

Addressing Inequality

Affirmative Action

Meanings of “Affirmative Action”

- **Aggressive Equality:** seek underrepresented groups as applicants, document that you are not discriminating against them, statistical patterns part of the documentation
- **Preference at the Margin:** among equally-qualified applicants, prefer the underrepresented
- **Different Standards:** Quotas, set-asides, different qualifications

Affirmative Action in the 1960s

- Was promoted to address the problems of overt discrimination
- Long-term defense of employment discrimination by overt racists & by employers who did not want any interference in their practices
- “Can’t legislate equality” the motto of resistance
- Where did the opponents of equality go after 1966?

Employment Discrimination by Name

Source

Are Emily and Greg More Employable than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination

Marianne Bertrand & Sendhil Mullainathan
Working Paper 9873

<http://www.nber.org/papers/w9873>

NATIONAL BUREAU OF ECONOMIC RESEARCH

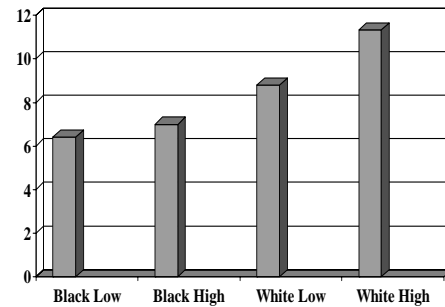
Method (1)

- Controlled experiment
- Chicago and Boston July 2001 – January 2002
- Generated a bank of realistic but fictitious resumes of college graduates
- Resumes were of high and low quality, as assessed by experience, career profile, employment gaps, skills listed
- Names randomly assigned to resumes were either “White” (e.g. Emily, Kristen, Carrie) or “Black” (e.g. Latoya, Ebony, Tamika). Many names used.

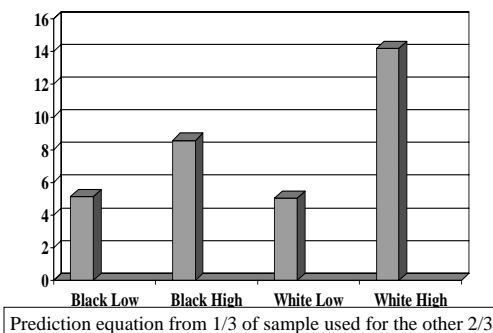
Method (2)

- Responded to 1300 newspaper ads for jobs in four occupational categories: sales, administrative support, clerical services and customer services.
- For each advertised job, sent four resumes by fax or mail: White high quality, White low quality, Black high quality, Black low quality. Nearly 5000 resumes sent.
- Dependent variable is whether the employer called or emailed and left a message

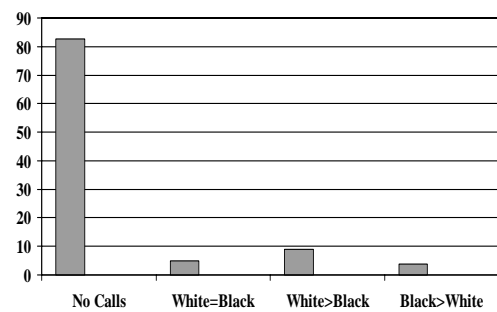
Result 1: % of applicants called by race and subjective "quality" measure



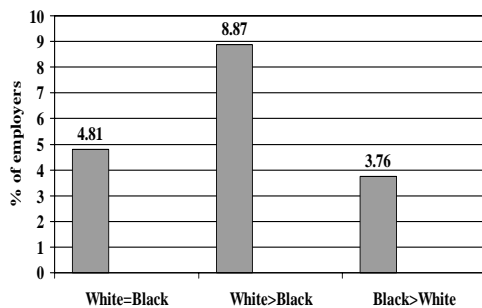
Result 2: % of applicants called by race and expected response predicted by other variables



Result 3: Racial mix of calls to applicants by 1300 employers



Result 3: Racial mix of calls to applicants by 232 employers who called at least one



Devah Pager: The Price of a Criminal Record

Controlled experiment, entry-level job seekers responding to newspaper ads in Milwaukee job market

Figure 1. The Effect of a Criminal Record on Employment Opportunities for Whites

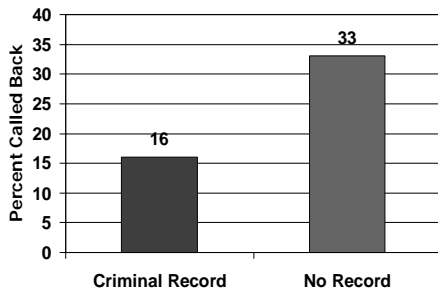
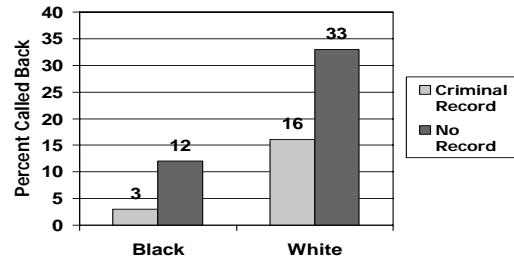


Figure 2. The Effect of a Criminal Record for Black and White Job Applicants



Myths about Affirmative Action

- It caused racial hostility
- It caused perceptions of Black inferiority
- It turned a situation of racial equality into a situation of “reverse discrimination”
- Employers would practice racial equality if left to their own devices

Unfortunately, discrimination in favor of Whites is still common.

How Does Discrimination Happen?

- Conscious, overt prejudice
- Statistical discrimination
- Reflection of customers, wider society
- Unconscious discrimination
 - Sliding standards
 - Comfort with people like yourself
- Irrelevant hiring criteria that discriminate
- Customs & practices that make people feel unwelcome, discourage applications

Employment

- Aggressive equality is the most common
- Some use of preference at the margin (especially where workforce diversity is important)
- Different standards are rare
 - Quotas are illegal
 - Quota-like practices have been imposed by courts when companies were found guilty of discrimination.
 - Some companies voluntarily have quota-like practices.

Aggressive Equality

- Employers are required to use objective hiring criteria and to keep data to demonstrate
 - Serious effort to advertise positions broadly
 - Objective qualifications of those hired & not
- Assumption that equality in hiring will, in the long run, lead to a work force that mirrors the pool of qualified applicants
 - Statistical monitoring
 - Goals and timetables
 - Debates about nature of the pool of qualified applicants

Resistance to Aggressive Equality

- Burden of documenting
- Concerns that “goals and timetables” become quotas in practice
- “People skills” and “attitude” are hard to measure, are important in many jobs, and are deeply affected by cultural similarities among people
- A desire to discriminate and get away with it

Preference at the Margin

- If roughly equal, prefer those underrepresented. NOT “solely because of race”
- Not legally required unless the employer has been found guilty of discrimination
- Sometimes seen in public employment where there is a substantial minority clientele: Police, teachers etc.
- Businesses voluntarily favor diversity to satisfy a diverse customer base
- Military practices strong preference at the margin in promotions

Resistance to Preference at the Margin

- Argument that “roughly equal” isn’t good enough, should finely rank all applicants
- Seems “unfair” to those not underrepresented
- Would random selection be fairer?
- Desires of non-White customers or clients seem irrelevant

Different Standards

- Quotas are illegal in employment
- Strict “goals and timetables” generally a response to court cases in which employer was found guilty of overt past discrimination
 - May be required to give preference to the group discriminated against to remedy past illegal discrimination
 - These remedies are rarely used and have declined
- Employers do sometimes voluntarily favor underrepresented groups, but more often in fact favor Whites

Set-Asides

- There are “minority” and also “small business” set-aside programs in public contracting
- Theory is that large established firms can always under-bid
- Set-asides are designed to give a small share of public business to firms trying to get established
- Arguments for in terms of minority tax-payers want to see “their” businesses get a proportional share of public expenditures
- Set asides never give a majority of business to small or minority firms

Summary

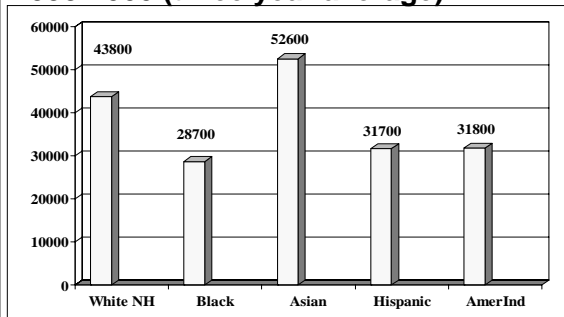
- “Affirmative Action” denotes a wide variety of actual practices, important to distinguish
- Statistical data and testing research indicate a great deal of pro-White (and pro-male in some occupations) employment discrimination
- In employment, most “affirmative action” is oriented toward countering discrimination against racial minorities, women

Summary continued

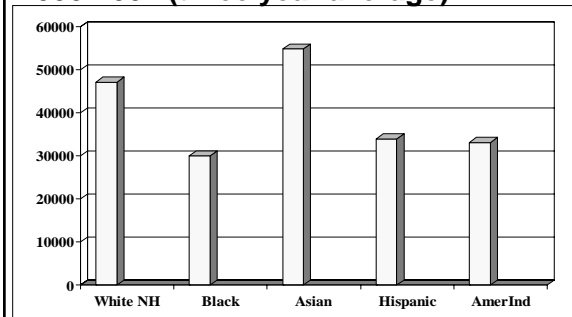
- There are occupations/firms in which there are “diversity preferences”
 - Teaching, policing, other public employment
 - Firms seeking to deal with a diverse customer base, or build their public image in minority communities
- Big debates about “qualifications”
- All hiring contains a huge element of subjective “character” and “personality” issues in which there is a strong tendency to prefer people like oneself

Some income/education trends

Median Household Income by Race 1998-2000 (three year average)

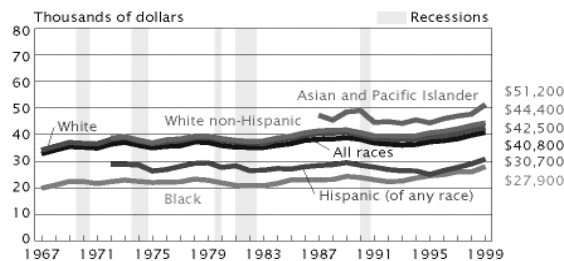


Median Household Income by Race 2000-2002 (three year average)



Median Household Income by Race and Hispanic Origin: 1967 to 1999

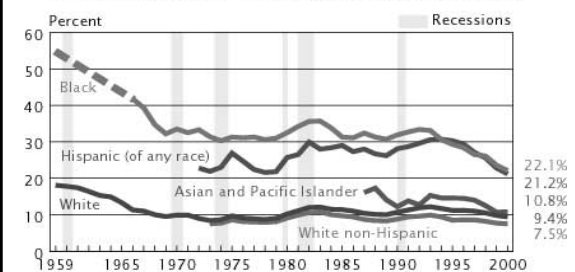
Income increased for all groups; highs set or equaled for all groups



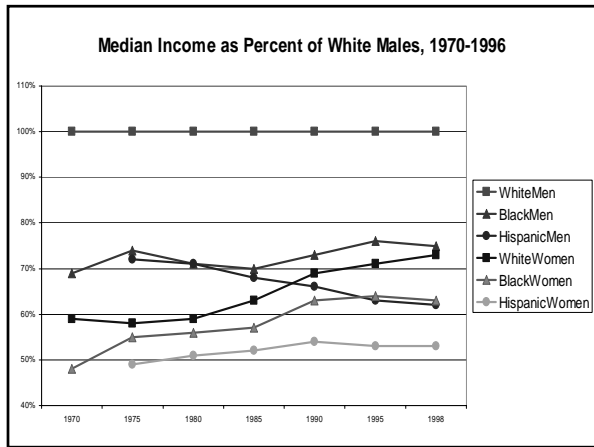
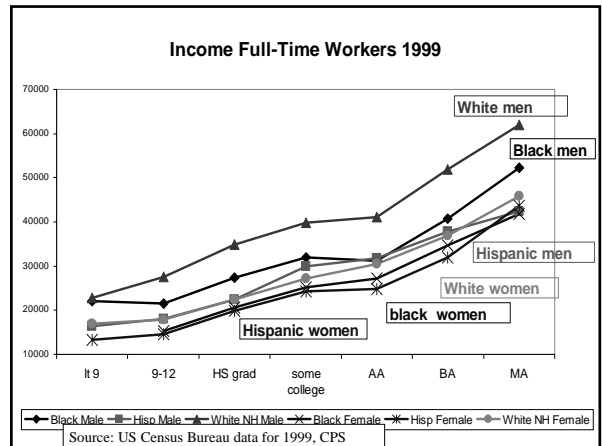
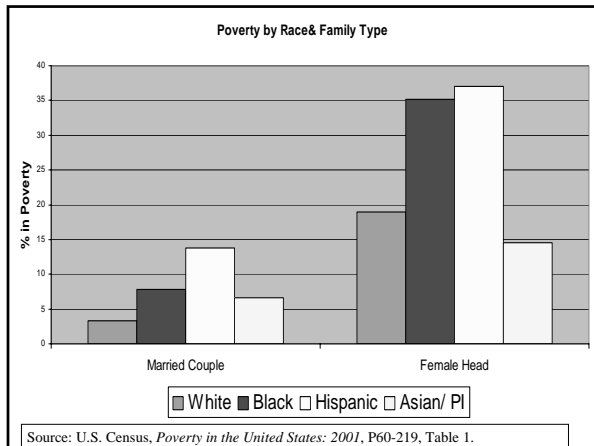
Note: Income rounded to the nearest \$100. Income in 1999 dollars.
Source: U.S. Census Bureau, Current Population Survey, March 1968 to 2000.

Poverty Rates by Race and Hispanic Origin: 1959 to 2000

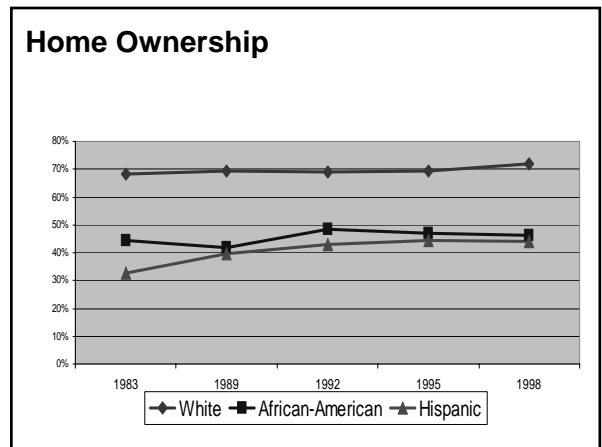
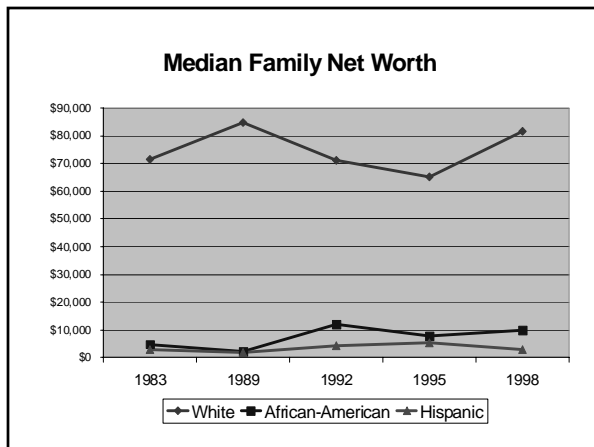
Poverty rates declined for Blacks and Hispanics; lows set or matched for all groups except Whites



Source: U.S. Census Bureau, Current Population Survey, March 1960 to 2001.

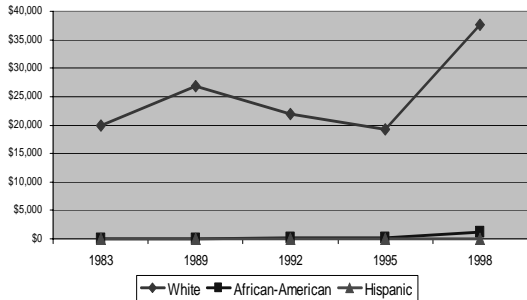


**Wealth
Is More Unequal Than Income**



Financial Wealth

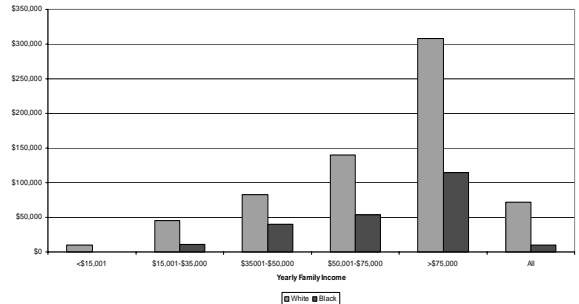
Median Family Financial Wealth



Race and Income Affect Net Worth

Median Net Worth 1994

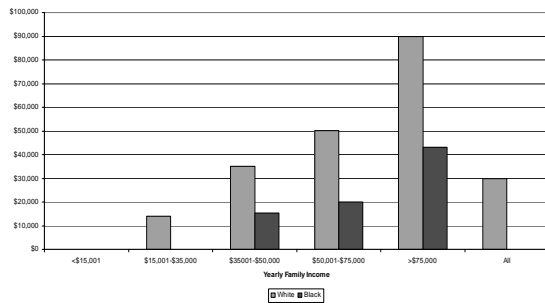
Source: Dalton Conley, Being Black, Living in the Red



Median Home Equity by Race, Income

Median Home Equity 1994

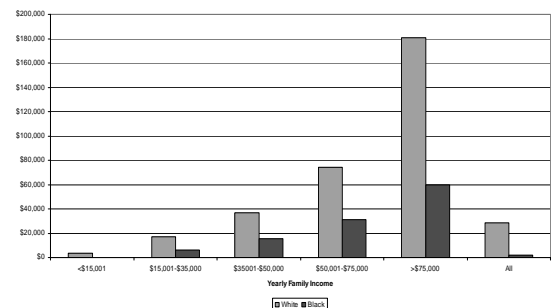
Source: Dalton Conley, Being Black, Living in the Red



Financial Wealth by Race, Income

Median Financial Wealth (Net Worth Minus Home Equity) 1994

Source: Dalton Conley, Being Black, Living in the Red



"In The Red" (Debts Greater than Assets)

Percent In the Red (Owe More than Their Assets) 1994

Source: Dalton Conley, Being Black, Living in the Red

