

Racial Disparity In The Economy

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October 1, 2021

Why Are We Here? Why A(nother) Conference on Race Gaps?

Don't we know from careful analysis and measurement how the experience of Black persons - the black condition - compares to that of Whites and how and why it has changed over time?

- Origins in a racist historical past in which mutually reinforcing beliefs, practices, prejudices, structures delimited Blacks' life outcomes.
- In fits and starts, there was eradication most visible formal impediments; decline of worst sentiments barriers; investments and other policy changes intended to improve black socio-economic success.
- Relative Condition of Blacks has gotten better
 - Although slow, there has clearly been positive progress
 - BUT, frustratingly large gaps remain and some things have gotten worse
- Policy seems to have worked a bit, but maybe only a bit? Maybe even failed?

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- Might not the very act of measuring itself create or magnify differences by affecting beliefs and behavior?
- Who's in the Group? For example, who's “Black”?
- What is the Benchmark? Whom do we “Center”? What's “normal”?
- How does the agent see themselves – an individual, part of an extended family, what?

Even After We've Done or Embarked Upon Analysis, there are key Questions

- Who Compared to Whom? How does one compare across groups? What outcome?
- What is the summary focus or description of what one's found?
 - Talk about the trend, the gap, the bottom, the top? What?
- Can we separate effects of general changes in the market from race-specific policies and history?
 - Do available data and methods give us a way to credibly do this?
- What is the Benchmark? Which group's experience do we "Center"? What's "normal"?
- People are part of sociological or historical unit (for example, an extended family). What is the role of these arrangements and how important are they in explaining race gaps?

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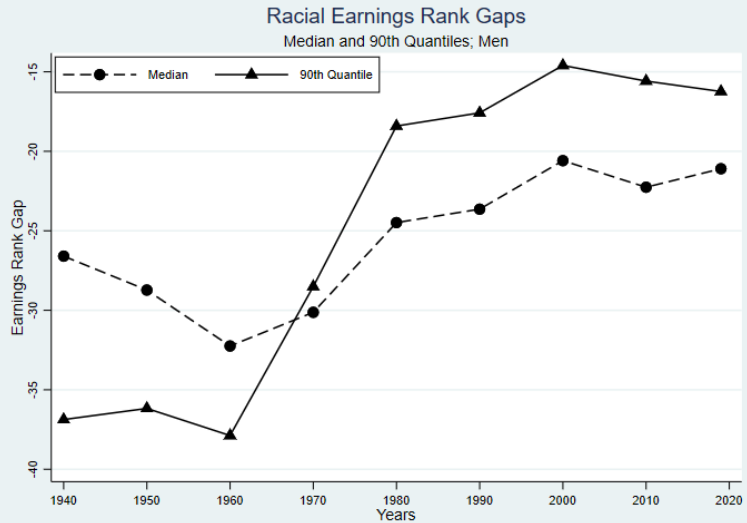
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Some Conclusions I've Drawn

- There is increasingly no such things as THE Black experience or condition. One can more sensibly speak of the Black condition**S**
- Sometimes data and tools allow us to make progress on decomposing different forces..
- It is *very* difficult to net out the effect of racist history
- Policy hasn't been perfect, but sometimes when it appears it has had not effect, that's not true.
- It is easy to over-state the role that people familial arrangements (which we should be cautious in trying to change) play in determining their economic outcomes

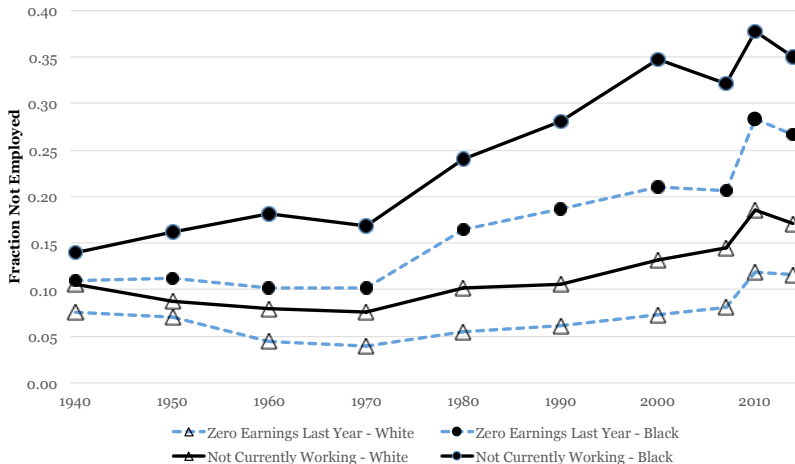
- Drawn from my work, especially joint previous and ongoing work with Pat Bayer
- Focus on comparisons related to *earnings*

One Comparison of “Sames”: How far Below His Rank in Black Earnings Distribution Would Man Be In the White One?

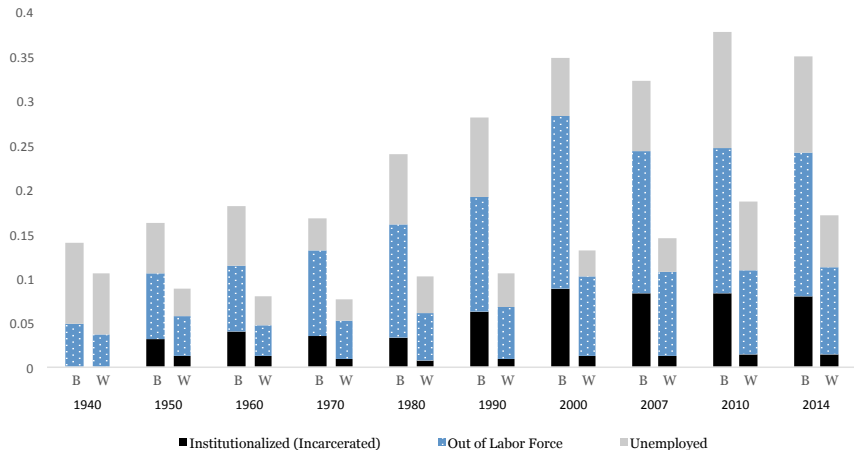


Fraction of Men Not Employed, by Alternative Measure and Race

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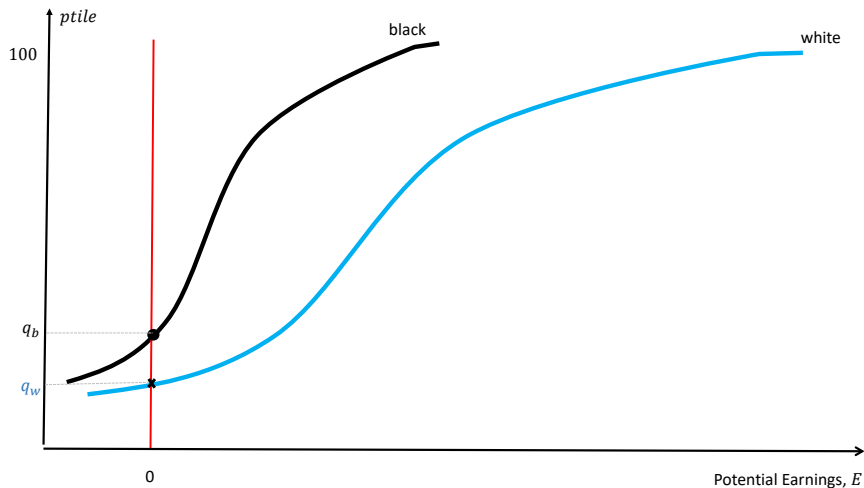


Activity of Non-Workers, by Race

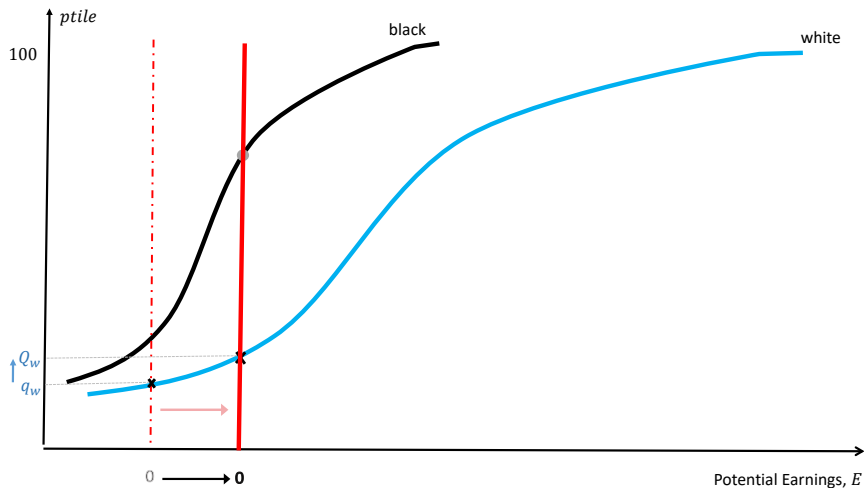


Understanding and Accounting for Change in Men's Rates of Non-Work

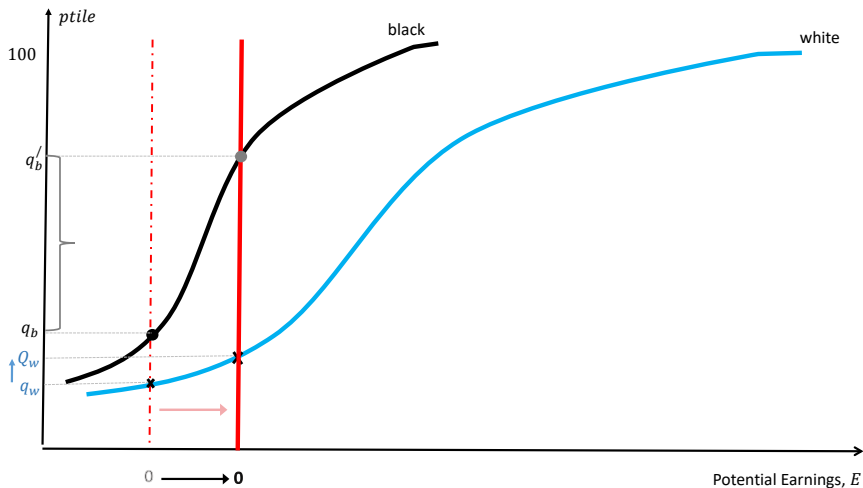
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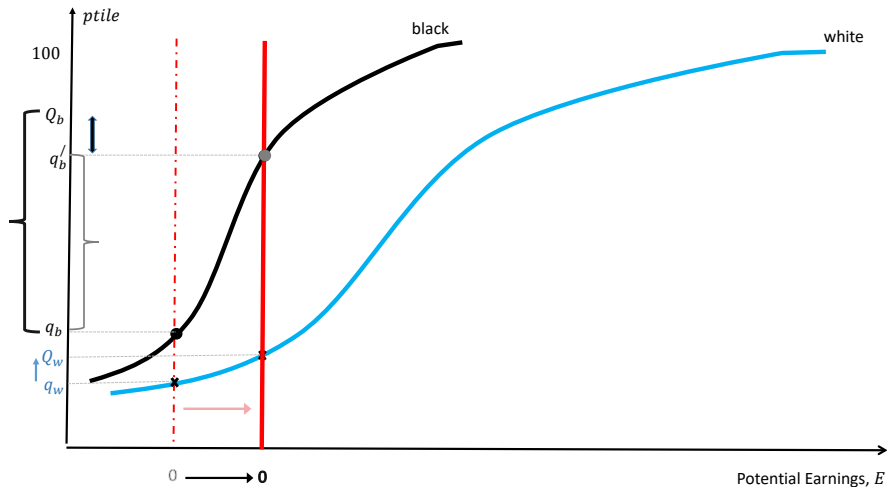
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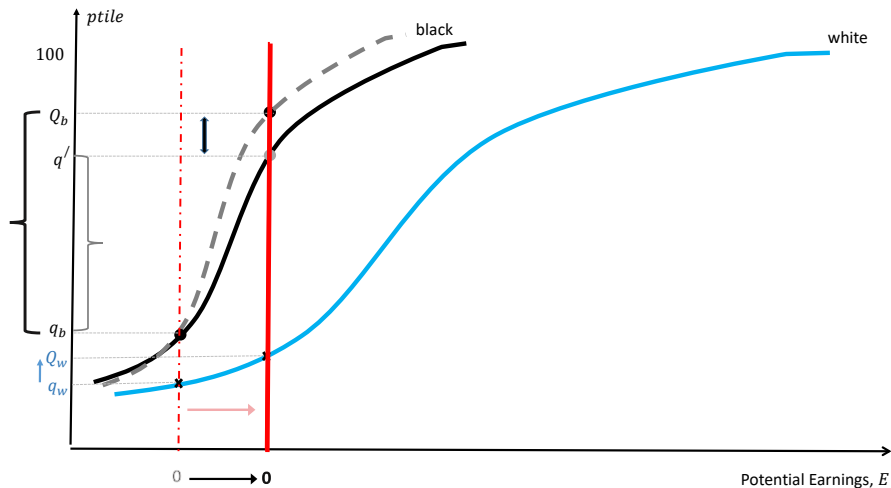
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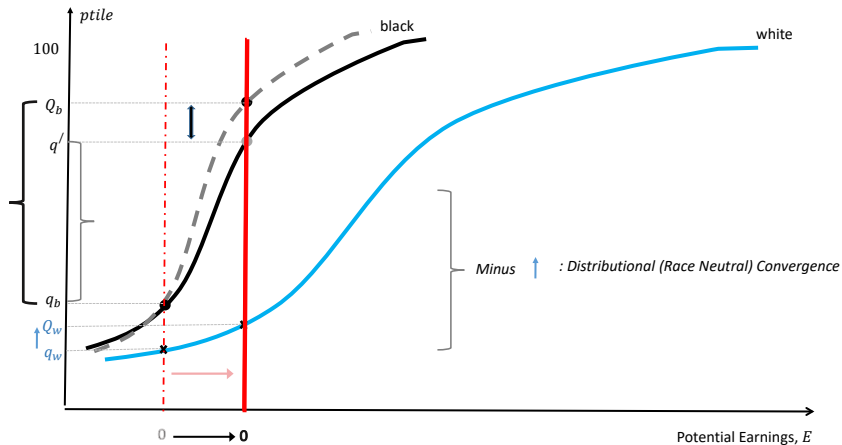
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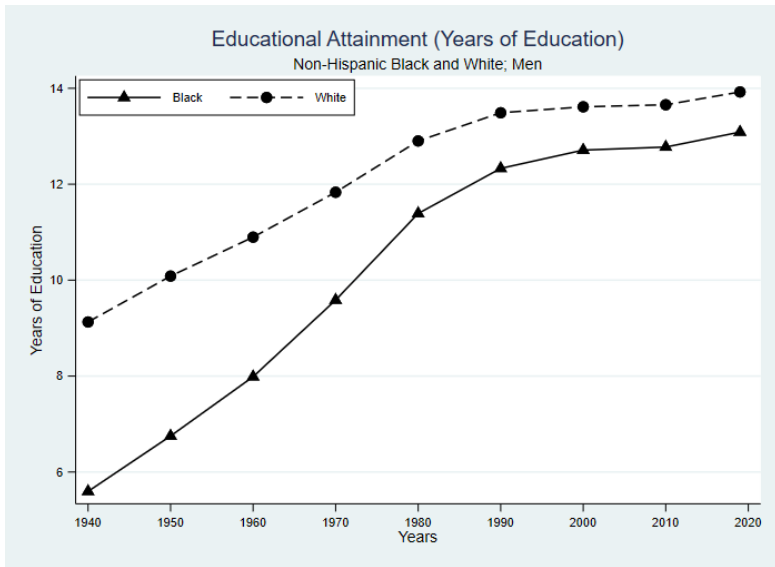


Total Change	-0.11
Distributional Convergence	-0.10
Positional Convergence	-0.01

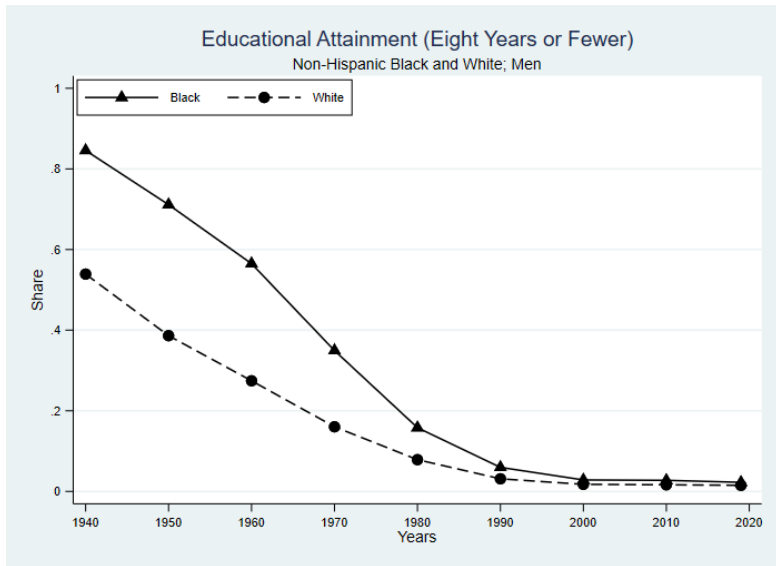
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Why no action on positional change? What about all the policy to improve education?

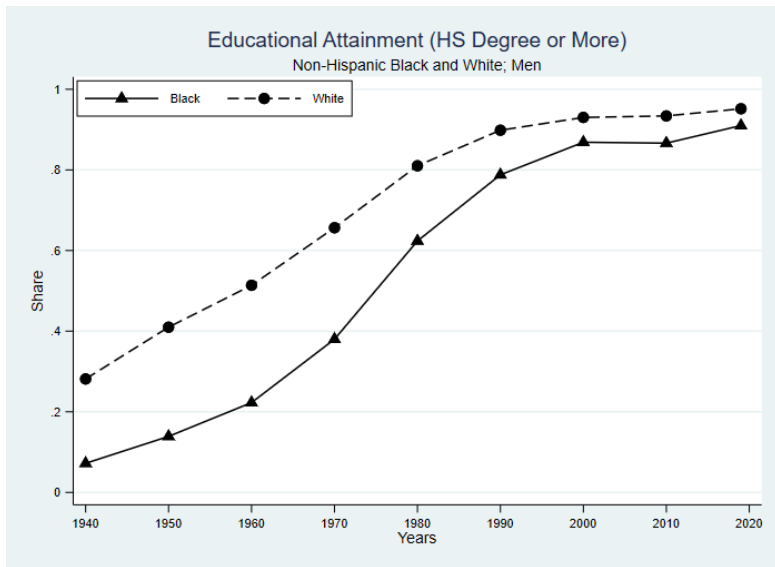
But, What About Relative Improvement in Black Education?



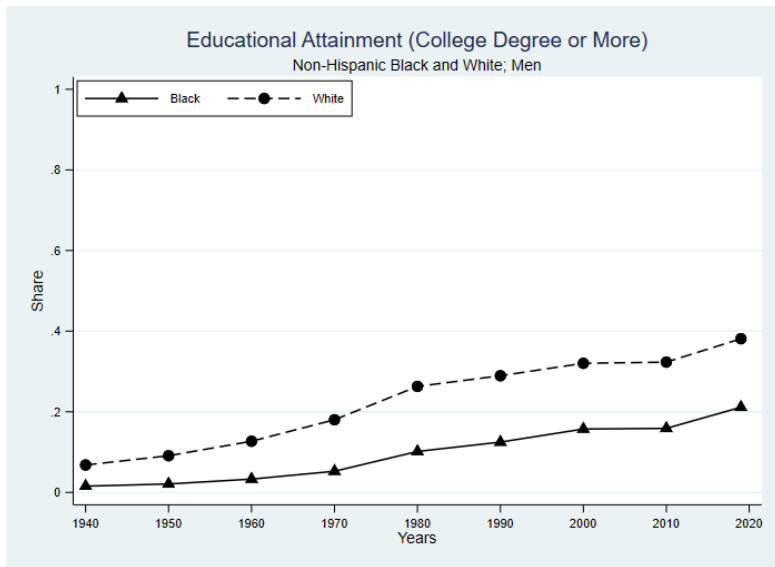
Definitely there at Bottom..s



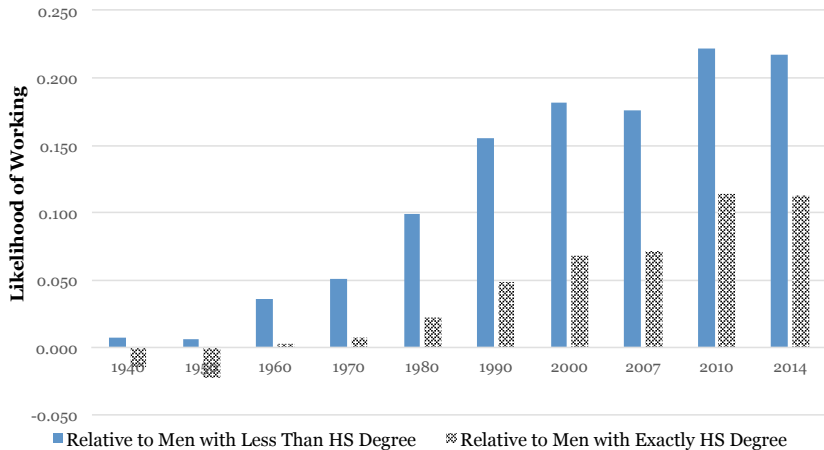
And in the Middle..



Alas, No Closing and Even Widening at Top



Difference in Prob. of Working Between Men with Any College and Other Men



Total Change	-0.11
Distributional Convergence	-0.10
Positional Convergence	-0.01
<i>Black Relative Education Improvement</i>	
General Value of More Schooling	0.06
How Market Rewards Specific Levels	-0.07

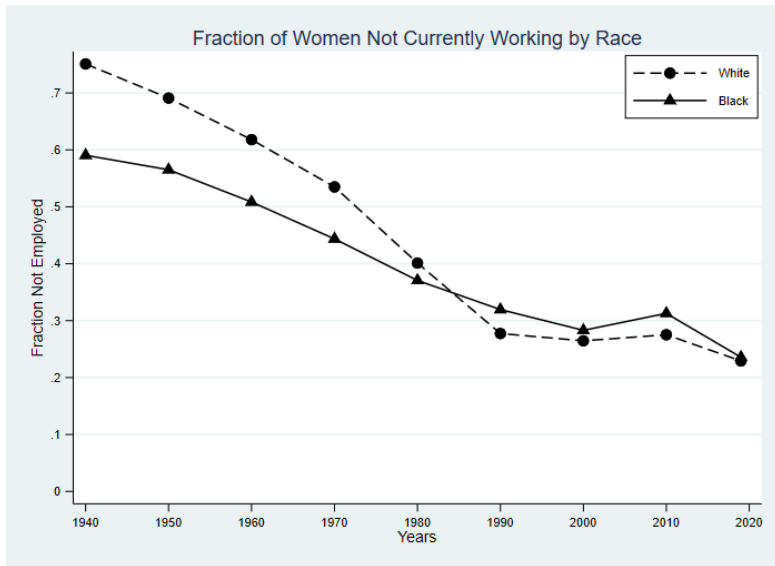
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If....

a) No Policy that Raised Black Ed -0.18

b) No Change in How College Valued -0.05

Enough about Men. What about Women?



Very Different Picture for Women..

- Nature of selection into non-work very different from men (and changing over time). Often not women whose earnings *would have been* low.
- Unlike men, for both races steady reduction rather than increase over time
- Time series “cross” over time.

Taken together, this all means that where as we can say something about how gap between black and white women has changed, *cannot* apply our decomposition method

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Household Types among Black and White Women, Aged 25-54

	Single	With Partner	<i>"Roommate"</i>
White	0.14	0.6	0.18
Black	0.31	0.34	0.35

Huge Average Differences by Race

Let's Focus Only Female "Householders", Aged 25-54

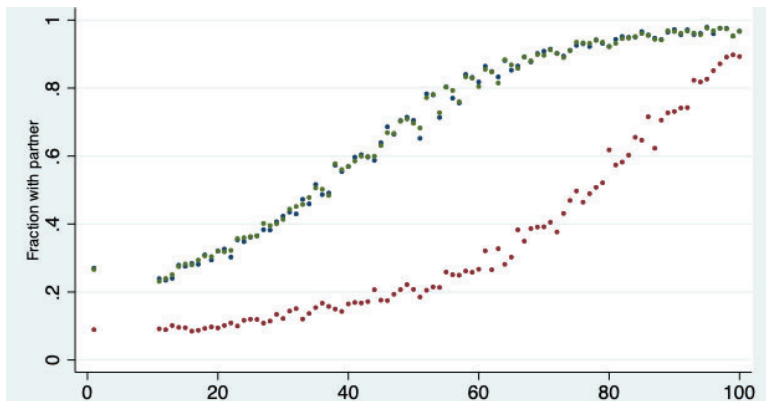
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Define earnings of a female householder thus:

- If single, her earnings only
- If partnered, sum of her earnings plus her partner's

Can rank all women by how they compared to women with of the same race and then measure their household type

Share of Women Living with Partner, by Percentile of Total Household Earnings



How Important is Household Structure?

Define earnings of a female householder thus:

- Given black woman household status of white counterpart
- Let her partner be drawn from the same position in the male earnings distribution as white counterpart

How Would Black Women's Household Earnings Change if Blacks Partnered as Whites Do?

