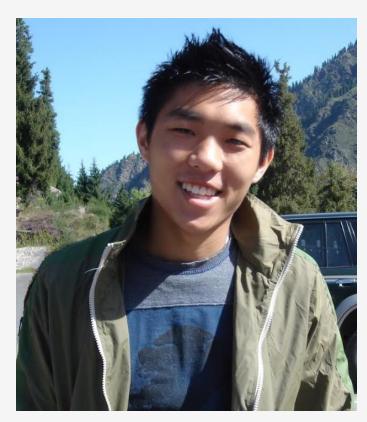
# The Causes and Consequences of Discrimination

Lessons from (and for) Economics

Desmond Ang

Harvard Kennedy School

#### Introduction



(me, circa 2004)

#### **Dartmouth Class of 2008**

Econ major grappling with existential questions like:

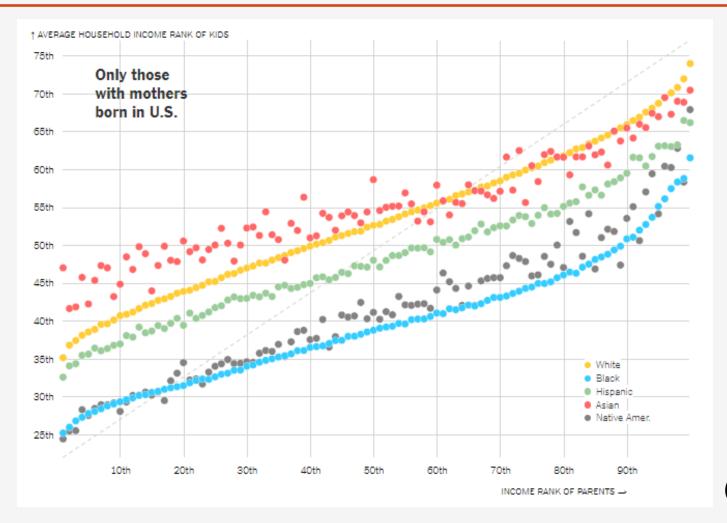
- How do I avoid being killed by an icicle?
- Why is everyone wearing sweatpants all the time?
- Should I be using **more** hair spray?

# Introduction

Study and teach about the causes and consequences of racial discrimination

- What we know
- What we're missing
- Where we need to go

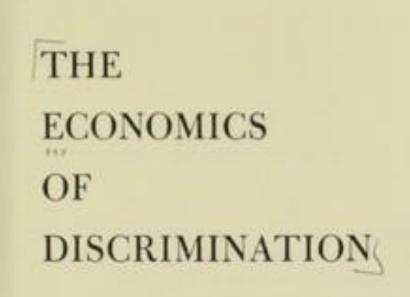
# Racial Inequality in the U.S.



(Chetty et al., QJE, 2020)

At every level of family income, Black, Native, and Hispanic children fare worse as adults than their peers

#### **Economics of Discrimination**



Gary S. Becker

Second Edition

Economics research largely rooted in Becker's model (1957)

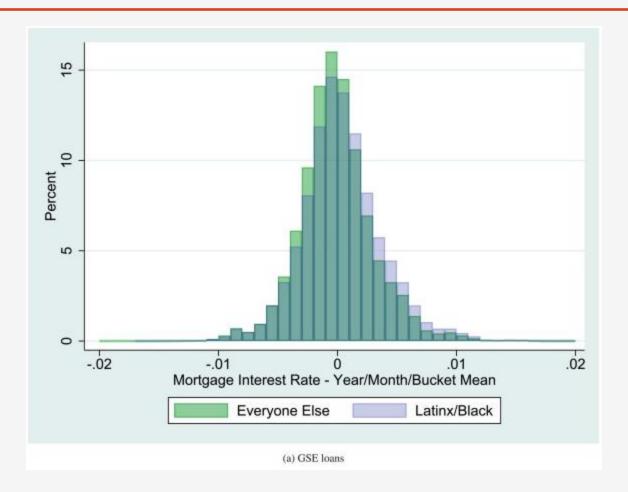
#### Definition:

When members of one group are treated less favorably than members of another group with **identical productive** characteristics (*ceteris paribus*)

#### Examples:

- Loan officer more likely to reject Black applicants than White applicants of equal creditworthiness
- Hiring manager more likely to interview Asian applicants than Hispanic applicants with identical resumes

# Mortgage Lending



(Bartlett et al., JFE, 2021)

Black and Latinx applicants 33% more likely to be denied a loan than equally qualified White applicants and pay \$450 million/year more in interest rates

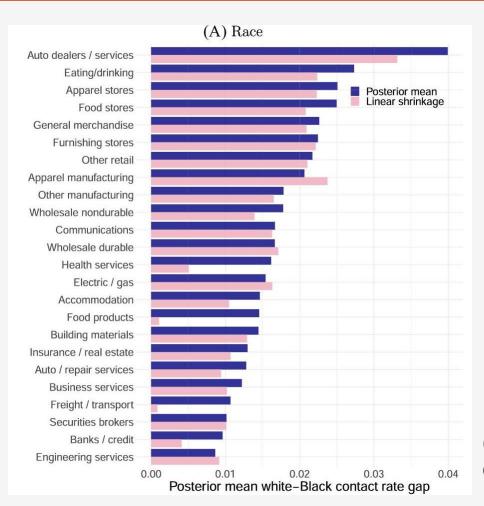
#### **Labor Markets**

	Call-Back Rate for White Names	$\begin{array}{c} Call\text{-}Back\ Rate\ for \\ African\ American\ Names \end{array}$	Ratio	Difference (p-value)
Sample:				
All sent resumes	<b>10.06</b> % [2445]	<b>6.70</b> % [2445]	1.50	<b>3.35</b> % (.0000)
Chicago	<b>8.61%</b> [1359]	<b>5.81</b> % [1359]	1.48	<b>2.80</b> % (.0024)
Boston	<b>11.88</b> % [1086]	<b>7.83</b> % [1086]	1.52	<b>4.05</b> % (.0008)
Females	<b>10.33</b> % [1868]	<b>6.87</b> % [1893]	1.50	<b>3.46</b> % (.0001)
Females in administrative jobs	<b>10.93</b> % [1363]	<b>6.81</b> % [1364]	1.60	<b>4.12</b> % (.0001)
Females in sales jobs	<b>8.71</b> % [505]	<b>6.99</b> % [529]	1.25	1.72% (.1520)
Males	<b>9.19%</b> [577]	<b>6.16</b> % [552]	1.49	3.03% (.0283)

(Bertrand and Mullainathan, AER, 2004)

Resumes with Black-sounding names receive significantly fewer call-backs than identical resumes with white-sounding names

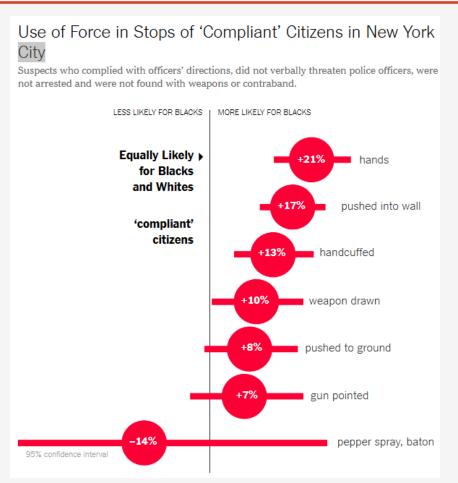
#### **Labor Markets**



(Kline, Rose, and Walters, QJE, 2022)

Same patterns found for Fortune 500 companies across every industry

#### **Criminal Justice**



(Fryer, JPE, 2019)

Black civilians stopped by police significantly more likely to experience use of force (but not lethal force) than white civilians stopped under identical circumstances

# Strengths and Limitations

Highly-intuitive, easily testable, and aligned with legal definition of disparate treatment

Proof of on-going discrimination against Black and Hispanic people across a multitude of settings

- Hospital admissions
- Student and teacher evaluations
- Bail and sentencing decisions
- Etc. etc. etc.

Inherently focused on behavior of generally white decision-makers

- Are individuals biased against a particular group?
- Is this due to racial animus (taste-based) or identity-based inference (statistical)?

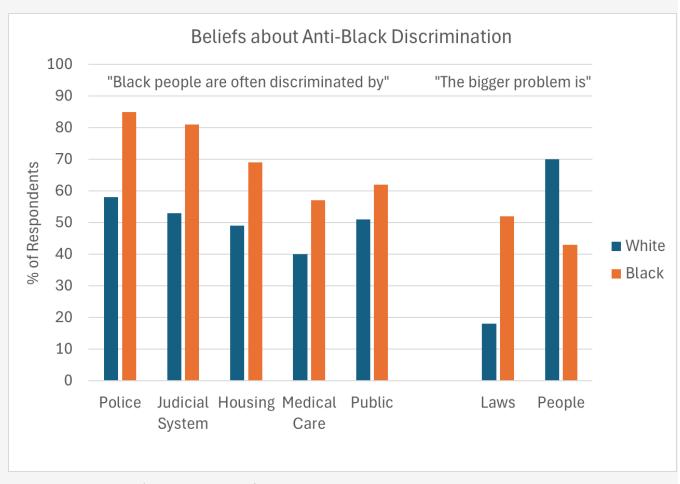
# Missing Perspectives

Becker model reflective of dominant **white** views of discrimination:

- Null hypothesis of no discrimination
- Belief that racism is driven by individuals

Contrasts sharply with **minority** perspectives:

- Prevalence of and experiences with discrimination
- Belief that racism is driven by laws and institutions



(Alesina, Ferroni, and Stantcheva, 2024; Pew, 2021)

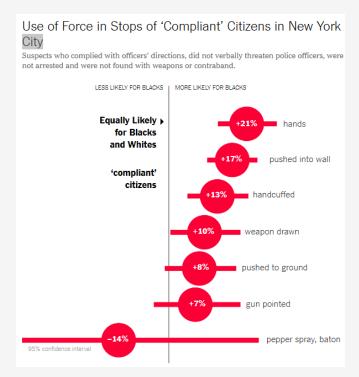
# Missing Perspectives

Research on causes and consequences of discrimination is far more limited

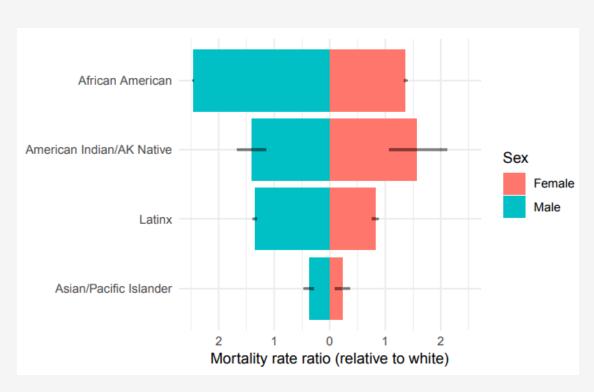
- What are the institutional drives of racial prejudice and bias?
- How do experiences of discrimination, its anticipation or perception, shape trust, cohesion, beliefs, preferences, investments, etc.

What we do know suggests these factors may be important to **redressing racial inequality** and polarization

Large share of racial disparities can be explained by implicitly or explicitly racially-targeted policies

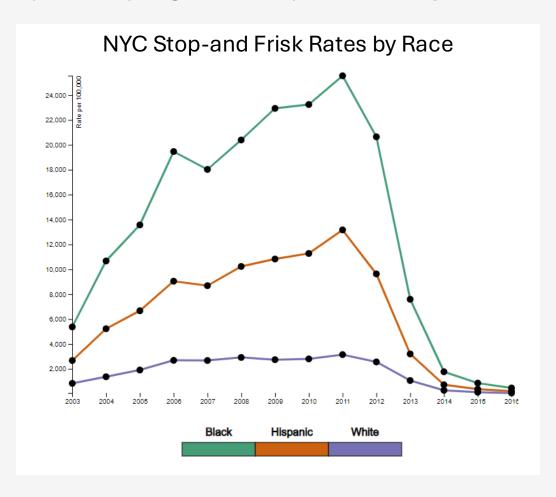


"We find that, conditional on a police interaction, there are **no racial differences** in officer-involved shootings ... either in the raw data or when contextual factors are taken into account" (Fryer, JPE, 2019)



"Black men are about **2.5 times more likely** to be killed by police over the life course than white men" (Edwards, Lee, Esposito, PNAS, 2021)

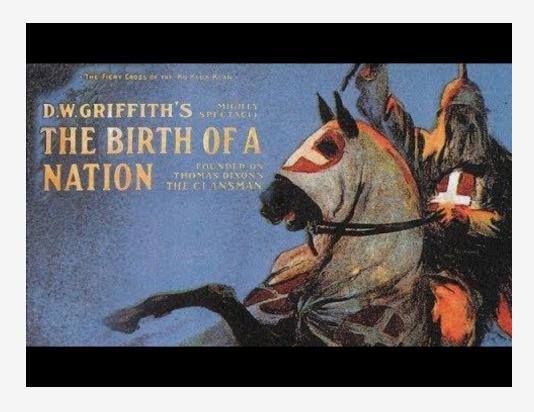
Explained by huge racial disparities in **stop rates**...



which are determined by **deliberate policy decisions**, historically and today

"People say, 'Oh my God, you are arresting kids for marijuana who are all minorities.' Yes, that's true. Why? **Because we put all the cops in the minority neighborhoods**." - Mayor Michael Bloomberg (2015)

#### Racial prejudice propagated by many pillars of American society including mainstream media



"It's like writing history with lightning"

- Woodrow Wilson

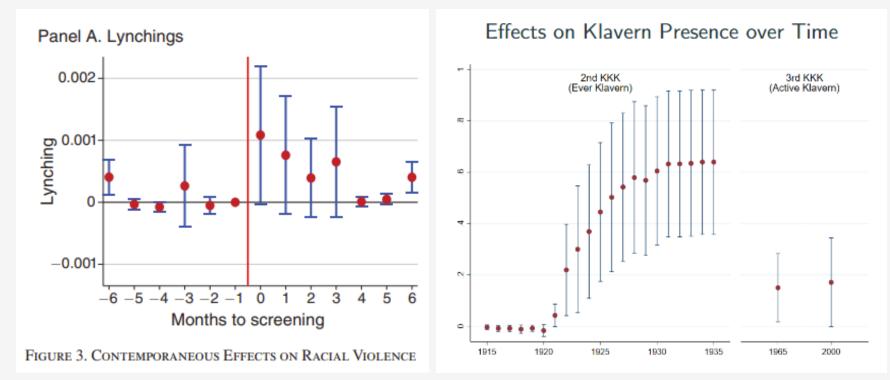
Timeline of the highest-grossing film record							
Established	Title	Record-setting gross	Ref				
1915 <sup>[66]</sup>	The Dight of a Nation	\$5,200,000 <sup>R</sup>	[# 86]				
1940	The Birth of a Nation	\$15,000,000 <sup>R</sup> ‡	[# 314]				
1940 <sup>[32]</sup>	Constitute the Minel	\$32,000,000 <sup>R</sup>	[# 137]				
1963	Gone with the Wind	\$67,000,000 <sup>R</sup> ‡	[# 315]				
1966 <sup>[66]</sup>	The Sound of Music	\$114,600,000 <sup>R</sup>	[# 211]				
1971 <sup>[66]</sup>	Gone with the Wind	\$116,000,000 <sup>R</sup> ‡	[# 316]				
1972 <sup>[66]</sup>	The Godfather	\$127,600,000-142,000,000 <sup>R</sup>	[# 237][# 317]				
1976 <sup>[89][90]</sup>	Jaws	\$193,700,000 <sup>R</sup>	[# 252]				
1978 <sup>[91][92]</sup>	Cta = IMa ==	\$410,000,000/\$268,500,000 <sup>R</sup>	[# 318][# 237]				
1982	Star Wars	\$530,000,000 ‡	[# 258]				
1983 <sup>[93]</sup>	E. T. the a Extrem Towns attribut	\$619,000,000–664,000,000	[# 258][# 270]				
1993	E.T. the Extra-Terrestrial	\$701,000,000 ‡	[# 319]				
1993 <sup>[66]</sup>	Jurassic Park	\$912,667,947	[# 82]				
1998 <sup>[94]</sup>	Titanic	\$1,843,373,318	[# 7]				
2010 <sup>[95][96]</sup>	Avotor	\$2,743,577,587	[# 1]				
20.10[00][00]	Avatar	\$2,788,416,135 <sup>‡</sup>					

#### Blockbuster film valorized the KKK and villainized African-Americans





Local screenings precipitated a spate of racial violence and inspired the re-birth of the KKK



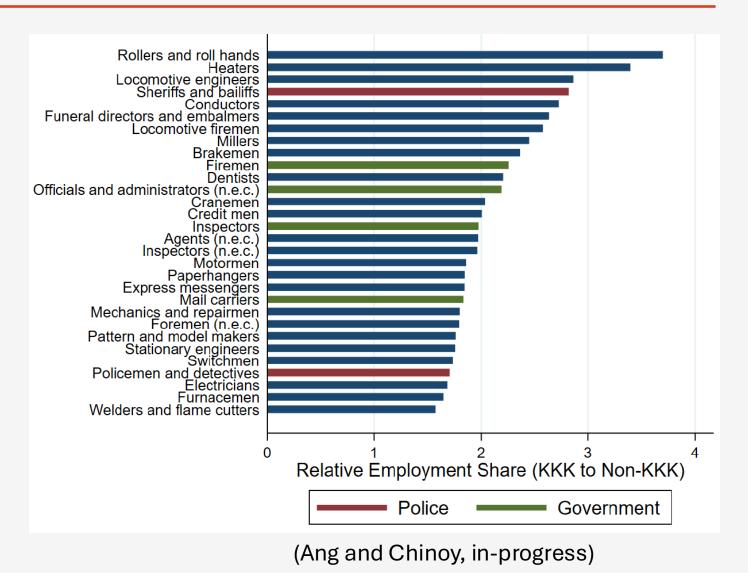
(Ang, AER, 2023)

"The Birth of a Nation [was] the **first American superhero** movie, and the point of origin of all these capes and masks...which are still very much White supremacist dreams of a master race."

- Alan Moore, creator of the Watchmen

These preferences are present throughout many levels of **government**:

- Historically: KKK members 2x overrepresented among police and public administrators
- <u>Today:</u> 42% Florida Highway Patrol biased against non-white drivers (Goncalves and Mello, 2021)



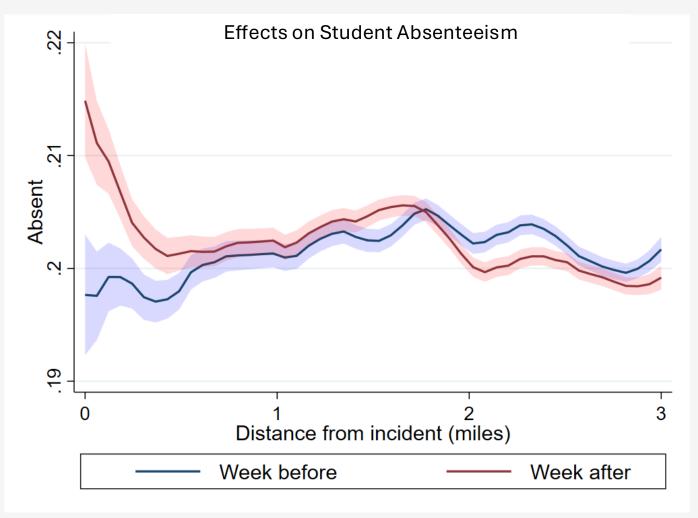
# Consequences of Discrimination

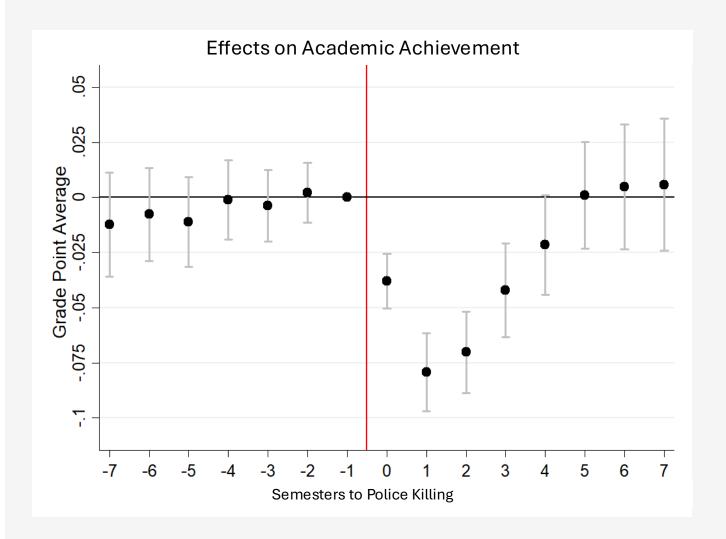
Know even less about how **experiences and perceptions** of discrimination inform minority well-being

- Social and institutional trust
- Expectations and investments
- Norms and identity

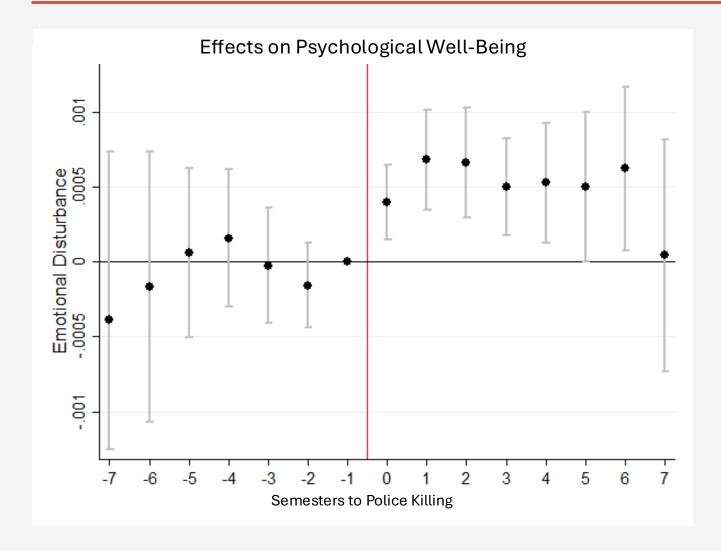
Consider the social impacts of police violence

 Despite econ research, abundant evidence that these events are viewed as raciallytargeted

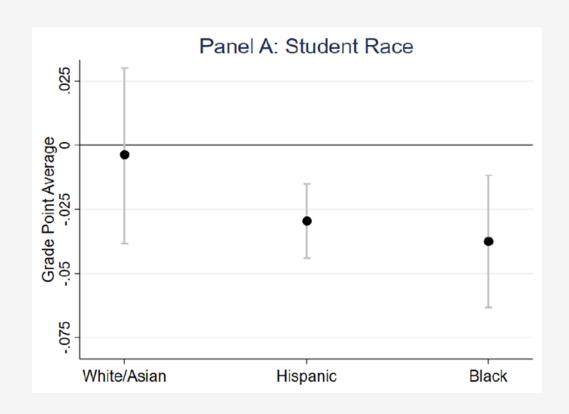


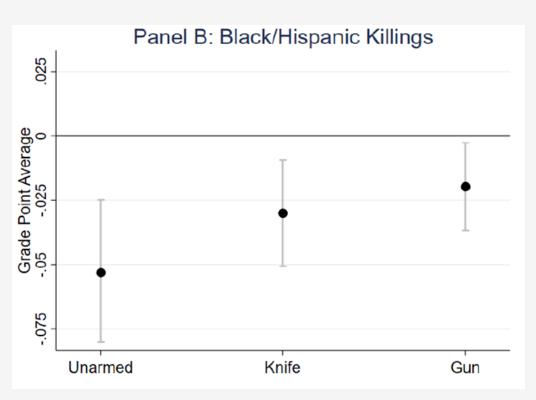


Nearby students experience large decreases in GPA lasting several semesters

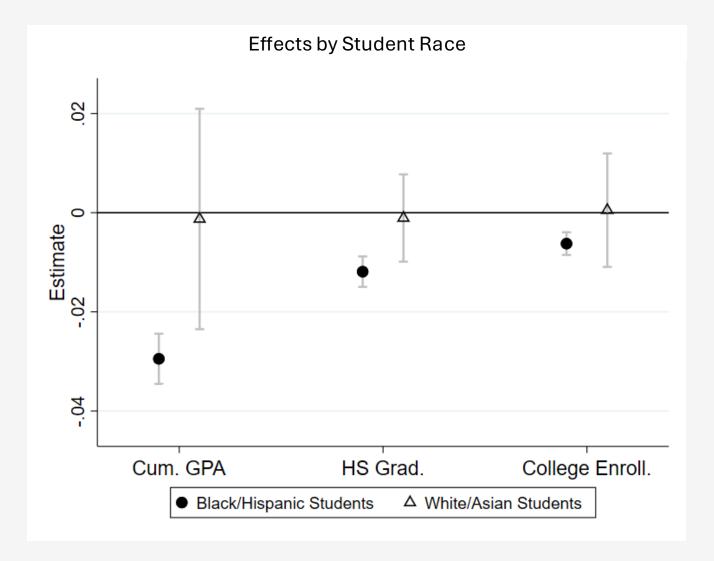


Police violence also increases clinical diagnoses of **emotional disturbance** and self-reported **fear** 



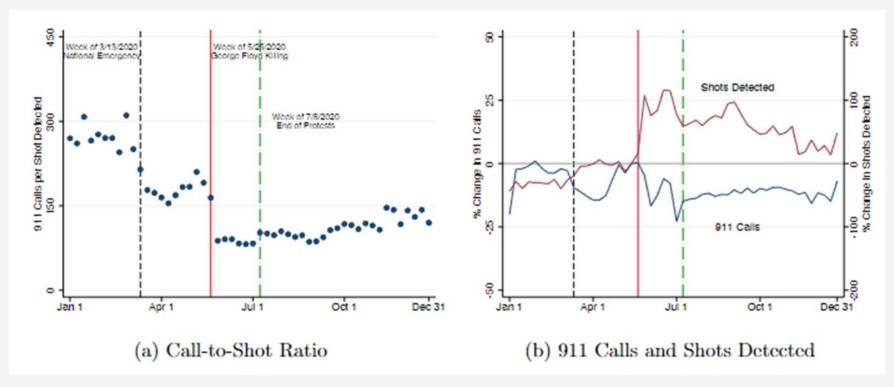


Effects driven entirely by **Black and Hispanic students** in response to police killings of **unarmed URMs**, highlighting the role of **perceived discrimination** and injustice



Each police killing causes three students of color to drop out of school, on average

#### Institutional Trust

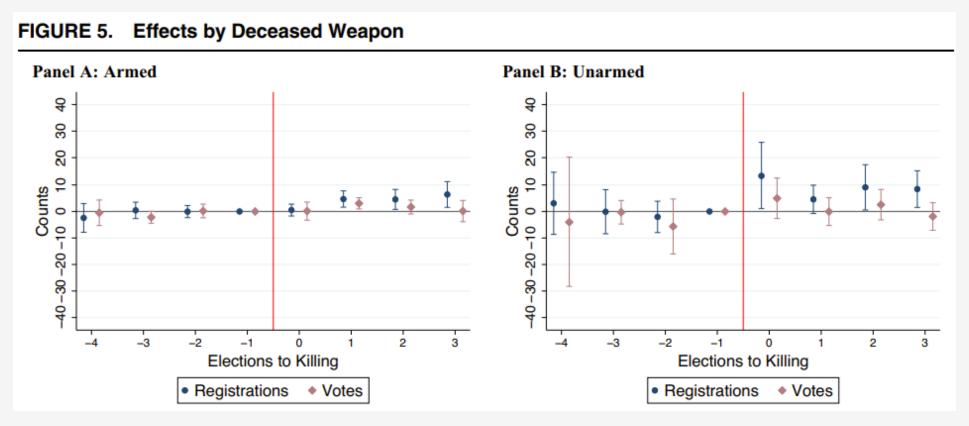


(Ang, Benscik, Bruhn, and Derenoncourt, AER: Insights, 2024)

Civilian engagement with police **dropped precipitously** following George Floyd's murder

#### Institutional Trust

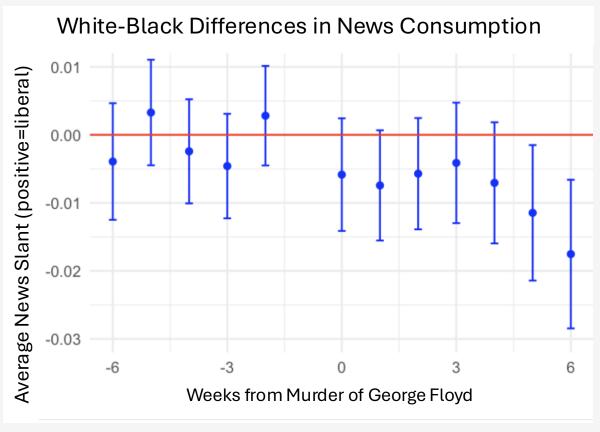
Spurring increased voter registration and turnout, specifically in support of criminal justice reform



(Ang and Tebes, APSR, 2023)

# **Racial Polarization**

...and increased racial polarization in news consumption



(Ang and Schneer, in-progress)

#### **Racial Polarization**

For decades, the single strongest predictor of a person's race has been attitudes toward police

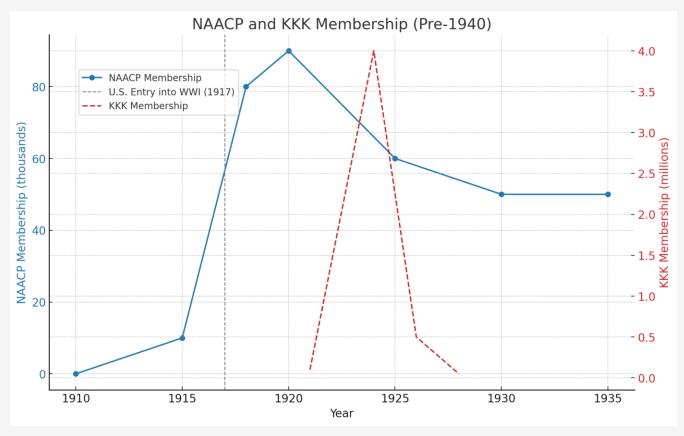
Table B.10: Attitudes and norms most indicative of being white

2016	
Ever approve of police striking citizens	66.7%
Approve of police striking citizens who escape custody	63.7%
Approve of police striking citizens who attack with fists	61.8%
Spending on blacks isn't too little	60.8%
Own shotgun in home	60.8%
Own rifle in home	60.6%
Own gun in home	60.6%
Allow communists' book in library	60.5%
Didn't voted for Democrat pres. candidate	60.1%
Homosexual sex isn't wrong at all	59.9%

(Bertrand and Kamenica, 2024)

#### **Racial Polarization**

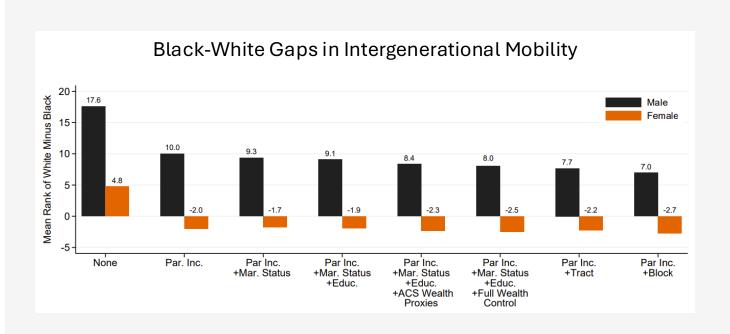
Looking back in history, other episodes of **institutional discrimination** during WWI catalyzed Black activism during an era of heightened racial tension and polarization

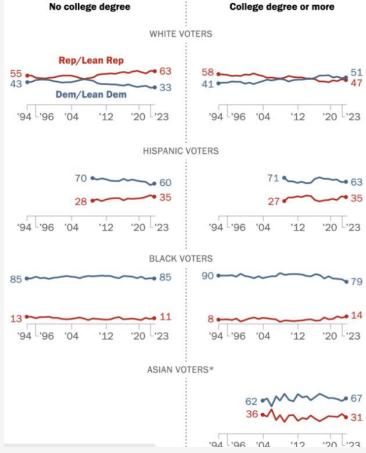


(Ang and Chinoy, QJE, forthcoming)

# **Implications**

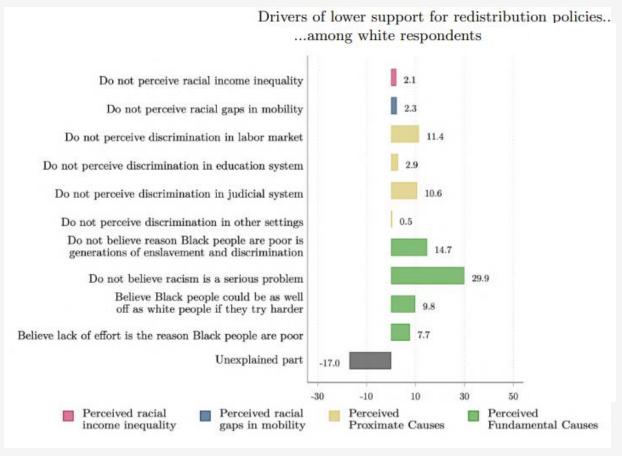
Racial inequality and polarization today **cannot** be explained solely by differences in resources





# **Implications**

But **beliefs about discrimination** – its existence and causes – explain a huge share of racial differences in policy preferences and attitudes

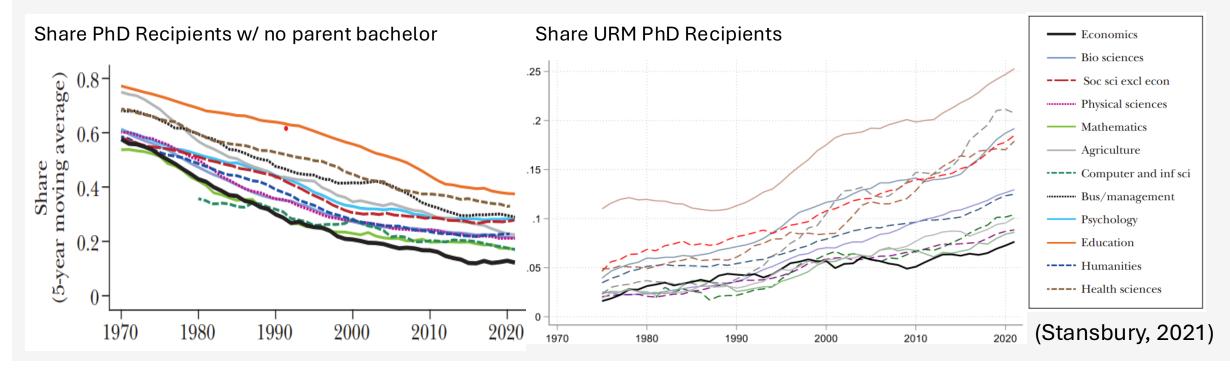


(Alesina, Ferroni, and Stantcheva, 2024)

#### A Path Forward

Broader consideration of the **root causes** and **dynamic consequences** of discrimination is necessary for addressing persistent racial inequality and polarization

At the same time, economics is the **least racially- and socioeconomically-representative** of all social sciences



#### A Path Forward

Economics is an incredibly powerful tool and holds **disproportionate influence** in policy-making, academia, industry, etc.

**Production** of discrimination research is itself a **function** of wider inequalities in education, income, etc.

**Widening** the pipeline, **engaging** with minority perspectives, and **interrogating** what questions we are and are not asking is critical to redressing discrimination

# Thank you!

desmond\_ang@hks.harvard.edu