HOWARD UNIVERSITY
DEPARTMENT OF ECONOMICS

Is now a teachable moment for economists?

An open letter to economists from Bill Spriggs

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Dear colleagues,

I have been warmed by the opening of the hearts of some economists who have displayed a new, and renewed, sense of angst about the racial issues our nation confronts because recent events have moved them. Watching the gut-wrenching brutal murder of George Floyd has gotten them to think about the bigger issue of what is really wrong, because their training as economists has let them silently accept lots of "givens" they now understand should not be presumed, and that "givens" do, in fact, matter. Having come to the realization that one cannot simply assume that all police are there to serve and protect is wrong. But watching the other three police officers sit by and do nothing about the murder means you have to question other assumptions too. But I am not sure if this moment has gotten to economists enough to see their role as economists in perpetuating the very things they wish to recoil from.

Modern economics has a deep and painful set of roots that too few economists acknowledge. The founding leadership of the American Economic Association deeply and fervently provided "scientific" succor to the American eugenicists' movement. Their concept of race and human interaction was based on the "racial" superiority of white, Anglo-Saxon Protestants. And they launched modern economics with a definition of race that fully incorporated the assumed superiority of that group and bought into a notion of race as an exogenous variable. The overwhelming majority of explorations of racial disparities in economic outcomes remains deeply tied to that view of race as an exogenous variable. And in the hands of far too many economists, it remains with the assumption that African Americans are inferior until proven otherwise. And, in this regard, it places economists alone outside the mainstream of all other American social sciences. It is the constant micro-aggression that African American economists endure at every meeting, and in reading every paper, and in reading every reviewer's comments.

The view of economists has real meaning because economists play a key role in shaping policy. We are viewed as the objective scientists, with the tools to identify solutions; presumably absent "passion." But if you start with a model that has race as exogenous, racial differences cannot be objectively approached. The model begins with a fallacy that assumes racial differences as a natural order. It biases the model, because there is a built-in excuse for disparities that cannot be solved. And, invariably, in the overwhelming case of economic analysis, assumes that there is something "deficient" about black people.

Hopefully, more economists will accept the ugly reality that passively accepting that view leads to the ugly incidents of police misconduct we all observed. It is a form of "othering" that reduces the pain inflicted on someone because of decisions that are made. And it excuses the decision maker from responsibility at best or absolves them of guilt for the consequences at worst. Too many economists are great at excusing themselves when policies they propose exacerbate racial disadvantages because of that world view.

Among the kinder economists, the "deficiency" in African Americans is caused by systemic policies that disadvantage black people's participation in the economy as equals. This requires real contortions, because it proclaims that there is a set of actors who have devised rules to prevent African Americans from adequate schooling (this is the primary claim), mostly through housing segregation and, depending on the economist, some learned or absorbed frustration on the part of African Americans that compounds their disadvantage. That is a difficult model to accept, because it means these actors who act with animus direct all their efforts at human capital accumulation but then act objectively in all of their other interactions with African Americans. I call this the two-bus theory because it requires busing out those negative actors and busing in new actors to make all other economic decisions on jobs and, in total contortion, home mortgage and home purchase decisions (since animus is accepted in creating residential segregation). Far too often, these same economists reject the modern social science theory of race as a social construct, designed to achieve and maximize outcomes for the benefit of those who created the racial definition, because those economists "fail to see where the agency is" for this. The inconsistency, of course, is that this contorted view accepts clear agency for the actions to segregate housing and create poor schooling.

Another strain of economists are the "polite" economists who use "statistical discrimination" as a way to resolve what they perceive as an agency problem in how racism can affect economic outcomes. To black economists, "statistical discrimination" is a constant micro-aggression. It is a model that makes no sense. How does a model assume that an entire set of actors, observing the infinite diversity of human beings, all settle on "race" as a meaningful marker independent of history, laws, and social norms? And, miraculously, those same "rational" actors use "statistical" methods to find only negative attributes highly correlated with "race." The fact that far too many economists blindly agree that negative attributes correlate to being African American and cannot see that relationship to police officers assuming all black men are criminals is stupefying. The fact that a discipline that prides itself on being objective and looking for data to test hypotheses fails to see how negative attributes do not correlate with being African American is a constant irritant for black economists.

Hopefully, this moment will cause economists to reflect and rethink how we study racial disparities. Trapped in the dominant conversation, far too often African American economists find themselves having to prove that African Americans are equal. We find ourselves, as so often happens in these ugly police cases, having to prove that acts of discrimination are exactly that—discrimination. Instead, to be heard, we must start with, "The victim was unarmed." We find ourselves constantly facing, "You didn't see the complete video. There is some context or pretext you missed that justified this police action." In our case as economists, we find that there is some missing variable you omitted that surely justifies the unequal outcome experienced by African American workers, home loan applicants, or students.

To far too many African American economists, it looks like economists are desperate for a "Great White Hope," some variable that can be used to once and for all justify racial disparities. Of course, for the dominant view in economics, that has become test scores and measures of cognitive ability. I, for one, am constantly irritated by the total ignorance of economists to what William Rodgers and I wrote to show how absurdly weak that evidence is. And then the work by William Darity, Darrick Hamilton, and Arthur Goldsmith to show that, in fact, there are positive things correlated to being African American, and when those things are considered, the test score explanation totally falls apart. And work by Patrick Mason to show similar weak results, and then my list will grow longer. But that would require economists to actually read what black economists write—which exceedingly few white economists do.

So, what would I hope would happen going forward? I would hope this would be a moment when economists become the empiricists we pretend. We would absorb the moment to agree that, just as we would find it offensive to be told after watching that wretched video once again of George Floyd being publicly lynched, we do not think there is an omitted variable problem. The problem is having too many economists get away with hiding behind sometimes veiled and sometimes ugly assumptions of inferiority.

So, going forward, I hope that we will join other social sciences and accept that race is a social construct. The purpose of the construct is to have a dominant group designate a group to receive less of the goods of society. We will see economists accept that America did have residential segregation covenants written into deeds; accept that America created legally separated schools and segregated use of public facilities not out of a benign "separate but equal," but a deliberate "separate and unequal" vision. We will accept that, in fact, in America, race has a specific legal definition to explain exactly which set of people do not have the full protection and exercise of their rights and that laws are just one manifestation of how a group can stratify society. And, if laws are banned, it does not mean that the stratification ends; banning laws merely ends one way to achieve the end of segregation.

And I hope that when we run regressions and do studies, and find that even after controlling for all that our theory tells us, if we come across a disparity, we will not be surprised. In fact, we will expect a significant effect, because we know that the variable "race" was meant to measure a marker for the group for whom the negative effect was intended. And rather than question economists who conclude that they see discrimination, we question anyone who uses "race" as a variable to explain exactly what their variable measures—the exact question we would have about any variable entered into any model.

We will get far better policy. We will no longer look for marginal policies to create change, because we know that we will be skirting the real issues. We won't be amazed that after too many years of approaching a systemic policy with marginal analysis and marginal policies, we are not going to get the change we need. Assuming black inferiority has made all that bad policy possible, because it has blinded economists to the agency of African Americans to push ahead and survive despite the systemic issues. So, rather than accept the massive investment African Americans have made in improving their human capital, economists have gone off to look for some other marginal shortcoming; the former slaves and servants who lack soft skills to be obedient workers is the one I puzzle at most. Or yet another attempt to get African Americans to pursue associate degrees—when African Americans are vastly overrepresented as associate degree holders, especially in computer science—while ignoring the fact that the unemployment rate for black associate degree holders is so often at the level of white high school dropouts, and their pay is barely equal to that of white male high school graduates.

Instead, I hope we economists will focus on how we achieve systemic change. And we will have a better discipline for it. Clearly, we should see, not just in understanding the brutal murder of George Floyd, that marginal changes like two more hours of sensitivity training for police will not bring justice; but in this brutal economy flat on its back, that marginal analysis will not restore economic balance and performance. We will not chase endlessly for the right instrument to identify some narrow policy goal that on the margin might lift wages by 2 percent, all else equal, but again ask the big questions about understanding the institutions that created our massive inequality.

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