - 1. Federal Housing Administration
 - 2. Provide backing for loans to normal citizens.
 - 3. Before that, need 50% down, turned to 10-20%, financed over 30 years.
 - v. Organizations created this discrimination, not individuals.
 - vi. Organizations can even work together to do this: FHA created redlining, private industry adopted it.
 - c. Spreading Housing Segregation
 - i. Segregated housing → segregated schools.
 - ii. Those two → segregated friendships → segregated labor markets
 - iii. Segregated friendship → segregated marriage → segregated families
 - d. The take-away
 - i. Never forget that race is created, not natural.
 - ii. About 400 years ago there was no social concept of race.
 - iii. Social change is possible!
 - iv. Culture and structure created race and can destroy it.
 - v. Structure and housing segregation perpetuate racial inequality and indeed the concept of race itself. Structure helps society create race.
 - e. Reducing Race through Structure
 - i. Housing Market
 - 1. Increase awareness through advertising
 - 2. Collect fines for discrimination; use money to fix impoverished areas.
 - 3. Corporate Involvements
 - ii. Educate those who have the power to hire about how discrimination really works.
- IX. Goods and Bads
 - a. Distribution of Goods
 - i. Two philosophies:
 - 1. Goods should be passed on to the next generation
 - 2. Goods should be distributed equally to all
 - a. But people *earn* wealth and should be able to keep it.
 - b. But this eliminates competition and may reduce productivity.
 - ii. So there are two key arguments:
 - 1. Egalitarian vs. Efficiency
 - 2. Meritocracy vs. Helping Family
 - b. Distribution of Bads
 - i. How should we distribute toxic waste?
 - ii. Give some to everybody?
 - iii. Dump it all on a few people?

- iv. Better: Don't make it in the first place!
 - c. A Public Good
 - i. Many of its benefits don't result in profits, so the market undersupplies it.
 - ii. Education is beneficial, but requires public funding – wouldn't get as much education without that funding.
 - iii. Highways: Built by the government.
 - d. A Public Bad
 - i. The people profiting don't have to pay for all the costs of toxic waste, et cetera.
 - ii. The customers don't pay those costs either.
 - iii. Public bads are thus overproduced.
 - e. Why are public bads created?
 - i. Poor initial structure / design
 - ii. By analogy: QWERTY keyboards were designed to be slow (to reduce keys jamming) yet we still use them today.
 - iii. The true costs aren't included in the price of a product.
- X. Economic Growth
- a. We've talked about how resources are distributed. Now we'll talk about the original sources of those resources.
 - b. Growth provides society with more opportunities, even if the distribution is the same.
 - c. Race as a concept results from inequality of resources. Having unequal resources creates the desire to put the pressure (the "bads") on some other groups.
 - d. The gap between races closed fastest in the 50s and 60s when the economy grew fastest. Coincidence? Je ne le pense pas.
 - e. Comparison
 - i. 1990s Growth: 2.3%. Economy would grow 3x over 50 years at this rate.
 - ii. 1960s Growth: 4.4%. Economy would grow 8.5x over 50 years at this rate.
 - f. What is today's "zeitgeist" (spirit of the times) concerning social change or reform?
 - i. Part of the gay marriage debate is due to economic downturn – would Bush have been elected without it?
 - ii. In the 50s it seemed like there was more openness, now it seems more cynical – more polarized every day.
 - iii. The ideas about what can be changed have gotten narrower and narrower.
 - g. Why does a high-growth economy reduce inequality?
 - i. High growth demands higher employment (to near full)
 - ii. With low supply of workers (especially at lower levels, where unemployment is usually high), workers can demand high pay.
 - iii. Higher pay increases aggregate demand since there's more money to spend.
 - iv. Higher demand creates economic cycle (virtuous cycle)
 - v. A side effect: Increases in wages increases inflation (moderately)
 - vi. For workers, moderate inflation is fine as long as wages increase more rapidly.
 - vii. For bondholders, inflation is very bad; changes in the rate of inflation are terrible!
 - h. Main Street Model of Economic Growth
 - i. Supply side: Technological innovation. Supply new products.
 - ii. Demand side: Stimulate demand. Want higher wages.
 - iii. Technological innovation is a public good so it's undersupplied – need government investment to make it work.
 - iv. Raise taxes to invest in growth.
 - v. High growth cuts unemployment indirectly.
 - vi. Build environmental health & safety into new technology.
 - i. Wall Street Model of Economic Growth
 - i. Free up wealth for private investment.
 - ii. "Whip Inflation Now"
 - iii. Cut taxes to stimulate private investment.
 - iv. Higher unemployment is the price for low inflation.
 - v. Conflict between the environment and the economy.
 - vi. The government shouldn't "pick the winners."