Improving Outcomes for People of Color: Can We Limit The Backlash This Time?

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October 2021
Racial Reckoning in the 1960s: Rapid Gains Followed by Stagnation – Why?

• Civil Rights Movement: Dramatic Gains in Relative Earnings, 1965-75
• Stagnation Afterwards: Due to Structural Changes in Economy, Persistent Lags in Education/Achievement, Persistent Segregation in Housing and Schools, Mass Incarceration
• But Political Backlash among Whites and Polarization Also Limited Progress
White Political Backlash

• Why Backlash Then? Loss of “White Privilege” Or:
  1) Crime and Urban Unrest
  2) Affirmative Action in Higher Education
  3) Redistributive Policy: AFDC and Labor Supply
• Political Realignment: South, White ethnics and White working class leave Democratic Party; Offset by racial minorities, professionals
• Limited redistributive and progressive policies!
Racial Reckoning of 2020s: Can This Time Be Different?

• Current Polarization: Identity Politics; Economics v. Race/Religion/Culture

• But a Majority Still Favor Progressive Racial Policies – Police Reform, Reducing Mass Incarceration, Limiting Disparities….Can It Last?

• Can Economists Play a Positive Role?
Economics of Racial Disparities

- The Economic Legacy of Racism: Black-White Disparities in Education, Employment/Earnings, Health Outcomes, Incarceration, Wealth
- Often Understated in the Standard Data (“Missing Black Men”)
- Now Driven by Both Demand-Side and Supply-Side Factors!!!
- *Will Not Make Great Progress in Reducing Disparities if We Don’t Address Both Sources!*

- Academic Research and Policy Conversation Have Swung from One Extreme to Another – Achievement Gap to Racism – Both Too Limited!
Demand-Side Factors

• Some Specific Legacies of Racism - Slavery, Jim Crow, Housing and School Segregation Driven by Policy
• Currently: Ongoing Racial Segregation and Discrimination in Housing, Schools, Labor Markets
• Mass Incarceration: Harsher Penalties on Drugs, Differential Treatment by Police, Prosecutors, and Courts (Pretrial Detention)
• Political Bias: Rising Barriers to Voting and Dismemberment of VRA
• “Structural/Institutional Racism”
• Also: Indirect Effects of Structural Changes in Economy, Rising Inequality, Declining Unions, etc.
Supply-Side Factors

- Education and Achievement Gaps: Start in the Home
- Labor Force Withdrawal and Disconnection
- Marriage and Family Structure - Single Earners, Reduced Family Income and Ability to Accumulate Wealth (Trends Predated Mass Incarceration)
- Participation in Violent Crime! Data on Homicides (FBI UCR)
Decomposition of Disparities: How Much Explained By .......

- Employment: Demand-Side Barriers v. Supply-Side: Skills and Disconnection from Schools, Labor Market
- Household Income: Low Earnings v. Family Structure

WE DON’T KNOW! LIMITS OF NATURAL EXPERIMENTS / EXTERNAL VALIDITY
Demand-Supply Interactions

1) Demand-Induced Supply Gaps: Perception of Limited Opportunity Leads to Education/Labor Market Disconnection and Withdrawal, Low Marriage...esp. for Less-Educated Young Men

2) Supply-Induced Demand Gaps: Crime and Other Disparities Limit Neighborhood/School Integration, Perpetuate Discrimination (Employer Fear of Returning Citizens)

ALL ENDOGENOUS TO SOME EXTENT!
Other Important Interactions

• Rising Income/Wealth Inequality Feeds Racial Disparities – Within and Across Generations

• Housing/School Segregation – High Housing Prices! Also Driven by Discrimination, Zoning, “White Flight” (New “Limousine Liberalism”!)
People of Color are Very Diverse!

• African American v. Latino Populations – Different Characteristics
• Latino: Immigration and Assimilation
• Black Population Also Diverse – Immigrants and their Children
• Over Time: Mixed Race Groups Grow – Many are like Whites and Identify as Such (Richard Alba)
• Politically Mixed as Well – Gains by Trump in 2020!
The Curse of Political Correctness in Academia

• See Lukianoff and Haidt, Jonathan Rauch
• Atmosphere and Conversation So Polarized That We Cannot Have Honest Conversations about Race –
• Irony: Election of Eric Adams in NY
• Critical Race Debate: Both Sides are Troubling
What Is To Be Done? Reducing Disparities Without Polarization?

• Consensus that Racial Disparities are Unacceptable!
• Acknowledge Both Demand-Side and Supply-Side Causes!
• Honesty About Legacy of Racism/ but also Achievement, Family Structure, Labor Force Nonparticipation and Crime
• Class, Place and Race-Conscious Remedies!
• Left-Right Coalitions Around Reentry and Mass Incarceration....More?