

ITEM #82

ADDITIONAL MATERIAL

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Racial inequality cost the economy \$16 trillion over the last two decades, Citi finds

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KEY POINTS

- Citi has put a number to at least one aspect of social injustice, finding in a new study that \$16 trillion has been erased from U.S. GDP over the last two decades due to discrimination.
- The study also found that if the racial divide were addressed today, \$5 trillion could be added to the economy over the next five years.
- The report was released as Citi announced a more than \$1 billion initiative to help close the racial wealth gap.



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Racial inequality is bad for the U.S. in innumerable ways, of course, many of which are hard to calculate directly. But now Citi has put a number to at least one aspect of social injustice, finding in a new study that [\\$16 trillion has been erased from U.S. GDP](#) over the last two decades due to discrimination.

The report's findings are based on analysis of factors including wages, education, housing, as well as equitable lending to Black entrepreneurs.

“Racial inequality has always had an outsized cost, one that was thought to be paid only by underrepresented groups,” said Raymond McGuire, vice chairman of Citigroup and one of the report's authors. “What this report underscores is that this tariff is levied on us all, and particularly in the U.S., that cost has a real and tangible impact on our country's economic output.”

The bulk of the lost \$16 trillion is based on a lack of lending to Black entrepreneurs, which Citi estimates has cost the U.S. \$13 trillion in business revenue and 6.1 million new jobs per year. Another \$2.7 trillion in income has

been lost due to the racial wage gap for Black Americans, while the lack of access to higher education for Black students could have added \$90 billion to \$113 billion in lifetime income. Finally, a lack of equality in access to housing credit, which could have led to an additional 770,000 Black homeowners, has cost \$218 billion.

Furthermore, the study found that if racial inequality gaps were addressed today, \$5 trillion could be added to the economy over the next five years.

The report was released in conjunction with Citi's announcement that it will [invest more than \\$1 billion in strategic initiatives](#) over the next three years aimed at closing the racial wealth gap.

Called "Action for Racial Equality," it will focus on increasing investments in Black-owned businesses as well as promoting the growth of Black homeownership, among other things.

"Addressing racism and closing the racial wealth gap is the most critical challenge we face in creating a fair and inclusive society and we know that more of the same won't do," said Citi CEO Michael Corbat in a [statement](#), while adding that the company is committed to using its resources and influence to "combat the impact of racism in our economy."

- CNBC's Michael Bloom and Courtney Connley contributed reporting.

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