

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

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# 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

- White Backlash in the 1960s: Nixon, Reagan, Bush 41 (Willie Horton)
- 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
- Wealth Gap: Inheritance v. Income Gaps v. Savings Rates v. Returns to Savings
- Incarceration Gap: (Violent) Crime v. Excessive Penalties v. Differential Treatment

**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?