

21.01.23 Yall Alright Hour.wav

AS Audio Sample
SM Sarah McConnell
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SMA Stephen Macekura
KH Kathryn Howell
BT Ben Teresa
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AS Just a couple of minutes ago, another food distribution event at the Greater Pittsburgh Community Food Bank got underway. You are taking a live look right now at the line.

Start with the GDP numbers just out - in the third quarter, GDP spiked 33 percent. That's its fastest pace ever. That's after the economy fell off a cliff basically last quarter, dropping about 31% because of the coronavirus shutdowns.

SM Everything came to a screeching halt last March. No eating out, no hugs, no large gatherings, no physically entering the workplace, and for many, no jobs. But as the lockdowns eased up in the third quarter, the GDP started to rise.

AS And yet millions of Americans are still unemployed, which is a fact that if you just look at the top line GDP number, you would have no sense of the hardship that people experience every day.

SM From Virginia Humanities, this is With Good Reason. I'm Sarah McConnell. Today on the show, we consider whether the GDP is really an accurate reflection of our quality of life. But first, during the 2008 financial crisis, food prices increased - so many investors and large banks suspected that within the next 20 years, America would have a food shortage. They started buying up huge swaths of land around the world for large scale industrial farming, thinking that could help prevent future food shortages. Bikrum Gill is an assistant professor of political science at Virginia Tech. He says those large land grabs actually displaced people and solved nothing. Bikrum, you have studied how the financial crisis of 2008 led to a global land grab and had some really difficult consequences for small farmers in Ethiopia. What led you to this? How did you start to notice their plight?

BG I was in India in 2011 doing some research on agriculture and development in India, which had been a long-term research interest of mine. And as I was there, I kept hearing about small farmers going to work for a large Indian company in Ethiopia, and this was being suggested as a way to resolve India's long standing agricultural crisis. So, yeah, that kind of led me down the road to think about, why our farmers from India going to Ethiopia? And what does this mean for both Ethiopian agriculture and farmers and for Indian agricultural development?

SM And it turned out, why were they going there? And what was this Indian large food company?

BG Right. So the name of the company was Karuturi Inc. and this was a company that was actually located in South India, and it was actually first a flower company and then the financial crisis hits in 2008. There was a massive spike in food prices, and this motivated a

lot of agribusiness companies across the world to try to find what they would consider cheap arable land and try to put it to use to export food crops to try to realize a large and sustaining profit out of this food price crisis. So Karuturi is motivated to find a large quantity of land that it can't find elsewhere.

SM Did America experience that massive spike in food prices also during that financial crisis?

BG Yes, it was - it was worldwide, right. So it had particularly hit poor countries, so folks may recall in 2008, there was actually food price riots in countries across the global south, in places like Haiti and Pakistan and elsewhere. But certainly, we also experienced a quite noticeable inflation in food prices.

SM So I know the 2008 financial crisis was caused by the housing bubble in the U.S. and the collapse in the big banking sector. But why did that spearhead a big increase in the price of food?

BG So that's a great question. So - and the two are quite clearly linked, so it's an important question. So the financial crisis, you know, leads to a kind of contraction in the flow of credit where now investors are a bit nervous about the financial system. Right. So there's a whole bunch of credit that gets withdrawn from housing markets and other sites of investment and that - that money, that excess finance capital now, it flows into agricultural land because a lot of large investors from Goldman Sachs to other large banks, they started viewing agriculture as a safe place to park this surplus finance capital that was under threat, let's say, in the derivatives market and elsewhere. Right. So this goes into the agricultural land markets and it has an effect of inflating food prices quickly in 2008.

SM And was some of that big money flowing to the Indian company that was buying up land in Ethiopia?

BG Yeah, that's right. So Goldman Sachs was a key financier of - of Karuturi from the - from the outset to the point ultimately where the - where the project comes to a close.

SM So help me understand, how many acres were they buying up in Ethiopia and who was living on the land and working it in Ethiopia at the time? What were those small farms that were being purchased already doing?

BG So the company ends up getting access to, on a 100-year lease, five - six hundred thousand acres of land in this province of Gambella within Ethiopia. So Gambella Province has always been kind of a marginalized state within Ethiopia. The people who are living on the land in Gambella were primarily - of the Karuturi project at least - were from the Anuak - the Anuak Indigenous group. And those - those peoples often engaged in forms of shifting agricultural cultivation, where they wouldn't necessarily stay in the same place all year round, but they would shift. So their use of the land wasn't a conventional, settled agricultural kind of mode of production, but nonetheless, they were - they were in possession of and using the land in a variety of ways.

SM So did they make a lot of money by selling to the big Indian corporation?

BG No. So, the land was taken from them essentially, without consent and without consultation, and basically handed to the Indian company by both the state and federal governments of Ethiopia.

SM So the people who profited by leasing the land to the Indian company were who?

BG So the Ethiopian government, they did not receive much in the way of immediate funds, but what they had been assuming is that by transferring this money to the Karuturi company, they would eventually start earning money off of taxing Karuturi's export earnings. So, you know, they offered such a low lease rate, which is part of what drew Karuturi and Goldman Sachs to finance the project, because it was a way to get access to such highly fertile land for such a cheap price. And the hope was that in the future that this farm would both grow Ethiopia's export earnings and then Ethiopia could tax that. And with that, it could start financing development elsewhere.

SM Did that work out?

BG No, it did not work out, right. So the project actually, when I was there doing field work - while I was there, the project started collapsing and unraveling. The tragic kind of irony here is that Karuturi comes in and they displace local people. And in so doing, they're displacing essential knowledge that is central to maintaining the fertility of the soil and understanding how to farm in relation to the flow of the river and the river's flooding and so forth.

SM What ultimately became of the huge tracts then?

BG The project failed repeatedly because of these repeated floods. The floods kept getting more intense and the company could not figure out a way to resolve this problem. And what they couldn't see is that it was actually the floods that was very central to the fertility of the soil, because the floods were carrying and minerals from highland Ethiopia and the company engaged in deforestation as well, that removed trees that would also help to collect the water from the floods. And, you know, when I was talking to local Anuak people, they said, "this is very wrong", right. Like, "there's no problem with farming here. If they just came and spoke with us, we could have told them, you must set your clock to the river. You have to farm in cooperation with the floods. You cannot try to block the floods", right. But they told me was, "nobody came and asked us".

SM So what's become of that acreage?

BG They slowly started to shrink Karuturi's acreage from 300,000 down to 100,000, 'till eventually Karuturi actually ends up going bankrupt itself. And so the - the lands were then taken over again by the Ethiopian government, and then they started looking for potentially more investors, but I think they learned a serious lesson from - from this project's failure.

SM What about now? Here we are in another financial crisis, this particular one caused by COVID-19. There's also hunger, and we've seen food insecurities in our food distribution system. Do you foresee another round of buying up farmland, or sort of corporate misguided efforts at solving the problem?

BG Yes, I think - I think that risk will remain ever-present so long as we are kind of living within a food and agricultural system primarily organized and controlled by large corporate outfits that are motivated by seeking short - short term profits. The COVID crisis, in many ways, has really exposed this, right. The fact that you have such a deepening hunger and such an inability to address that hunger, even though we are living in a time of some of the most productive agricultural kind of technologies and practices we've ever had.

SM And yet it's not as though we feel that we could adequately feed the population without mechanizing the farming process, at least in some regions and areas, right? That we couldn't do without some measure of big agriculture?

BG Right. That's a great kind of question. And we do feel that we all feel that at some level. It's that - Okay, well mechanization at least it's freed us from having to worry about a famine due to weather or due to some quality issues with the land. We have ways through scientific application of machinery and pesticides and fertilizers to overcome this at large scale. But nonetheless, the United Nations Food and Agricultural Organization has shown in numerous studies over the years that actually the majority of people in the world are fed not by large corporate farms, but they're fed by small farmers. Right. And so this is something that we always have to keep in mind, that when a large corporate farm comes in or corporate agriculture is expanding, it actually has a deleterious or negative effect often on the food security of local people. There is a way in which we've been made to feel that these large, mechanized farms are essential. A lot of evidence shows the small farms, farms that actually center the sustainability of the land, that are maybe more labor intensive than machine intensive, that these can be much more effective in addressing food security over the long run.

SM This is fascinating and so important. Is there anything I'm not thinking to ask you that you want to make sure you say before we sign off with each other?

BG Yeah, I think in paying attention to the food that we eat and the relations of food and agriculture and how they're global in scope, it can seem daunting and overwhelming. But it actually provides us an opportunity to think about how we can simultaneously begin to effect change in our local lives and in kind of global relationships, right. So, when we start to think and put more energy and support into supporting, let's say, local agriculture and supporting more earth sustaining forms of agriculture that are more inclusive here locally - I'm thinking about things like urban agriculture in places like Detroit or supporting local farmers more generally. It may also help put us in relation with and defend the lands of small farmers elsewhere.

SM So true, and help us achieve empathy for what these other cultures are doing with their farming efforts.

BG Yes. Yes, precisely, right. And that if the studies that the FAO and the U.N. and other organizations, you know, if they are to be taken seriously, it's like you said, it can put us into empathy, but it can also let us really emphasize that a future of smallholder farms - this can be a future that can hold the promise of food security, sustainability and prosperity for a greater portion of the world's population than is possible today under the corporate agricultural system.

SM At least a certain sector of the American population has embraced and glorified local eating, local food, local sourcing. Or is that small, and does not appear to be growing?

BG I think it's there - it is growing. But my - my sense is also that there are certain limitations. The problem at times with the local food movement is they will often be disproportionately engaged with, say, wealthier white communities. So, I think to push it even further, though, is to address other issues in the United States around racial inequality, income inequality and so forth. Like the local food movement, local farm movement really needs to be radically kind of egalitarian and inclusive. And I do think

there are really great examples of how this is being addressed, probably none more so than what has been referred to as the Black Food Sovereignty Movement, a movement that simultaneously embraces the need for local kind of community ownership over food systems, right. To challenge the corporate, agricultural and food system. But it does so in such a way that the local itself, or the community itself, is pushed to become more inclusive and more egalitarian, right. Some of the land that has been rendered waste, like if we think about the way the Ethiopian land was characterized - now in places like Detroit, you have all this so-called, quote unquote, "post-industrial wasteland" that is brought back to life by Black communities seeking to reclaim control over land and in the city that they were excluded from. And so, you know, that to me is a powerful potential path forward for the local food and agricultural movement here in the United States.

SM Bikrum Gill. Thank you for sharing your insights with me on With Good Reason.

BG Thank you for having me. I was very happy to be able to do so.

SM Bikrum Gill is an assistant professor of political science at Virginia Tech.

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SM While millions of Americans are out of work, the stock market has reached all-time highs and the GDP is rebounding, which means pretty much nothing for most Americans. Stephen Macekura is a professor of international studies at Indiana University and his new book, "The Mismeasure of Progress", shows that GDP is just one way to tell America's story. Stephen, I'm intrigued by your argument that we put too much emphasis on the GDP, the gross domestic product, to tell us whether our economy and our people are both doing well. How so? How do we put too much emphasis and why isn't that a good measure of all of us doing well?

SMA So if you look at, say, the last 40 years of the United States, you'll see that GDP grows on average. The GDP is much higher now than it was 40 years ago. And yet in that same period of time, wages for the bottom 30 percent of the population in terms of income have flatlined. And that is to say, well, the GDP has grown much higher - for a significant portion of the population, their standard of living has not improved that much. Let's take another example. GDP rebounded considerably over the last quarter of 2020 as the lockdown's related to the global pandemic came to an end. And yet millions of Americans are still unemployed, which is a fact that if you just look at the top line GDP number, you would have no sense of the hardship that people experience every day, the long lines of people waiting to get food from food banks to feed their families, the deep sense of instability and uncertainty that wrack people all around the country, day in and day out.

SM So how else could we measure the economy and see whether more of us are doing okay?

SMA Yeah so there's a couple different ways we might think about this. If we want to stick with economic numbers, one way we might think about it is instead of just producing one GDP figure for the country, to actually break that GDP figure down into income distribution within the country. That is to say, to figure out how much of the GDP growth is actually just growth captured by the top 10 percent as opposed to the bottom 90 percent. Another totally different approach to it would be to say, let's instead focus on something like life expectancy. US life expectancy for different segments of the population has in fact

declined over the last 10 years. That speaks to a real social crisis and something that we would presumably want our leaders to focus more on.

SM And yet it seems like policy officials see those kinds of numbers as squishy or touchy-feely, that they're not really useful or actionable, right?

SMA Yeah, and that's a common misnomer - to treat GDP as somehow more authoritative than any other number. And that's in part because all of these official statistics require vast amounts of data collection, which can be a really messy problem. They also require really serious and difficult value judgments. After all, these numbers are constructed by people who make choices about what to count and what to exclude. For example, in this country, we put a lot of emphasis on just the unemployment rate. But what the Bureau of Labor Statistics, the government agency that calculates the unemployment rate, has said again and again in their reports this year is that, hey, our collection methods and our classification choices are really messed up right now, in part because the pandemic has scrambled what it's meant to have a job. Some people have been permanently laid off. Some people think they've been temporarily laid off but are not sure. Others have been furloughed for some period of time. Once you dig down into all of these situations, you realize where the unemployment number and the unemployment situation is actually way worse than that one percentage would lead us to believe. And that the decisions that the statisticians make about how to classify that can have really big impacts. Because if policymakers see an unemployment rate that's artificially low, they might believe, for instance, that we don't need to do more stimulus packages to help get the economy going again.

SM So why do we put so much emphasis on the GDP? I mean, do we really? Who is looking at it and why is that such an exalted measure?

SMA It's really helpful in a society that values sort of thinking in terms of numbers and expertise to just have a figure. It's a really simple way to communicate.

SMA When was the GDP created and what goes into it?

SMA GDP as the predominant and main way of measuring that thing, called the national economy, dates to the 1930s. And the proximate cause for that was the Great Depression. And so many in Congress worried in 1932-33, we don't really know what's going on. We have a sense that banks are failing, that people are out of work, but we really need a better way to measure this national economic activity. And so in the U.S., it was actually an act of Congress that commissioned studies of the national economy that led to by the mid- and late-1930s, the first formal GDP estimates for the country.

SM Does the GDP breakdown relative economic health by state, also?

SMA Yeah, you can create GDP for any specific unit that you want. You could do a GDP of a country, the GDP of a region or the GDP of a state.

SM So you make the argument that it really matters what you decide to measure in the GDP. That people have fought, you know, economists have fought, politicians have fought over what should be included or not included to make the measurement more useful, or more reflective of citizen well-being.

SMA Yeah, and there's a lot of different ways you could think about this. I'll give two examples right now. So, one, the guy who is most often credited with creating GDP in the U.S. is an economist named Simon Kuznets. And Kuznets actually had a bunch of arguments about whether or not military spending should be included in GDP. And that's because Kuznets feared that if military spending was included, politicians would view spending on armaments, tanks, guns, bombs as a net positive for the economy. Kuznets ultimately lost those arguments. Military spending was and is still a key part of GDP calculations. On the flip side, something that has long been excluded from GDP is household labor and especially the labor that's carried out by so many women. If you think about all of the things that take place in a household on a - in a given day that are necessary for the basic functioning of a family or a person, all of that kind of work is absolutely necessary for all sorts of other economic activity. This is something that I think has really hit home over the last year with so many people now being forced to work from home because of the pandemic and so many people now taking on a greater share of household responsibilities than they used to. But because there's no monetary value attached to doing laundry or preparing food for the family, that activity is invisible in GDP.

SM Yeah, but as a woman, what good does it do me whether GDP measures that I've been making beds and vacuuming and making meals? Right. I mean, I don't really care that my labor isn't counted in GDP, I just want to get paid for what I do, right?

SMA Well, there was in the 1960s and especially in the 1970s, a big international movement led by feminist activists called Wages for Housework that argued that household labor should be something that women get paid for because it is so value to the social reproduction of society. And so what these feminist activists argued was that women should be paid either through the state or some other organization for those activities, which would serve as a pathway to emancipation for those women, to give them more income and thus more ability to make consumer choices about how they wanted to spend their time.

SM You know, when you were writing and researching and then finally published your book, "The Mismeasure of Progress: Economic Growth and its Critics", you couldn't have imagined that you would see right before your eyes all of this play out during a global pandemic, where jobs crashed, where people died and misery was everywhere.

SMA No, and it's an interesting moment in part because one of the things I found in researching this book was that it's really in times of crisis that people begin to question GDP and the faith in economic growth. The weird disconnect between tens of millions of people losing their jobs and the stock market reaching all-time highs has, I think, led people to challenge their basic assumptions about what it means to have a national economy in the first place and whether that even means anything anymore. And so perhaps this pandemic has provided more of an opportunity than I would have ever imagined for people to start thinking anew about how we talk about what we should value in our economic lives.

SM Let's say Joe Biden calls you tomorrow and says, "Stephen, I really want to reform GDP, but I - I don't know where to begin". What would you advise?

SMA I think there's a couple of things I would say to President Biden. I would say, first and foremost, that we need to break GDP down into segments to see exactly who is gaining all of this wealth. Is it just the one percent? Just the top 10 percent? The second thing I would encourage him to do is to, frankly, stop talking about GDP. Once the U.S. gets the

pandemic under control, GDP will go back up once people's consumer habits change, people go to restaurants, travel again. There's going to be a big boost in GDP and it's going to be really enticing, I think, for President Biden to say, look at how high GDP growth is again. But if we do that, we'll just fall into the same missteps that got us here in the first place. And so what I would encourage President Biden to do is to not focus on GDP growth and to focus instead on other measures of social well-being. Unemployment is one of them, life expectancy. Even more qualitative measures, like more surveys about the extent to which people feel fulfilled in their lives, whether or not people feel politically enfranchised, the extent to which they feel unjustly targeted by police actions. That sort of narrative storytelling, I think, can be a really powerful way in which a president could mobilize resources in the government to help improve people's lives on a very visceral and specific sort of way. One of the real challenges that we face in moving beyond GDP is that GDP often tells a powerful story. GDP is often presented as a story of straightforward linear progress. GDP was once really small, it's now really big. So, I think one of the interesting challenges for those of us who would like to see different types of indicators is to think about what kind of alternative stories might we tell about the past that could help mobilize and galvanize attention for something new? I think part of the reason why there's been such an increase in attention about inequality over the last 10 years is in part because it challenges that very fundamental story, we've told ourselves as Americans, that economically everything gets better. When we focus on inequality, that's not the case, right? Things have gotten far better for a select few, but for the majority of Americans, things have not gotten better over the last 30 or 40 years.

SM Well, Stephen, this is fascinating. Thank you for talking with me on With Good Reason.

SMA Thank you so much for having me. It's been a real joy.

SM Stephen Macekura is a professor at Indiana University's Hamilton Lugar School of Global and International Studies. His new book is "The Measure of Progress: Economic Growth and its Critics". This is With Good Reason, we'll be right back.

[00:27:57]

SM Welcome back to With Good Reason from Virginia Humanities. There's a federal eviction moratorium that's set to expire January 31st. Pulitzer Prize winning sociologist Matthew Desmond at Princeton's eviction lab has looked at evictions on a national scale and found prior to the COVID-crisis, half of the ten cities with the nation's highest rates of eviction were in Virginia. The following interview with Catherine Howell and Ben Theresa first aired on With Good Reason in 2018. Catherine Howell and Ben Theresa are part of the RVA Eviction Lab at Virginia Commonwealth University's Douglas Wilder School of Government and Public Affairs. They say eviction is not just a matter of poverty, it's also a matter of race. Kate and Ben, how large is the eviction problem for renters in the U.S.?

KH That's a huge issue for families, particularly. We have a home ownership rate in the country that is 65% now. But that means you've got a lot of people that are still renting, and eviction is an incredibly disruptive process that has larger implications for schools, and for individual kids and families, for jobs, and for transportation, not just for housing.

SM It's been called a nationwide eviction crisis. Why crisis? Are there more evictions now than before?

BT So by crisis I think we mean that the effects are intensely felt by people and it's been sustained for at least 10 or 15 years now.

SM How have we learned just how big the eviction rates are?

KH Sure, Matthew Desmond, who is a researcher at Princeton University, released a most comprehensive nationwide dataset of evictions that we've seen so far. Other places have done this on a smaller scale, particularly in the Bay Area of California. But this was really the first time we understood the scale of what was going on, and that it wasn't just a small thing that happens in some places, but it's nationwide, as Ben said. We also found internationally the rate of eviction is around 3%. But in some places, you see much higher rates. So for example, the city of Richmond's sustained rate over the past 16 years has been about 11%. You see that pop up in places like Atlanta and North Charleston, South Carolina. But really across the country you see the pockets of high eviction rates relative to the rest of the country.

SM So where there are most evictions, you imagine you have the hugest population of poor people renting homes.

BT Right. That holds up to a certain extent. But what we actually find is that the racial composition of the neighborhood is the most influential factor on those eviction rates.

KH We're not necessarily saying that a landlord is looking at two tenants, one that's white and one that's Black, and they're saying, well, you're out, you're in. It's not as simple as that. Some neighborhoods have different types of housing options, and different access to jobs, different access to education. And so all of that ultimately plays into this larger conversation about eviction.

BT What we're talking about is access to mortgage credit, the ability to own a home. So that has been historically limited for African American people and families, which meant that they were always more likely to be renters than white people.

KH It's also things like background checks. African Americans are disproportionately criminalized, so that adds something to your background check. Credit check, likewise. All of these things ultimately shift the kind of housing options that are available. People are getting shunted into less desirable housing options in less desirable neighborhoods. That disproportionately falls on African Americans.

SM The two of you have created something called the RVA Eviction Lab. The Eviction Lab analysis of these rates for the Richmond area in Virginia. Did you do this after you were startled by the eviction rates that were exposed by the Princeton Eviction Lab?

BT Right, so in order to inform any kind of changes in laws or policies that would reduce evictions, we needed to know more about why evictions were happening and how they were happening.

KH Because that's the only way you can really start to look at the policy levers and change really what's going on. It's not as simple as: people just can't pay their rent. If it was that easy, I'm sure we would have solved it years ago, right? But there is more to it than that. It can be anything from medical bill that sets their entire budget off, so it means that you miss a rent payment, and that starts a chain reaction of things. It can be a car breakdown, as I said. The one bad day idea that really ultimately blows your budget.

BT We actually have students that work with us in the Eviction Lab, and then at one point they told their story in which they said, "When I was in 4th grade, my family did not have a home. I missed most of my 4th grade year, because of that situation."

KH Yeah. That's one that sticks with me. The other one for me is the difficulty of them finding housing the next time. The woman that I interviewed talked about that. She said, "It's as bad as having a criminal record." That sticks with you. You can't get housing in the next space. So the cascade of housing instability is what I think, to me, has been a really alarming.

SM Who is doing most of the evicting? Is it a sort of mom-and-pop who have a couple of places and they are letting people go or booting them? Or is it larger corporations that run giant apartment complexes?

BT So a large share of all the evictions come from a small set of landlords. There is no question about that. We know that corporate landlords, so larger scale landlords that own tens or even hundreds of properties, evict at higher rates than smaller landlords. We also know that landlords that are corporate, that are tied to larger investment firms, financial Wall Street type firms that back these landlords, that they evict at even higher rates. So it is a matter of: who is the landlord? Who is the owner? Who is financing? Because that really alters the role that eviction plays in landlording as a business.

SM Are we also finding the states that have the cities with the highest eviction rates are states that have laws that favor landlords over tenants?

KH Yeah, I think that's definitely a trend that we're seeing. You see cities that have improved tenant protections or better tenant protections, whether it's a right to counsel or general sort of information, different timelines, we find that the eviction rates are lower. A report came out, I believe this week, about New York - when it introduced the right to counsel, which has dropped their eviction rate significantly in New York City. So the more information tenants have, the more equal playing field they have, that tends to reduce the eviction rate.

BT We have, pretty much, in this country, completely forfeited the idea of public housing as playing a role and playing a part in the solution here. So, while we should acknowledge the real problems, historically, that public housing has in our cities, there has to be a role, there is a role, for public investment in housing. It's not just a housing of last resort. What we have seen since the 2008 financial crisis is a growing share of renters in the United States, who are increasingly squeezed by unaffordable rents. So that public housing, a public option for housing, a public investment in housing, can benefit more than just the very poor. That it can actually provide something that market housing, with or without rental protections, cannot.

SM That's so true. There was a sea change after the market crashed. So many people, young, or poor, or otherwise said we have to or want to turn to renting instead of buying. Of course, there was also this sort of period after urban renewal, when everybody thought public housing is the way to go, and that's been really discredited. So how to think of public housing in a more uplifting way where we're not crushing the souls of people but giving a leg up during either transition or need.

BT Many of the failures that we know from public housing, in terms of their destructiveness of existing neighborhoods, in terms of racial segregation, and neglect, a lot of those stem from problems that public housing was always structured by the private rental market, and by private real estate interests. So even though it was public housing, it was relegated to certain parts of the city, it wasn't provided the resources in terms of the meeting the cost of operating those buildings. And so, I think we need to be clear about why there were the failures of public housing that there have been.

SM Have you seen one city or one area where they've managed to scale up affordable housing and make it appealing and workable to the people who live there?

KH Yeah. You see it in places that are investing significant funding in affordable housing, and they're investing it in even ways across their city. They're not putting all of their affordable housing into the poorest communities, but they're starting to really say, okay wealthy communities, you need to have your fair share. I think that's actually been very effective. But again, it takes investment. We have, in the city of Richmond, a million dollars in our trust fund just up the road in DC, which is only three times the size. They have 100 million every single year. A million dollars is about, I don't know, less than 10 units. It's a couch cushion change, right? So really, if we want to solve this problem, we can't put a small-scale solution to what is actually a large crisis, and has been a large crisis building over time. And, you know, it's not changing.

SM What are other steps that people are contemplating that would help lower eviction rates?

KH Well, I think one of the exciting ones to think about is the recent Medicaid expansion. So we've had some research come out nationally about the impact of Medicaid expansion on eviction rates. It actually decreases the eviction rates. What the Medicaid expansion does is actually makes your medical expenses more predictable. You aren't going to get a \$20,000 bill that you have to sort of try to pay off over time. You've got insurance that you can go to the doctor, you can get your medicine filled. You don't have to pay out of pocket when you have to take your kid to the pediatrician because they have the flu.

BT So I think what we're talking about is that there is things that can be done to reduce evictions, and then there is things that can be done to reduce the causes or address the causes of evictions.

SM I see what you mean, because reducing the evictions is a little bit of a band-aid step. What you want is for people to feel enough secure that they have housing, they have shelter they can count on, job that they can depend on, and a livable life.

BT That's right. This crisis has long-term cyclical effects that increase economic and political inequality. And so, what I mean is you're not able to organize politically if your community is destabilized by high eviction rates, if you yourself are being displaced, and don't have, as you said, a shelter, a decent home, to know that they're safe and secure. That is going to demobilize people politically. If you're demobilized politically, then you're not going to be able to address these underlying causes.

SM You can't elect people to the positions of power where they can designate money for more secure housing.

KH You can't even get it together to get everyone to show up at a council hearing to say, hey, this is wrong, or this is right and we support this. So even the small-scale things, where showing up to community meetings, it's awfully hard to get that together when you're still sort of trying to keep your house stable. I think if we take evictions down to what really is the problem, and I always tell my students this, I'm like, okay, what are we actually upset about? What we're actually upset about is housing instability. What does it mean for a family? What does it mean for a community? Quite frankly, what does it mean for the city and the region? At the end of the day, we really have to take a step back and realize what is actually bad about evictions. That is that it causes immense instability.

SM Why should people who have stable housing care about whether a minority of their fellow citizens in a given city or community don't?

BT Yeah, great thing to think about. I think that what the last 10 years, since the 2008 financial crisis have shown us, is that you may think you have stable housing, but for a lot of people, the financial crisis demonstrated that they really don't. And so just because you think that you are protected, you may have more in common with people who are being evicted, or in common with producing that unstable housing.

SM Ben Teresa and Kathryn Howell are professors at the Douglas Wilder School of Government and Public Affairs at Virginia Commonwealth University. Coming up next, access to credit for some, but not all.

[00:42:10]

SM A recent study found redlining is happening on or near American Indian reservations. Valentina Dimitrova-Grajzl is a professor of economics at Virginia Military Institute. She joins me to talk about her findings. Valentina, you and your colleagues looked into something that is aggravating already terrible economic conditions on Indian reservations across America. What was that?

VD Access to credit. Credit facilitates transactions, and it makes sure that you have some protection against risk. For example, if you have a medical emergency, or if your car breaks down, or if the government shuts down and you don't get a paycheck, right, you do not have anything to rely on to get access to funds.

SM So how did you determine this? How did you find out that people who were living on or near reservations across America were really distinctly lacking access to credit?

VD We started out by looking at a study done in 2001 that there's a scarcity of banks, financial institutions on or near reservations. American Indians on average, have lower credit scores and they have lower access to traditional banking. And so we started researching individuals' access to credit through a database that Equifax, one of the main credit bureaus, has put together. And what we found is that the racial composition of the geography actually had a significant effect on credit limits.

SM And what did you conclude?

VD Our findings seem to suggest that there is what's called redlining.

SM So what exactly is redlining? How do you see that?

VD Yeah, so redlining is the practice of giving either less credit to people in a particular geographic region or giving them more credit, but with worse terms. Let's say you charge them higher interest; you have more fees. And even though somebody might be credit worthy, simply because they live in an area that is predominantly a particular race, they might be denied credit. I think of it as a geographic discrimination. It's not a discrimination based on your individual race, but it's based on the characteristics of the majority of people who live in your zip code, for example.

SM And who would do the redlining? These would-be employees of banks that are nearby?

VD Correct. So whether it's employees of banks or the banks purposefully decide that they would not give as much credit to people, in particular zip codes, for example.

SM And couldn't they be doing that because they said, "hey, our experiences these people are constantly defaulting, let's don't even do it".

VD So what our research does is it actually controls for that. It controls for the fact that some people might be less creditworthy, or they might have some history of filing for bankruptcy or defaulting on their loans. We found that even if people had good credit history, they would still be, on average, getting lower credit limits if they lived in areas that had a higher percent of American Indian residents.

SM Why do you think that was happening? Do you think that was just a longstanding practice from more overtly discriminatory days that had carried over till now?

VD I think so. So redlining really goes back to the 1930s. And it started out with mortgage markets and with insurance markets.

SM With African American communities.

VD Yes, African American communities. And actually, the practice refers back to the idea of taking a map and drawing a red line around a particular region and essentially saying, we're now going to give loans to people in this particular area because we believe they're going to default, even if this is just purely based on prejudice and bias. And there have been a lot of measures sort of taken over time to ensure that everybody has equal access to credit, irrespective of their race or national origin. But it's very difficult to ensure that this type of discrimination doesn't happen.

SM And if redlining is against the law but it's happening on these reservations and near them, what's the remedy?

VD One of the things that has taken off in the past 15 years is something called community development financial institutions. And they usually open in areas that are underserved by traditional banks. They usually understand the culture of reservations, and they're really specifically focused on building financial literacy and building credit histories, so that then they can allow residents of reservations or near reservations to build credit and be able to go and use credit from traditional banks.

SM It interests me that you grew up in Bulgaria and did so much of your early research on the forms of government following the collapse of the Soviet Union in the Eastern Bloc

countries. How has that do you think, influenced your ability to see what's happening on Indian reservations in America?

VD Yeah, I think that my experience in Bulgaria has showed me how important culture is in economic development and how important it is for us to consider the cultural context of a country or a reservation or state for the policies that we enact. So, for example, in the context of American Indian reservations, a lot of the policies that have been put in place took away some of the legitimacy of governance on reservations. And so they led to worse governance, they led to a lack of trust, they led to increasing crime on reservations because people did not trust the law enforcement, they did not trust state courts. The state courts imposed the American paradigm, which is very adversarial. It's the idea that you go to court and there is punishment, that the only focus is really on punishing the person who has committed a crime. While in the indigenous paradigm, there's so much more focus on community and restorative justice, which is really more focused on - on harmony. And so what my Bulgarian experience sort of guided me toward is this idea of being very aware of the importance of context and culture and norms - social norms, and that when we think about economic development, we cannot be thinking about it without thinking about people's mindsets.

SM How did you see that in Bulgaria?

VD So Bulgaria was a socialist country until 1989. In 1989, the Berlin Wall fell and then Bulgaria started to transition from socialism to capitalism, or this idea of a market economy. Bulgaria had no memory of a market economy, right. There was no private ownership before socialism before World War II. And so, people had a really hard time understanding what the right approach was to transition and how to build institutions that would support a market economy. How do you make sure that the courts function in a way that makes it easy to - to resolve disputes? How do you make sure that people understand democracy and how democracy works? Right, these are all things that take a long time to develop. And in the case of Bulgaria, we went from socialist system to a capitalist system overnight. Sometimes you might want to have a gradual transition, or you might want to really carefully evaluate people's mindsets and people's memory and people's historical experiences before imposing a path of development that might have worked somewhere else.

Valentina Dimitrova-Grajzl is a professor of economics at Virginia Military Institute. She was named a 2018 outstanding faculty member by the State Council of Higher Education for Virginia. Support for With Good Reason is provided by the University of Virginia Health System, pioneering treatments to save lives and preserve brain function for stroke patients, uvahealth.com. With Good Reason is produced by Virginia Humanities, which acknowledges the Monacan nation, the original people of the land and waters of her home in Charlottesville, Virginia. Our production team is Allison Quantz, Matt Darroch, Lauren Francis, and Jamal Millner. Our interns are Maya Nir and Cassie Deering. For the podcast, go to withgoodreasonradio.org. I'm Sarah McConnell, thanks for listening.