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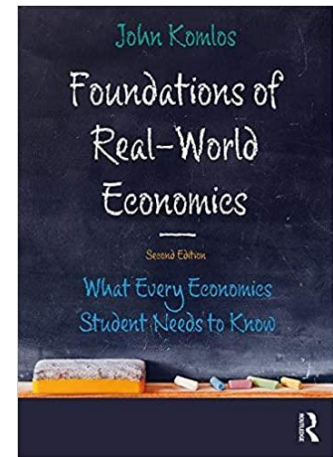
MATHEMATICS

MULTI-DISCIPLINARY SEMINAR

Prof. John Komlos
University of Munich

**Title: Covert Racism in
Economics**

4 May 2021 Tuesday
17:00-18:00 Zoom



Abstract: The mainstream economic theory is replete with assumptions that feed into structural or systemic racism because it supports an economic system that severely disadvantages people at the lower end of the socio-economic spectrum, which in the U.S. includes a disproportionate number of Hispanics, indigenous people, and descendants of slaves. The paper discusses 15 assumptions that are generally trivialized, such as the crucial role information costs play in decision making. In turn, costly information implies that its acquisition by poor people requires a greater share of their income, making it more difficult for them to make well-informed decisions. Because of inferior schooling opportunities, the poor are more exposed to the myriad of problems associated with bounded rationality and have difficulties avoiding the traps set for them in small print. That tastes are assumed to be exogenous is hardly a benign oversight, because people enter the market as children; so, unfettered markets have a long time to impact their character. This has a harsh effect especially on poor children since they are particularly vulnerable to influence through advertisements. Opportunistic behavior means that people with better information can take advantage of others in an immoral, unprincipled, cunning, crafty, or deceptive manner. Because of less information at their disposal and because of inferior schooling, minorities are more exposed to the vagaries of unscrupulous and powerful megacorporations that often leads to exploitation. Conventional economic theory, in the main, ignores these crucial issues and instead theorizes about an Alice-in-Wonderland economy inhabited by supermen and superwomen who know everything about everything, are perfectly rational, develop their tastes autonomously, can maximize their welfare, have perfect foresight, and avoid falling prey to opportunists around them. Hence, mainstream economists

provide succor for the maintenance of the status quo which tilts the lever of opportunities away from minorities and supports systemic racism as a consequence.

Keywords: Behavioral economics, bounded rationality, mathematical economics, information imperfections, decision making, opportunistic behavior, African Americans, Hispanics, poor, power, and exploitation.

Biography: John Komlos is Professor Emeritus of Economics and of Economic History, University of Munich. He also taught as a visitor at Duke, Harvard, UNC-CH, as well as in Vienna and Switzerland. Born during the siege of Budapest during the last days of World War II, he became a refugee twelve years later during the famous uprising there and grew up in Chicago where he received PhDs in both history and in economics from the University of Chicago.

His mentor was the **Nobel-Prize winning economist Robert Fogel**, who suggested that he study the impact of economic processes on human biology. Komlos devoted most of his academic career developing and expanding this research agenda, which culminated in his founding of the field of “Economics and Human Biology” with the journal of the same name in 2003.

Nobel-Prize winning economist and New York Times columnist **Paul Krugman** wrote about his work:

[<http://select.nytimes.com/2007/06/15/opinion/15krugman.html?scp=1&sq=Krugman%20June%2015%202007&st=cse>] as has The New Yorker magazine:

[http://www.newyorker.com/archive/2004/04/05/040405fa_fact.]

Through that research program he became a humanistic economist and has been writing about current economic issues including blogging for PBS

[<https://www.pbs.org/newshour/author/john-komlos>] from a humanistic perspective.

His textbook, Foundations of Real-World Economics, advocates for a “Capitalism with a Human Face”. He has received awards from the German Science Foundation, the U.S. National Science Foundation, the National Endowment for the Humanities, the American Council of Learned Societies, the American Philosophical Society, National Academy of Sciences, and a Fulbright-Hays Fellowship. His publications appeared in major journals of **five disciplines** including the American Economic Review, Mathematical Population Studies, American Historical Review, American Journal of Human Biology, and Economics and Human Biology; while his books were published by Oxford, Chicago, and Princeton University Presses.

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Meeting ID: 979 7090 6984

Passcode: 047442

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