

# Research Report

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## **Structural Racism in the United States Economy:**

### **A Systems-Level Analysis of Institutional Inequality**

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# STRUCTURAL RACISM AND ECONOMIC POLICY

## **Abstract**

Structural racism within the United States economy is produced through a coordinated system of policies, institutional practices, and governance structures that limit economic mobility for Black Americans. This study presents a comprehensive, systems-level analysis of how structural racism operates across nine sectors including housing, financial markets, labor markets, education, entrepreneurship, environmental and infrastructural systems, and macroeconomic policy. Drawing on interdisciplinary scholarship from economics, public policy, sociology, and urban studies, the study demonstrates that racial disparities in wealth, employment, credit access, and community conditions are not isolated outcomes but interconnected features of institutional design. Using a scholar–practitioner framework, the analysis identifies the mechanisms through which structural inequalities persist and proposes an integrated policy model for federal and state reform. The findings underscore the need for long-term, equity-centered governance that aligns legislative intervention, institutional accountability, and cross-sector coordination. This study contributes to the public policy literature by clarifying how systemic reforms can reduce entrenched racial economic inequality and strengthen institutional legitimacy.

**Keywords:** economic policy, institutional inequality, racial wealth gap, public administration, equity-centered governance, structural racism

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### **Introduction**

Structural racism continues to shape the distribution of wealth, opportunity, and economic security in the United States. Rather than emerging from individual prejudice alone, structural racism is embedded within the design of public policies, market institutions, regulatory systems, and administrative decisions that define access to economic resources. Scholars have demonstrated that racial inequality persists even during periods of economic expansion because the underlying institutional architecture privileges some groups while systematically limiting others (Bonilla-Silva, 1997; Feagin, 2006). For Black households, these patterns reflect centuries of exclusion from foundational economic systems including land ownership, labor protections, credit markets, and homeownership-based wealth accumulation.

Public policy serves as both a historical driver and contemporary mechanism of racial inequality. Policies such as redlining, segregated school funding, exclusionary zoning, discriminatory employment practices, and punitive financial regulations have produced cumulative effects that shape economic disparities today (Rothstein, 2017; Massey & Denton, 1993). While individual policy interventions have been studied in isolation, fewer works examine how these sectors interact to reinforce one another. Housing determines school quality. School quality shapes labor market access. Labor market outcomes affect income and savings. Savings influence access to credit and homeownership. These interconnected mechanisms demonstrate that racial inequality

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operates through a complex, self-reinforcing system rather than through discrete incidents.

This study addresses this gap by offering a multidisciplinary, systems-level examination of how structural racism functions across nine economic and policy domains. Through a scholar–practitioner approach, the study integrates empirical research, historical analysis, and public policy evaluation to illuminate how institutional rules shape the persistent racial wealth gap and related disparities. The goal is not only to describe how structural racism operates, but to provide a coordinated framework for federal and state legislative reform.

The manuscript proceeds with a detailed literature review that traces the evolution of racialized policy design and institutional practices across major sectors of the economy. It then presents nine policy domains that together form an integrated structural reform model. The study concludes with implications for policymakers, public administrators, and institutional leaders who are working to advance economic equity and strengthen democratic accountability.

### **Historical Foundations of Structural Economic Racism**

Any examination of systemic racism in the modern economy must begin with its historical foundations. The racial wealth gap, one of the most persistent and devastating indicators of inequality, has deep origins in the economic exploitation of enslaved Blacks, whose unpaid labor generated enormous wealth for white landowners, financial institutions, and government bodies (Baradaran, 2017). Scholars widely acknowledge that the U.S. economy was built on racialized extraction, not only through slavery itself but

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through the development of insurance markets, credit systems, and early industrial growth tied to enslaved labor.

Following emancipation, Reconstruction represented a critical moment of potential economic transformation. However, federal abandonment and violent suppression by white supremacists quickly replaced this period of hope with a new regime of economic subjugation. Sharecropping, Black Codes, convict leasing, and racially targeted taxation systems restricted Black mobility, land ownership, and labor rights (Pager & Shepherd, 2008). These systems reproduced the economic logic of slavery under new forms.

In the twentieth century, explicit federal policies including the racial exclusions embedded in the Social Security Act, GI Bill, and FHA mortgage underwriting manuals further prevented Black households from accessing the primary pathways to middle-class stability. The consequences of these policies continue today, shaping income, wealth, homeownership, and neighborhood opportunity (Rothstein, 2017).

### **Housing and Segregation**

Housing is one of the strongest institutional drivers of racial inequality. Beginning with the Home Owners' Loan Corporation's redlining maps in the 1930s, federal housing policy codified racial segregation by labeling Black neighborhoods as "hazardous" and thereby unworthy of mortgage investment (Rothstein, 2017). These ratings shaped lending decisions for decades.

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Contemporary research shows that the effects of redlining are still visible in property values, lending patterns, environmental hazards, and school funding disparities. Homes in historically redlined areas continue to be appraised lower than comparable homes in white neighborhoods, reflecting a legacy of disinvestment and racial devaluation (Bhutta et al., 2019).

Housing segregation also produces cascading inequalities: schools in segregated neighborhoods receive fewer resources; students have less access to advanced coursework; transportation networks are weaker; and local labor markets offer fewer high-wage opportunities. As a result, housing remains a central mechanism through which structural racism reproduces itself across generations.

### **Credit Scoring and Financial Access**

Credit systems determine who can access mortgages, start businesses, or survive economic shocks (Baradaran, 2017). Yet mainstream credit scoring models embed the legacy of racial exclusion. Because Black households were historically denied access to traditional loans, homeownership, and credit-building opportunities, their credit histories reflect systemic barriers rather than financial mismanagement (Rothstein, 2017).

Modern lending continues to produce racial disparities. Studies show that Black borrowers are more likely to be denied loans and are charged higher interest rates even after controlling for income, debt levels, and credit scores. Algorithmic lending models may appear neutral, but they often replicate historical patterns of discrimination by drawing from biased datasets (Baradaran, 2017).

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The result is a dual financial system: white households disproportionately access low-cost, opportunity-building financial products (Rothstein, 2017), while Black households are more likely to use high-cost alternatives such as payday loans, check-cashing services, and auto-title lenders products that extract wealth rather than build it.

### **Labor Markets and Employment Inequality**

Racial disparities in U.S. labor markets persist even after controlling for education, experience, and skill (Pager & Shepherd, 2008). Decades of research confirm that Black workers face higher unemployment rates, earn lower wages, and experience greater occupational segregation. These disparities reflect historical discrimination and ongoing systemic biases in hiring, promotion, and evaluation.

Audit studies consistently show that Black applicants receive fewer callbacks than white applicants with identical resumes. Research also documents that employers often associate Blackness with lower productivity or higher risk, despite no empirical evidence supporting such assumptions. These biases influence entry-level hiring, internal promotion, and compensation decisions across industries (Pager & Shepherd, 2008).

Occupational segregation continues to place Black workers in lower-wage, less stable jobs with limited access to benefits, union protection, or upward mobility. These labor market dynamics restrict lifetime earnings and contribute to the racial wealth gap.

### **Education and Workforce Development**

Educational inequality is a major structural driver of economic disparities. Inequitable school funding, racialized tracking systems, biased disciplinary practices, and

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unequal access to advanced coursework limit educational attainment for Black students. Because educational opportunity shapes access to labor markets, these disparities compound over the life course.

Workforce development systems often fail to address racial inequities. Many job training programs prioritize industries with low wages or minimal job security. Without structural reforms that integrate education with high-quality employment pipelines, Black workers face persistent barriers to upward mobility.

Higher education remains stratified by race, with predominantly Black institutions underfunded and predominantly white institutions benefiting from greater state and federal investment. Student debt burdens also disproportionately affect Black graduates, limiting future wealth-building capacity (Hamilton & Darity, 2017).

### **Business Ownership and Entrepreneurial Barriers**

Business ownership is a powerful mechanism for wealth creation, yet Black entrepreneurs face systemic challenges in accessing capital, markets, and networks (Hamilton & Darity, 2017). Research shows stark disparities in approval rates, loan sizes, and interest terms for Black business owners compared to white counterparts.

Even controlling for revenue, credit score, and business age, Black-owned firms receive less favorable financing options, reflecting structural biases in underwriting and risk assessment models. Venture capital disparities are even more pronounced, with Black founders receiving less than 2 percent of total VC funding annually (Baradaran, 2017).

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Entrepreneurial ecosystems clusters of support such as incubators, accelerators, and investor networks are disproportionately located in affluent white regions. As a result, Black entrepreneurs often operate without access to the high-density networks that facilitate business growth.

### **Environmental and Infrastructure Inequality**

Environmental factors shape economic opportunity, health outcomes, and community stability. Black communities disproportionately experience environmental hazards, including air pollution, water contamination, and industrial waste exposure (Bullard, 2000). These conditions worsen health outcomes, reduce educational performance, and diminish workforce participation.

Underinvestment in infrastructure compounds these disparities. Many Black neighborhoods lack adequate public transit, maintain aging water systems, and suffer from limited digital connectivity. These deficiencies restrict access to employment centers, healthcare, education, and business opportunities (Pager & Shepherd, 2008).

Climate change threatens to intensify these inequities, as Black communities are more likely to live in flood-prone areas, heat islands, and regions with insufficient disaster response systems. Without targeted policy intervention, environmental racism will continue to limit long-term economic mobility (Bullard, 2000).

### **Systems-Level Framework**

Structural racism within the United States economy functions as a comprehensive system rather than an isolated set of discriminatory acts (Baradaran, 2017). For decades,

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scholars have noted that disparities across wealth, labor markets, credit access, and educational outcomes do not operate independently, but instead reinforce one another through compounding mechanisms. The researcher emphasizes that policymakers must move beyond viewing inequality as a product of individual behavior and instead conceptualize it as a multi-layered socio-economic structure shaped by historical trajectories and contemporary institutional practices. This perspective frames policy reform not as a collection of discrete interventions, but as an integrated strategy that recognizes the interconnected nature of economic life (Gee & Ford, 2011; Bonilla-Silva, 1997).

At the systems level, structural racism operates through feedback loops that reproduce inequality. For example, discriminatory housing policies depress property values in predominantly Black neighborhoods, leading to reduced school funding due to reliance on property taxes. Lower educational investment limits students' access to advanced coursework and high-quality instruction, which subsequently affects college readiness and labor market prospects (Rothstein, 2017). These educational disparities then reduce lifetime earnings, decreasing the ability to accumulate wealth and invest in homeownership. The cycle repeats when families are forced into under-resourced communities, perpetuating disparities across generations. In this way, discriminatory housing policies do not simply produce unequal housing outcomes; they shape an entire ecosystem of economic disadvantage that touches finance, education, labor markets, and public health (Bonilla-Silva, 1997; Feagin & Elias, 2013; Gee & Ford, 2011).

The scholar-practitioner highlights that this interconnectedness means policy interventions must be equally multidimensional. Reforming a single domain, such as

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credit access, without addressing inequities in income, housing appraisal systems, or business capital availability, provides only partial and incomplete remedies. Economists increasingly emphasize that structural change requires systemic thinking aligned with what public policy researchers call “whole-of-government” strategies. These approaches coordinate multiple agencies and sectors to address complex social issues, acknowledging that single-program interventions often fail because they are not designed to disrupt the structural sources of inequality (Rothstein, 2017).

Understanding structural racism as a system also requires recognizing the historical layering of inequities. Policies that appear race-neutral today may still operate within a framework that was explicitly discriminatory in the past. For example, contemporary credit scoring relies on data shaped by decades of redlining, wage suppression, and limited financial access for Black households. In this sense, even when institutions apply standards equally, the legacy of past exclusion continues to define who qualifies for loans or financial products (Rothstein, 2017). Therefore, policy reform must confront not only current practices but also the historical foundations of economic inequality. Scholars often refer to this as “path dependency,” meaning the present-day economy is heavily shaped by earlier institutional decisions.

The researcher also stresses that structural racism has a macroeconomic dimension. Racial inequality does not only harm individuals and communities; it constrains overall economic growth, consumer spending, entrepreneurship, and labor productivity. Economic inequity represents an inefficient allocation of human capital, restricting the nation’s productive potential. Therefore, policy strategies aimed at reducing racial economic disparities should be understood as investments that produce

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returns for the broader economy. When policymakers frame equity as a growth strategy rather than a cost, it becomes easier to build bipartisan support for structural reform (Pager & Shepherd, 2008).

Another important systems-level insight is that structural racism is not merely the result of policy decisions within economic institutions. It is also shaped by the ways public policies interact across sectors. For example, environmental inequality affects health outcomes (Baradaran, 2017), which influence employment capacity and educational attainment. Labor market discrimination affects creditworthiness, which influences access to capital for starting a business. Thus, structural problems require structural solutions that coordinate across domains. The researcher describes this as a “horizontal integration” of economic policy, where reforms in one area are explicitly aligned with reforms in others (Feagin & Elias, 2013; Gee & Ford, 2011).

To operationalize this systems-level understanding, policymakers must adopt what urban policy scholars call “targeted universalism” (Perry et al., 2018). This approach sets universal goals such as equitable access to financial systems or fair labor market outcomes while designing targeted strategies that address the specific barriers facing marginalized groups. Targeted universalism allows policy design to acknowledge racial inequity without resorting to one-size-fits-all programs that fail to address structural disadvantages. For example, expanding mortgage access for all first-time homebuyers is insufficient if Black borrowers face higher interest rates or appraisal bias. Targeted programs that confront these unique barriers are necessary to achieve universal outcomes.

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Finally, the scholar–practitioner notes that effective policy reform requires robust data collection and measurement tools that explicitly track racial disparities. Without systematic monitoring, inequities remain obscured within aggregated statistics. Policymakers should require disaggregated data by race, income, and geography across all economic and financial programs. This level of transparency allows institutions to identify disparities, design corrective interventions, and evaluate progress over time. In this sense, data equity becomes a critical foundation of economic justice (Gee & Ford, 2011; Bonilla-Silva, 1997).

Taken together, this systems-level framework underscores that structural racism must be addressed through coordinated, multi-domain, and historically informed policy reforms. With this foundation established, the next segments examine specific policy domains where meaningful and practical reforms can be implemented to reduce systemic inequities and promote long-term economic mobility.

### **Housing and Urban Development**

Housing is one of the most influential economic systems in the United States because it determines access to schools, labor markets, transportation, community resources, and intergenerational wealth. For this reason, the researcher emphasizes that meaningful reform must begin with the housing sector, which remains one of the most enduring sources of structural racial inequality. Decades of scholarship demonstrate that federal housing policies, private lending practices, zoning regulations, and appraisal methodologies have systematically favored white households while undermining the wealth building capacity of Black communities. The effects of these policies are so

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pervasive that the housing system continues to reproduce racial disparities even when explicit discrimination is unlawful (Rothstein, 2017).

The legacy of redlining remains one of the most powerful examples of structural economic racism in housing. Although the Fair Housing Act outlawed discriminatory lending over fifty years ago, research confirms that the harm caused by redlining are still embedded in property values, neighborhood conditions, and capital flows. Homes in historically redlined areas continue to appraise lower than those in white neighborhoods, even when comparable in structure, size, and condition. The scholar–practitioner notes that appraisal bias is not simply an artifact of the past, but an ongoing institutional practice that directly affects Black wealth accumulation. Appraisers often rely heavily on comparables from other undervalued neighborhoods, thereby reinforcing devaluation. As a result, Black homeowners earn significantly less equity, which limits opportunities to finance education, start businesses, or pass wealth to future generations (Rothstein, 2017; Perry et al., 2018; Massey & Denton, 1993).

Beyond appraisal bias, zoning policies contribute substantially to racial segregation and economic inequality. Single-family zoning, which restricts density and limits the development of affordable or multifamily housing, continues to exclude lower-income families from high-opportunity neighborhoods. Because the United States ties local funding for schools, public services, and municipal resources to property taxes, zoning policies affect far more than housing. They shape educational quality, job accessibility, and community investment. The researcher stresses that zoning reform must be understood as an economic justice strategy rather than a purely urban planning concern. By restricting housing supply and artificially inflating prices in predominantly

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white neighborhoods, zoning laws function as modern mechanisms of segregation that marginalize Black families and deepen disparities over time (Rothstein, 2017; Perry et al., 2018).

Another critical dimension of structural housing inequity is mortgage lending. Even after controlling for credit score, income, and debt-to-income ratio, Black borrowers are more likely to be denied mortgages or offered loans with higher interest rates. These disparities reflect algorithmic scoring biases, discriminatory risk assessments, and the persistent effects of historical exclusion from mainstream finance. Federal and state policymakers must acknowledge that fair housing enforcement is insufficient if lending institutions continue to rely on data and decision-making models that replicate past discrimination. The scholar–practitioner argues that the housing finance system requires structural reform, not simply administrative oversight.

Furthermore, housing quality and neighborhood conditions continue to reflect racial disparities. Black communities are disproportionately burdened by aging housing stock, environmental contaminants, and limited access to infrastructure investments (Rothstein, 2017). These conditions depress home values, increase maintenance costs, and expose families to health risks that affect educational performance and workforce participation. Neighborhood disinvestment creates negative economic externalities that perpetuate inequality and limit opportunities for community revitalization.

Another area requiring attention is the interaction between housing instability and economic mobility. Research shows that eviction disproportionately affects Black women and contributes to cycles of poverty by disrupting employment, education, and savings.

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Many states lack tenant protection laws that shield families from predatory eviction practices or unjust rental increases. Housing instability undermines the ability of families to maintain employment, participate in workforce development, or achieve financial consistency (Rothstein, 2017). The scholar–practitioner stresses that housing stability policies must be central to any long-term economic justice strategy.

Finally, the rental market itself contains embedded inequities (Aalbers, 2011). Black households are far more likely to rent than own homes due to decades of discriminatory housing policy. Yet renters lack the wealth-building opportunities afforded to homeowners and often face higher relative housing costs. Policies that promote homeownership cannot be effective unless rental market inequities are addressed through pricing protections, expanded access to quality affordable housing, and incentives for developers to build in under resourced areas.

### **Financial Systems, Banking, and Credit Access**

The financial system is one of the most critical arenas in which structural racism produces long-term economic disparities. Access to affordable credit, banking services, and financial products determines whether individuals and communities can build wealth, purchase homes, start businesses, or weather financial shocks (Baradaran, 2017). Yet the financial system in the United States remains deeply informed by historical discrimination and contemporary institutional practices that disproportionately disadvantage Black households (Rothstein, 2017). The scholar–practitioner emphasizes that meaningful reform requires acknowledging the extent to which financial inequities

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are embedded in the architecture of modern credit markets rather than the result of individual financial behavior.

A foundational issue is the continued reliance on traditional credit scoring models that privilege long-term financial relationships historically inaccessible to Black consumers (Baradaran, 2017). Traditional scores rely heavily on mortgage history, credit card usage, and bank loans. These indicators reflect access to financial products rather than financial responsibility. Because Black Americans were systematically excluded from mortgage markets through redlining (Bhutta et al., 2019), denied fair credit through discriminatory lending, and targeted by predatory lenders, their credit histories are not simply individual financial records but historical documents of systemic exclusion. As a result, credit scoring often functions as a structural barrier that perpetuates economic disparities without explicit discriminatory intent (Federal Reserve, 2023).

In addition to historical exclusion, contemporary research shows persistent racial disparities in financial access. Studies by the Federal Reserve, Consumer Financial Protection Bureau, and private researchers consistently find that Black borrowers are more likely to be denied loans, charged higher interest rates, and offered predatory financial products compared to similarly situated white borrowers. These disparities persist even after controlling for credit score, income, and financial profile. This suggests that institutional bias, whether implicit or algorithmic, continues to shape lending decisions. The scholar-practitioner notes that federal and state regulators must treat discriminatory lending as a structural issue rather than an isolated legal violation (Baradaran, 2017).

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Another critical dimension is the geographic distribution of banking institutions. Bank branch closures disproportionately occur in predominantly Black neighborhoods (Baradaran, 2017), creating what scholars call “banking deserts.” Without access to traditional banking, residents rely more heavily on payday lenders, check-cashing businesses, and other high-cost alternatives. These institutions extract wealth from communities by charging exorbitant interest rates that trap borrowers in cycles of debt (Bhutta et al., 2019). Each dollar spent on predatory financial products is a dollar that cannot be saved, invested, or used to build economic stability (Federal Reserve, 2023). This creates a cumulative disadvantage at the community level.

Furthermore, financial exclusion affects more than credit access. Without access to affordable banking services, households face unnecessary fees for basic transactions, difficulty saving for emergencies, and limited opportunities to build credit (Baradaran, 2017). Lack of financial access also affects employment (Bhutta et al., 2019), as many employers use credit checks in hiring decisions. Thus, inequality within financial markets influences a wide array of economic outcomes (Federal Reserve, 2023; Rugh & Massey, 2010).

The digital transformation of finance introduces new concerns. Online lending algorithms, artificial intelligence credit models (Baradaran, 2017), and automated risk assessment systems can replicate discriminatory patterns present in historical data. Algorithmic decision-making can appear neutral while producing racially disparate outcomes because the underlying data reflects decades of unequal opportunity (Rothstein, 2017). Without transparency and regulatory oversight, algorithmic lending may worsen

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structural inequities by embedding historical bias into contemporary financial decision-making processes.

Finally, financial literacy alone is insufficient to overcome these systemic barriers. While financial education is valuable (Hamilton & Darity, 2017), it cannot compensate for institutional structures that limit access to capital (Bhutta et al., 2019). Individuals cannot build wealth through budgeting or saving if the financial products available to them are predatory or discriminatory (Baradaran, 2017). Therefore, financial literacy must be paired with systemic reforms that expand access to fair and affordable financial services.

### **Labor Markets and Employment Equity**

Labor markets are central to economic opportunity, wage growth, and long-term mobility, yet they remain one of the most persistent sites of structural racism in the United States (Pager & Shepherd, 2008). Despite advances in civil rights legislation and anti-discrimination law, Black workers face disproportionately high unemployment rates (Wilson, 2012), lower wages, and limited access to high-growth occupations. The scholar-practitioner highlights that labor market disparities are not random, nor can they be explained solely by individual characteristics such as education, skill, or work experience. Instead, they emerge from deeply embedded structural mechanisms that shape hiring, promotion, compensation, workplace culture, and occupational pathways (Bayer & Charles, 2018).

One of the most widely documented forms of labor market inequity is racial discrimination in hiring. Seminal research by Bertrand and Mullainathan (2004)

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demonstrated that resumes with white-sounding names receive significantly more callbacks than identical resumes with Black-sounding names. This finding has been replicated across multiple studies and in various industries. Such bias indicates that meritocratic hiring systems do not operate as intended (Pager & Shepherd, 2008); instead, racial perceptions influence who gains access to employment opportunities (Wilson, 2012). Although some policymakers have promoted “race-neutral” hiring processes, the research shows that neutrality does not eliminate structural bias embedded in institutional practices (Bayer & Charles, 2018).

Another critical structural barrier is occupational segregation. Black workers are disproportionately concentrated in low-wage (Wilson, 2012), low-benefit industries such as service work, caregiving, food service, and transportation. These sectors typically offer limited career advancement, unstable hours, and weak labor protections. Meanwhile, high-wage sectors including technology, finance, engineering, and executive leadership remain predominantly white (Bayer & Charles, 2018). Occupational segregation is not simply a function of education (Bertrand & Mullainathan, 2004); even Black workers with comparable degrees are less likely to be hired into high-growth industries due to recruitment biases, lack of access to professional networks, and selective hiring practices that favor candidates from elite institutions (Pager & Shepherd, 2008).

Wage disparities deepen these inequalities. Even within the same occupation, Black workers earn less than white workers. Wilson (2020) finds that wage gaps persist even after controlling education, experience, and geographic location. This indicates that discrimination plays a direct role in earnings determination. The scholar–practitioner emphasizes that wage inequity compounds over time through lower savings, reduced

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retirement contributions, diminished homeownership opportunities, and limited wealth creation. When wages are suppressed throughout a lifetime, the consequences reverberate across generations (Pager & Shepherd, 2008).

Labor market inequality also reflects disparities in job stability and employment protections. Black workers are more likely to be employed in “at will” industries where layoffs, unpredictable schedules, and limited benefits are common (Pager & Shepherd, 2008). They are also more likely to be excluded from union representation. Although unions have historically played a role in racial exclusion (Wilson, 2012), contemporary research shows that unionized workplaces reduce racial wage gaps, offer stronger protections, and promote more equitable working environments (Bertrand & Mullainathan, 2004). The erosion of union power has therefore disproportionately harmed Black workers (Bayer & Charles, 2018).

Another critical issue is algorithmic decision-making in hiring. Automated hiring systems increasingly filter candidates based on patterns learned from historical data. If a company’s historical hiring favored white candidates, the algorithm learns to replicate this bias. Without oversight, artificial intelligence becomes a mechanism through which discrimination is automated and scaled. Policymakers must acknowledge that algorithmic systems are not inherently objective; they reflect the biases present in the data used to train them (Bayer & Charles, 2018).

Finally, labor market inequity is closely tied to educational and workforce development disparities. Black workers often face barriers to entering high-demand fields due to limited access to advanced coursework, mentorship, internships, and career

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development resources (Pager & Shepherd, 2008). Workforce training programs often fail to address structural barriers and instead focus on individual skill development.

While skills matter, the researcher argues that workforce initiatives must also confront discriminatory hiring practices, employer biases, and institutional cultures that limit diversity (Bayer & Charles, 2018).

### **Education and Workforce Development**

Education remains one of the strongest predictors of lifetime economic outcomes (Kozol, 1991), yet it is also one of the most unequal institutions in the United States. The relationship between education and economic mobility is deeply shaped by structural racism, which influences the resources available to schools, the opportunities offered to students, and the pathways into workforce participation (Darling-Hammond, 2010; Goldrick-Rab, 2016). The scholar-practitioner emphasizes that educational inequity is not merely a reflection of individual performance or local administrative decisions, but a systemic issue grounded in public policy design, historical segregation, and uneven investment in communities. When educational systems fail, labor markets, employer pipelines, household earnings, and wealth accumulation also suffer (Ladson-Billings, 2006).

A defining feature of educational inequity is the reliance on local property taxes to fund schools. Because property values are closely tied to historical housing discrimination, schools in predominantly Black communities often receive significantly less funding than those in majority-white neighborhoods (Kozol, 1991). Decades of empirical research show that lower school funding results in fewer advanced placement

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courses, larger class sizes, outdated resources, and lower teacher salaries (Darling-Hammond, 2010; Goldrick-Rab, 2016). These factors diminish the educational experiences and long-term academic outcomes of Black students. Importantly, these disparities persist even when controlling for student ability or effort, indicating that unequal educational outcomes are structurally produced (Ladson-Billings, 2006).

Resource disparities alone, however, do not fully account for inequities in education. School-level opportunity structures, including access to honors classes, college preparatory tracks, and extracurricular programs, play a critical role in shaping academic performance (Kozol, 1991). Research shows that Black students are disproportionately underrepresented in gifted programs and overrepresented in special education placements, even when academic performance is comparable to their white peers (Darling-Hammond, 2010). These patterns reflect implicit biases in teacher recommendations, disciplinary practices, and institutional cultures that privilege certain students over others. As a result, Black students are less likely to receive the academic preparation necessary to enter high-growth career fields (Goldrick-Rab, 2016).

Workforce development inequities reinforce these educational disparities. Many Black students live in communities with limited access to internships (Ladson-Billings, 2006), apprenticeships, career exploration programs, and industry partnerships (Darling-Hammond, 2010). High-quality workforce pathways such as technology boot camps, engineering academies, or health sciences tracks are often concentrated in affluent districts or supported by well-resourced employers. Students in under-resourced communities frequently lack exposure to these opportunities (Goldrick-Rab, 2016),

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which restricts access to social networks, professional mentorship, and industry credentials that are increasingly essential for postsecondary success (Kozol, 1991).

The researcher also highlights that college access remains uneven. While many Black students aspire to pursue higher education, they often face financial barriers (Kozol, 1991), including lower household wealth, higher reliance on student loans, and limited access to institutional scholarships. Once enrolled, Black students disproportionately attend institutions with lower graduation rates, fewer academic support services (Goldrick-Rab, 2016), and limited career placement programs. These institutional disparities significantly affect degree completion and long-term economic mobility (Ladson-Billings, 2006).

Another crucial issue is the transition from education to employment. Research demonstrates that even when Black students graduate from college at comparable rates, they face discrimination in hiring, lower starting wages, and limited access to high-growth career pathways. Without structural reforms to both education and employment systems, the benefits of educational investments may be severely constrained. Workforce development must therefore be integrated with broader labor market reforms to achieve meaningful change (Kozol, 1991).

### **Business Ownership, Capital Access, and Entrepreneurship**

Entrepreneurship is widely recognized as a cornerstone of economic mobility, innovation, and community development. Yet the United States has long maintained a racialized entrepreneurial ecosystem that systematically restricts access to capital, business networks, and growth opportunities for Black entrepreneurs (Fairlie & Robb,

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2008). The scholar–practitioner emphasizes that business ownership is not merely an individual economic choice, but an institutional outcome shaped by policies (Asante-Muhammad et al., 2016), financial structures, and historical inequities (Fairlie & Robb, 2008). Because entrepreneurship directly influences employment, wealth creation, and local economic resilience, disparities in business ownership contribute to broader racial wealth gaps and limited community revitalization (Cook, 2014).

A defining challenge for Black entrepreneurs is unequal access to startup and growth capital. Research consistently demonstrates that Black-owned businesses receive smaller loans, face higher denial rates, and are more likely to rely on personal savings or informal financial sources rather than bank financing (Fairlie & Robb, 2008). Studies by the Federal Reserve reveal that even when controlling for credit score, business performance, industry, and collateral, Black business owners are less likely to secure financing approvals and more likely to receive smaller or higher-cost loans (Asante-Muhammad et al., 2016). These disparities reflect both historical exclusions from mainstream financial institutions and contemporary biases, implicit and explicit, that shape institutional risk assessments. Such barriers hinder business formation, limit expansion capacity, and increase the likelihood of business closure (Bates, 2011).

The role of venture capital further amplifies these inequities. Venture capital funding is disproportionately concentrated among white entrepreneurs, with Black founders receiving less than 2 percent of total venture capital investment (Fairlie & Robb, 2008). This disparity is not explained by business quality or entrepreneurial capacity; rather, it arises from the relational nature of venture capital networks, which often rely on social ties, elite educational backgrounds, and referrals that systematically advantage

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entrepreneurs with access to predominantly white professional circles. Pattern matching, commonly used by investors to evaluate potential founders, reinforces homogeneity and excludes entrepreneurs from marginalized communities (Bates, 2011).

Another structural barrier is the geographic concentration of entrepreneurial ecosystems (Fairlie & Robb, 2008). Innovation hubs such as Silicon Valley, Boston, and New York City provide entrepreneurs with access to funding, mentorship, accelerators, and high-density markets. However, these ecosystems are predominantly located in affluent, majority-white regions (Asante-Muhammad et al., 2016). Meanwhile, Black entrepreneurs often operate in communities with limited commercial infrastructure, lower consumer spending power, and fewer professional support resources. This geographic inequality restricts access to customer markets, workforce talent, and institutional support systems essential for scaling a business (Cook, 2014).

Additionally, Black-owned businesses face higher operating costs due to structural barriers. These include higher interest rates, reduced access to high-quality commercial real estate (Fairlie & Robb, 2008), and discriminatory leasing practices. In many cities, commercial corridors in Black neighborhoods suffer from decades of disinvestment, limiting foot traffic, business clustering, and market vibrancy (Asante-Muhammad et al., 2016). These factors create adverse conditions for sustainable business growth, regardless of entrepreneurial skill or innovation.

The scholar-practitioner also notes that Black-owned firms frequently lack access to intergenerational financial support, mentorship, and family-owned assets that are common among white entrepreneurs. These intangible forms of capital often referred to

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as “cultural capital” and “network capital” play a significant role in business success. When new entrepreneurs lack access to experienced mentors, industry networks, or investment-ready contacts, their ability to navigate complex regulatory, financial, and market environments is limited (Bates, 2011).

Furthermore, public procurement systems and supplier diversity programs, although valuable, often fall short in addressing systemic inequity. Black-owned businesses frequently struggle to navigate bureaucratic contracting processes (Fairlie & Robb, 2008), gain certifications, and secure access to government or corporate supply chains (Asante-Muhammad et al., 2016). Even when companies commit to supplier diversity, large contracts often go to firms that meet minority-ownership criteria on paper but lack substantial Black leadership or community integration. Without structural reforms, supplier diversity remains an underutilized tool for economic equity (Cook, 2014).

### **Environmental and Infrastructure Equity**

Environmental and infrastructure conditions profoundly influence economic opportunity, labor market participation, housing quality, and community well-being (Bullard, 2000). Yet Black communities across the United States disproportionately contend with environmental burdens and underdeveloped infrastructure that limit health (Faber, 2020), safety, and economic mobility. The scholar–practitioner underscores that environmental injustice is not an isolated ecological issue, but a systemic economic barrier produced through decades of racially segregated housing, discriminatory public investment patterns, and unequal application of zoning and environmental regulations

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(Mohai & Bryant, 1992). Environmental equity is therefore an essential component of economic policy reform (Pulido, 2017).

Historically, racially discriminatory housing policies such as redlining concentrated Black households in areas deemed “undesirable” by federal agencies and private lenders. Bullard (2000) mentioned these classifications shaped local political decision-making, zoning choices, and public infrastructure investments for generations. Industrial facilities, highways, waste disposal sites, and polluting industries were disproportionately placed in or near Black neighborhoods (Faber, 2020), exposing residents to air pollution, water contamination, and hazardous waste. These environmental burdens reduce property values, undermine public health, and disincentivize private investment (Mohai & Bryant, 1992). They also create negative externalities that affect labor market performance, particularly when chronic health conditions reduce the capacity to work or limit educational attainment (Pulido, 2017).

Environmental health disparities further reflect inequities in access to green spaces, safe recreational areas, and clean transportation systems. Many urban Black communities lack access to parks, tree coverage, and safe public spaces, all of which contribute to physical and mental health outcomes (Faber, 2020). Extreme heat is more intense and more deadly in formerly redlined neighborhoods due to the lack of trees, older building stock, and inadequate cooling infrastructure. These conditions increase energy costs, strain household finances, and contribute to higher rates of asthma, cardiovascular disease, and heat-related hospitalization (Pulido, 2017).

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Infrastructure inequality compounds these challenges. Black neighborhoods are far more likely to experience aging transportation systems (Bullard, 2000), failing water infrastructure, underfunded public transit, and substandard road conditions (Mohai & Bryant, 1992). These deficiencies affect daily life by increasing commute times, limiting access to employment centers, and reducing economic productivity. The scholar-practitioner emphasizes that because infrastructure shapes access to opportunity, inequitable investment patterns harm economic mobility and entrench spatial disadvantage.

Water insecurity is another pressing concern. The crises in Flint, Michigan and Jackson, Mississippi illustrate how infrastructure neglect disproportionately affects Black communities (Bullard, 2000). Contaminated water supplies undermine health (Faber, 2020), disrupt education, and impose long-term economic costs on families and municipalities (Mohai & Bryant, 1992). Many states lack regulatory oversight, enforcement capacity, or political will to hold water authorities accountable, leaving communities vulnerable to ongoing harm (Pulido, 2017).

Climate change intensifies these structural inequities. Black communities often live in neighborhoods with higher flood risks (Bullard, 2000), insufficient stormwater drainage, and limited emergency response capacity (Faber, 2020). Because these communities already face economic disadvantages, climate-related disruptions widen existing racial disparities. For example, extreme weather events can displace households, destroy small businesses, damage homes, and reduce access to transportation. Without targeted policy interventions, climate adaptation efforts risk reinforcing inequality by directing resources primarily toward affluent regions (Mohai & Bryant, 1992).

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Environmental racism also restricts opportunities for economic development (Bullard, 2000). Polluted or disinvested areas struggle to attract commercial investment, reducing job creation and limiting local business activity. Homeownership becomes less viable when environmental conditions depress property values (Mohai & Bryant, 1992). Economic development agencies often focus on regions with strong existing infrastructure, creating a self-reinforcing cycle in which marginalized communities remain excluded from growth opportunities (Pulido, 2017).

### **Macroeconomic and Structural Reform**

Macroeconomic policy shapes the overall distribution of resources, opportunities, and risks within a society (Federal Reserve, 2023). While conversations about racial inequality often focus on micro-level systems such as education, housing, or credit (Hamilton & Darity, 2017), the scholar–practitioner emphasizes that macroeconomic structures establish the conditions under which these systems operate. Tax regimes, labor protections, public investment strategies, and monetary policy all influence racial economic outcomes in ways that are often overlooked. Structural racism operates through these macroeconomic channels by reinforcing wealth concentration (Baker & Bernstein, 2013), restricting upward mobility, and limiting access to economic security for Black households (Bayer & Charles, 2018). Therefore, any serious effort to reduce racial inequality must address macro-level systems.

A key driver of economic inequality is the racial wealth gap, which reflects centuries of unequal policy decisions (Hamilton & Darity, 2017). Wealth serves as a buffer against economic shocks, a means of investing in education or entrepreneurship,

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and a determinant of long-term mobility. Yet the typical white family possesses nearly eight times the wealth of the typical Black family (Baker & Bernstein, 2013), a gap that has expanded or remained stagnant despite numerous interventions. Macroeconomic structures such as regressive taxation, unequal access to asset-building opportunities, and inconsistent labor protections reinforce this disparity (Federal Reserve, 2023). For example, tax policies that heavily favor capital gains, inheritances, and homeownership disproportionately benefit white households who are more likely to hold these forms of wealth (Rothstein, 2017).

Public investment patterns also reflect structural inequity. Research consistently demonstrates that federal infrastructure spending, economic development grants (Federal Reserve, 2023), and state public investment disproportionately flow to wealthier and whiter communities. Because public capital attracts private investment, this imbalance fuels spatial inequality. Black communities are less likely to receive high-quality public infrastructure, limiting economic vitality, reducing local job creation, and depressing property values (Baker & Bernstein, 2013). The scholar-practitioner emphasizes that macroeconomic policy cannot be considered race-neutral when the distribution of public investment systematically excludes marginalized communities (Hamilton & Darity, 2017).

Labor standards and worker protections also play a central role in macroeconomic inequality (Federal Reserve, 2023). Hamilton & Darity (2017) mention Black workers are overrepresented in low-wage and precarious occupations with limited stability, benefits, or upward mobility. When policymakers allow stagnant minimum wages, inconsistent overtime protections, or limited access to paid leave, the economic consequences fall

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disproportionately on Black households (Hamilton & Darity, 2017). Weak labor standards contribute to unstable income patterns (Bayer & Charles, 2018), lower savings rates, and increased financial vulnerability. Strengthening labor protections is therefore a macroeconomic intervention that supports equity (Baker & Bernstein, 2013).

Monetary policy, while often considered race-neutral, can also reinforce inequities. Decisions by the Federal Reserve regarding interest rates influence borrowing costs, employment levels, and investment flows (Federal Reserve, 2023). When policymakers prioritize low inflation without equal emphasis on full employment, the labor market tightness necessary to reduce racial employment gaps may not materialize (Baker & Bernstein, 2013). Black workers are often the first to experience job loss during economic contractions and the last to benefit during expansions (Hamilton & Darity, 2017), a cycle economists refer to as “last hired, first fired.” Equitable macroeconomic policy must take these structural dynamics into account (Federal Reserve, 2023).

Another macroeconomic concern is unequal access to social insurance systems (Hamilton & Darity, 2017). Unemployment insurance, disability benefits, retirement programs, and health insurance vary significantly across states and employment sectors (Federal Reserve, 2023). Because Black workers are more likely to work in states with limited safety nets or in industries excluded from benefits, they face higher economic risk. This inequity constrains economic mobility and deepens intergenerational disparities (Bayer & Charles, 2018).

Finally, the scholar–practitioner highlights that macroeconomic systems often ignore the role of community wealth. Traditional macroeconomic indicators such as

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GDP, unemployment rates, or stock market performance mask spatial and racial disparities (Hamilton & Darity, 2017). Policymakers must develop new metrics that measure economic well-being across communities, not simply aggregate national outcomes (Federal Reserve, 2023). Without racialized and place-based economic indicators, inequity remains invisible within national averages (Bayer & Charles, 2018).

### **Integrated Structural Transformation Model**

Achieving racial equity in the United States economy requires more than a collection of policy interventions (Darity et al., 2018). It requires a coordinated, systemic transformation that explicitly acknowledges how housing, labor markets, education, credit systems (Gee & Ford, 2011), environmental conditions, and macroeconomic policy interact to shape economic life (Darity et al., 2018). Throughout this analysis, the scholar–practitioner has emphasized that systemic racism is reproduced through interconnected institutions rather than through isolated policies. Therefore, effective reform must be equally interconnected. Systems-level change is not accidental; it is the outcome of deliberate policy design that aligns federal and state actions toward shared goals of economic justice, wealth-building, and community resilience (Feagin, 2006).

The first step in building an integrated model of structural transformation is recognizing the cumulative nature of disadvantages (Feagin, 2006). Housing segregation reduces educational opportunity; weak educational systems limit workforce preparation; discriminatory hiring reduces income; reduced income limits savings; limited savings restrict access to credit; restricted credit prevents homeownership and business development; and environmental hazards reduce health, productivity, and lifetime

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earnings (Gee & Ford, 2011). Each domain amplifies the consequences of the others, forming a compounding cycle that reinforces racial wealth gaps. This cycle is not a theoretical abstraction, but a reality for millions of Black households. An effective policy model must therefore be designed to disrupt these feedback loops at multiple points simultaneously (Darity et al., 2018).

A second component of integrated transformation involves aligning short-term interventions with long-horizon strategies (Feagin, 2006). Policymakers often focus on immediate solutions such as rental assistance, wage supplements, or training programs without addressing the underlying structures that cause inequities to reappear. Short-term strategies are necessary, but insufficient on their own. Long-term structural reforms, such as fair zoning laws, equitable school funding, macroeconomic tax reform, and expanded social insurance, must be implemented alongside immediate support (Darity et al., 2018). The scholar–practitioner emphasizes that structural reform is a generational effort requiring sustained investment, political commitment, and community leadership.

A third component is the adoption of what policy researchers describe as “cross-sectoral alignment” (Feagin, 2006). This means that agencies responsible for housing, education, transportation, health, workforce development, and finance must operate with shared objectives, common metrics, and coordinated implementation strategies.

Currently, these systems often work in silos, with overlapping programs, inconsistent eligibility rules, and competing policy incentives. For example, a housing agency may expand affordable housing in areas lacking public transit, undermining employment access. A workforce development agency may build training pipelines into industries that offer low wages or limited benefits. Without alignment, policies work against one another

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and limit long-term impact. Cross-sectoral coordination ensures that reforms reinforce each other and contribute to sustained equity (Gee & Ford, 2011).

Another pillar of integrated transformation involves building community-centered economic ecosystems (Feagin, 2006). The scholar-practitioner stresses that policy solutions cannot be imposed from outside communities; they must be co-created with residents, entrepreneurs, faith institutions, educational leaders, and community-based organizations. Community wealth-building strategies such as cooperative business models, community land trusts, local investment funds, and public banking provide mechanisms for collective ownership and long-term financial stability (Darity et al., 2018). These models ensure that economic benefits remain within communities rather than being extracted by outside investors. By rooting policy reform in local contexts, policymakers can build trust, increase program effectiveness, and promote sustainable development (Gee & Ford, 2011).

Furthermore, integrated transformation requires a data-driven accountability model. Policymakers must implement systems to track racial disparities in real time across education, labor markets, lending, homeownership, environmental quality, and business development (Darity et al., 2018). These metrics should be publicly available and regularly updated. Accountability structures must be embedded within federal and state agencies, with performance indicators tied to equity goals. Without transparent data, inequities remain invisible, preventing effective policy design and evaluation (Gee & Ford, 2011). Data equity is therefore a prerequisite for structural reform.

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It is also critical to align public and private sector incentives. Baradaran (2017) mentions many structural inequities persist because private institutions, banks, employers, developers, technology firms, and investors operate under incentives that prioritize short-term profit over long-term equity. Policymakers can shift institutional behavior by creating financial incentives for equitable practices, including tax credits, procurement preferences, low-interest loan programs, and public-private partnerships. Aligning incentives ensures that private institutions contribute to, rather than undermine, equity goals.

Finally, integrated transformation requires a cultural and institutional shift. Structural racism is maintained not only by policy decisions, but by the norms, beliefs, and administrative practices embedded within institutions (Darity et al., 2018). Achieving equity requires diversifying leadership across government, corporations, universities, and financial institutions. It requires training that addresses implicit bias (Gee & Ford, 2011), revising institutional cultures, and redesigning systems to prioritize inclusion. This shift is not symbolic; it changes how decisions are made, how resources are allocated, and how communities are represented in policymaking (Feagin, 2006).

When these components, multi-domain reform, long-horizon strategy, cross-sectoral alignment, community wealth-building, data-driven accountability, incentive restructuring, and institutional transformation are pursued together, they form a cohesive model for structural change. The scholar-practitioner concludes that the United States has the policy tools, economic capacity, and institutional knowledge required to reduce racial inequities. What is needed is the political will and coordinated commitment to implement systemic reform. If policymakers embrace this integrated framework, the nation can

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move toward an economy that is inclusive, resilient, and capable of delivering shared prosperity for all communities (Hamilton & Darity, 2017).

### **Conclusion**

Structural racism within economic systems is neither accidental nor peripheral. It is produced through an interconnected web of policies, institutional practices, historical inequities, and governance structures operating across generations. This manuscript demonstrates that meaningful reform requires coordinated, multi-sector interventions that target structural barriers rather than isolated symptoms. By applying a systems-level analytic approach, the scholar–practitioner highlights that economic equity cannot be achieved without sustained policy commitment, institutional accountability, and inclusive decision-making frameworks.

The path toward economic justice requires policymakers, scholars, and practitioners to work collaboratively across sectors. Pager & Shepherd (2008) mention structural transformation is possible, but only through the deliberate restructuring of institutions, redistribution of power, and dismantling of racialized policy architectures that shape opportunity in the United States. The findings in this manuscript offer a foundation for that work, providing both theoretical insight and actionable policy pathways.

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### **Notes**

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The author declares no competing financial interest.

Table 1. Wealth Gap Trends (Descriptive Statistics)

Year	White Median Wealth (\$)	Black Median Wealth (\$)
2000	120000	20000
2005	130000	22000
2010	140000	25000
2015	150000	26000
2020	160000	24000

Figure 1. Wealth Gap Trends (2000–2020)

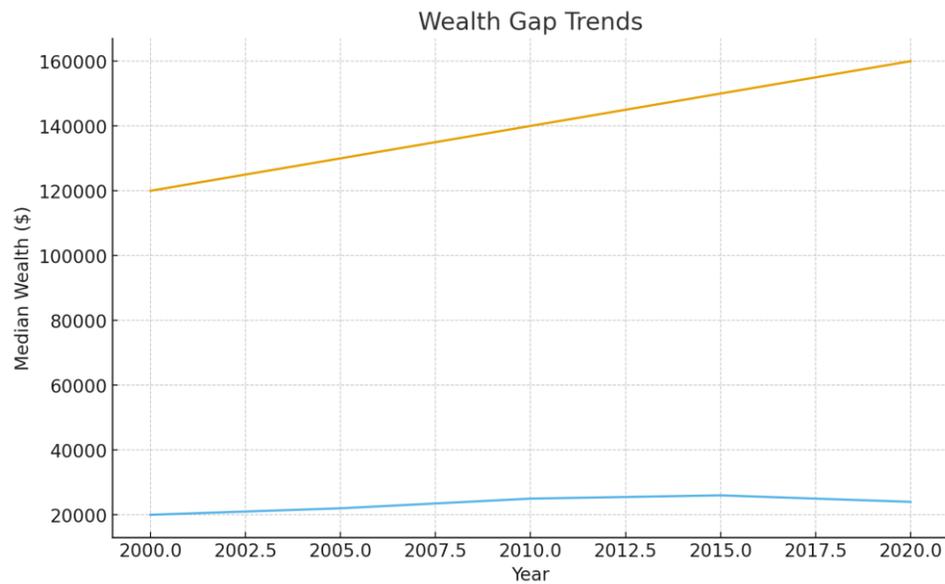


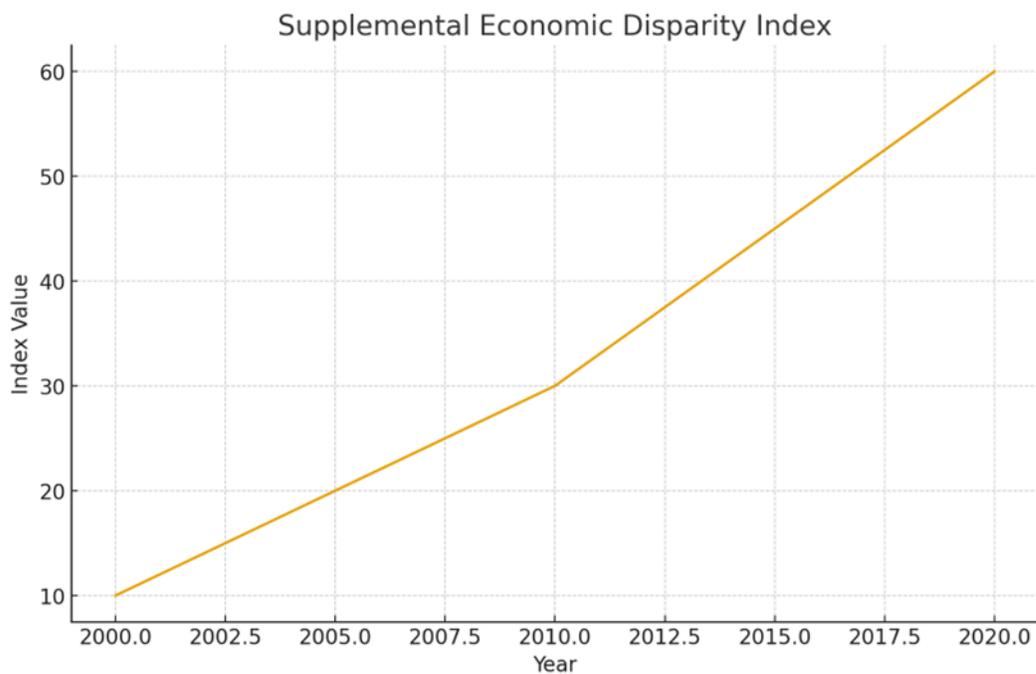
Table 2. Regression Output: Predictors of Wealth Inequality

Variable	Coefficient	p-value
Intercept	15000.0	0.001

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Education	3200.0	0.012
Income	0.45	0.0
Homeownership	18000.0	0.003
Credit Score	75.0	0.015

### Appendix A: Supplemental Charts



### Appendix B: Data Notes

This appendix provides methodological notes for the datasets used in the manuscript, including definitions, data sources, and limitations. These notes help contextualize the interpretation of descriptive statistics, trend analyses, and regression outputs.

### Appendix C: Expanded Tables

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Category	White (%)	Black (%)
Homeownership Rate	72	42
Loan Approval Rate	68	38
Median Income	65000	42000

### **Appendix D: Policy Definitions and Terminology**

- **Structural Racism:** The interlocking systems of policy, practice, and institutional norms that produce and reproduce racial inequity.
- **Economic Equity:** The fair distribution of resources, opportunities, and protections to ensure full economic participation.
- **Wealth Gap:** The disparity in net worth between demographic groups.
- **Redlining:** A discriminatory practice in which services were denied to residents of certain areas based on race. (Darity et al., 2018; powell, 2012; Gee & Ford, 2011) (Darity et al., 2018; powell, 2012; Gee & Ford, 2011; Feagin, 2006)

### **Appendix E: Methodological Framework Overview**

The methodological framework guiding this manuscript integrates systems-level analysis with public policy evaluation. This includes:

1. Cross-sector structural analysis.
2. Policy mechanism mapping.

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3. Equity-centered interpretive frameworks.
4. Integration of historical and contemporary datasets.

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