



# A Sociological Perspective on Discrimination

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# Background

- ▶ Economics has two traditional and well-known models (taste and statistical)
- ▶ Sociology is expansive, has many (which answer different kinds of question)
- ▶ **Three reasons economists should consider not only taste and statistical discrimination but also institutional discrimination**

# Background

- ▶ Taste
  - ▶ Person pays price to not associate with given group (Becker 1971)
- ▶ Statistical
  - ▶ Person uses group traits to make inferences about individual (Arrow 1972; Phelps 1972)
- ▶ In common: (a) conscious decision; (b) individual decides.

# Background

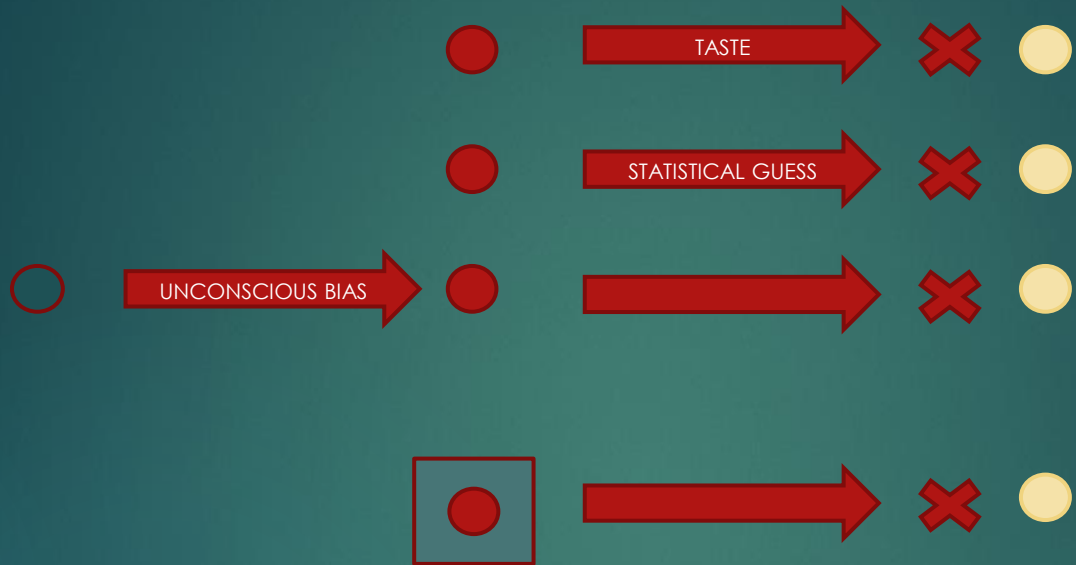
- ▶ Implicit bias [psychology]
  - ▶ Person acts on basis of unconscious bias against group (Greenwald and Banaji 1995; Bertrand et al 2005)

# Background

- ▶ Implicit bias [psychology]
  - ▶ Person acts on basis of unconscious bias against group (Greenwald and Banaji 1995; Bertrand et al 2005)
- ▶ Institutional discrimination
  - ▶ **Differential treatment by race either perpetrated by organizations or codified into law** (Small and Pager 2020)
  - ▶ Does not require person at present to eschew association, aggregate from group traits, or enact unconscious bias

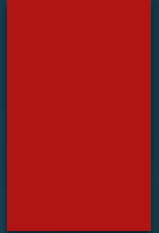








**Organizations can discriminate irrespective of the intentions of their members**

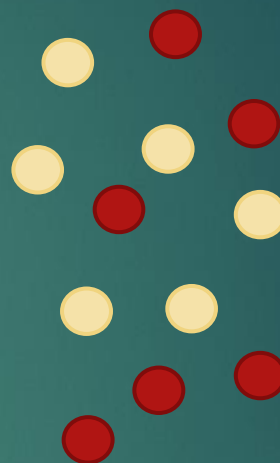
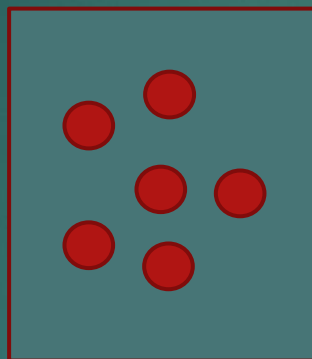


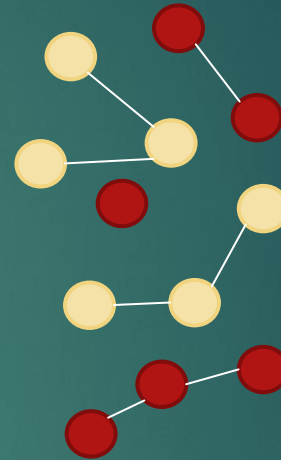
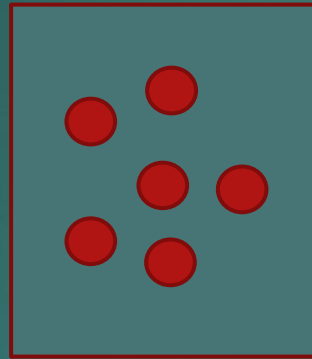
- ▶ Organization
  - ▶ Set of people and institutional practices formally organized around a global purpose
  - ▶ People *and* institutional practices

- ▶ Practices “institutional” in two ways
  - ▶ Norms: formal or informal expectation of behavior
    - ▶ Eg, (formal) a university's requirement that tenure cases include outside letters; (informal) its expectation that faculty be polite to students
  - ▶ Cognitions: understanding of self within or some aspect of organization (not a mandate)
    - ▶ Eg, understanding of psychology major as high or low prestige

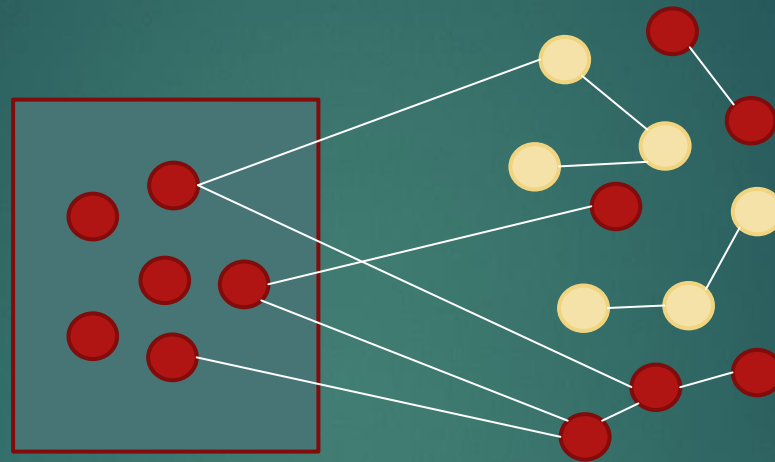
- ▶ Organizations can discriminate by instituting practices that treat people of different races differently—regardless of whether the practices were driven by prejudice and regardless of whether the managers, directors, or employees following the norms are themselves racially prejudiced.
- ▶ Example: referral-based hiring

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NETWORK  
HOMOPHILY

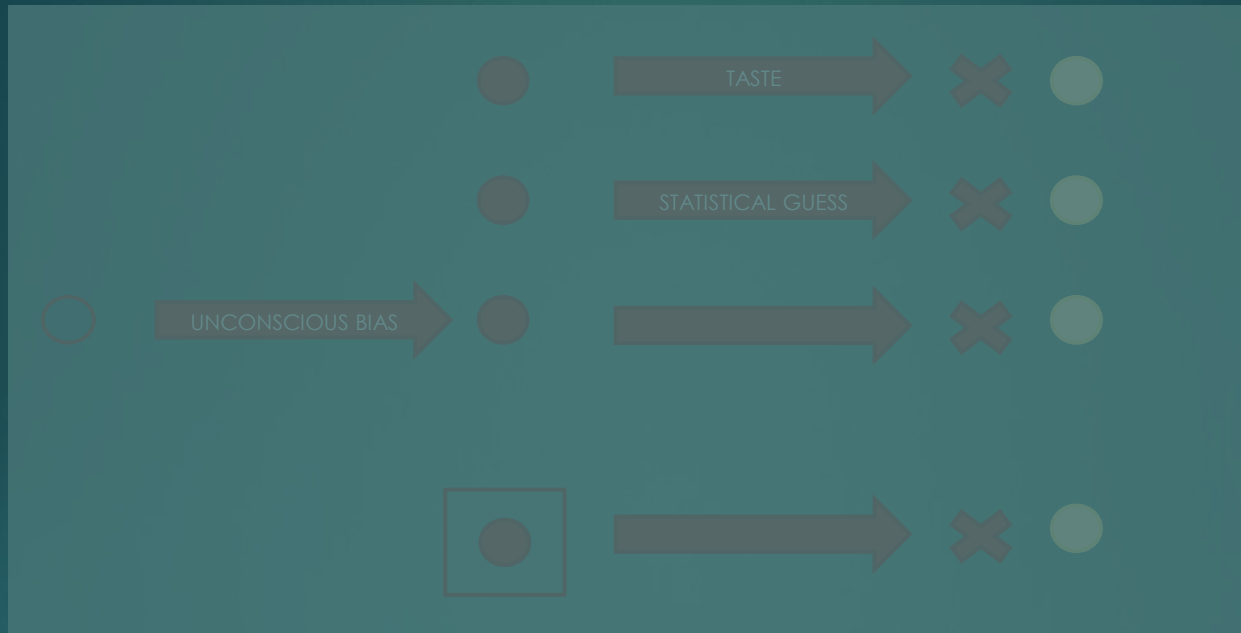


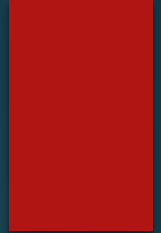
NETWORK  
HOMOPHILY

- ▶ Many practices race-neutral in theory but operate in context with existing gradient or difference



1





- ▶ Institutional conditions important in part because of **staying power**
- ▶ Referral-based hiring, seniority-based layoffs, blanket background checks, etc.

# 2

**Historic discrimination has contemporary  
consequences (via organizations)**

# 2

- ▶ Decisions of present-day actors may not matter
  - ▶ 1 Previous decisions institutionalized into organizational practices
  - ▶ 2 Those practices, even if they changed, might have long-term consequences

# 2

- ▶ Example. Home Owners Loan Corporation (1933) and Federal Housing Authority (1934) *instituted* multiple practices
  - ▶ Self-amortizing loans, fixed terms, 20 years
  - ▶ Insured loans, 90% of value (bonanza)
  - ▶ Required evaluation of property **and neighborhood**
  - ▶ *Underwriting Manual*

# 2

## ▶ *Underwriting Manual*

- ▶ Neighborhoods graded A through D
- ▶ “If a neighborhood is **to retain stability**, it is necessary that properties shall continue to be occupied by **the same social and racial classes**”
- ▶ Demanded “protection from adverse influences,” **no “infiltration of inharmonious racial or nationality groups,”** and eschewed presence of an **“undesirable population”**
- ▶ Required evaluation to report **“proportion Negro”**; down-graded neighborhoods with many African-Americans



# DURHAM NORTH CAROLINA

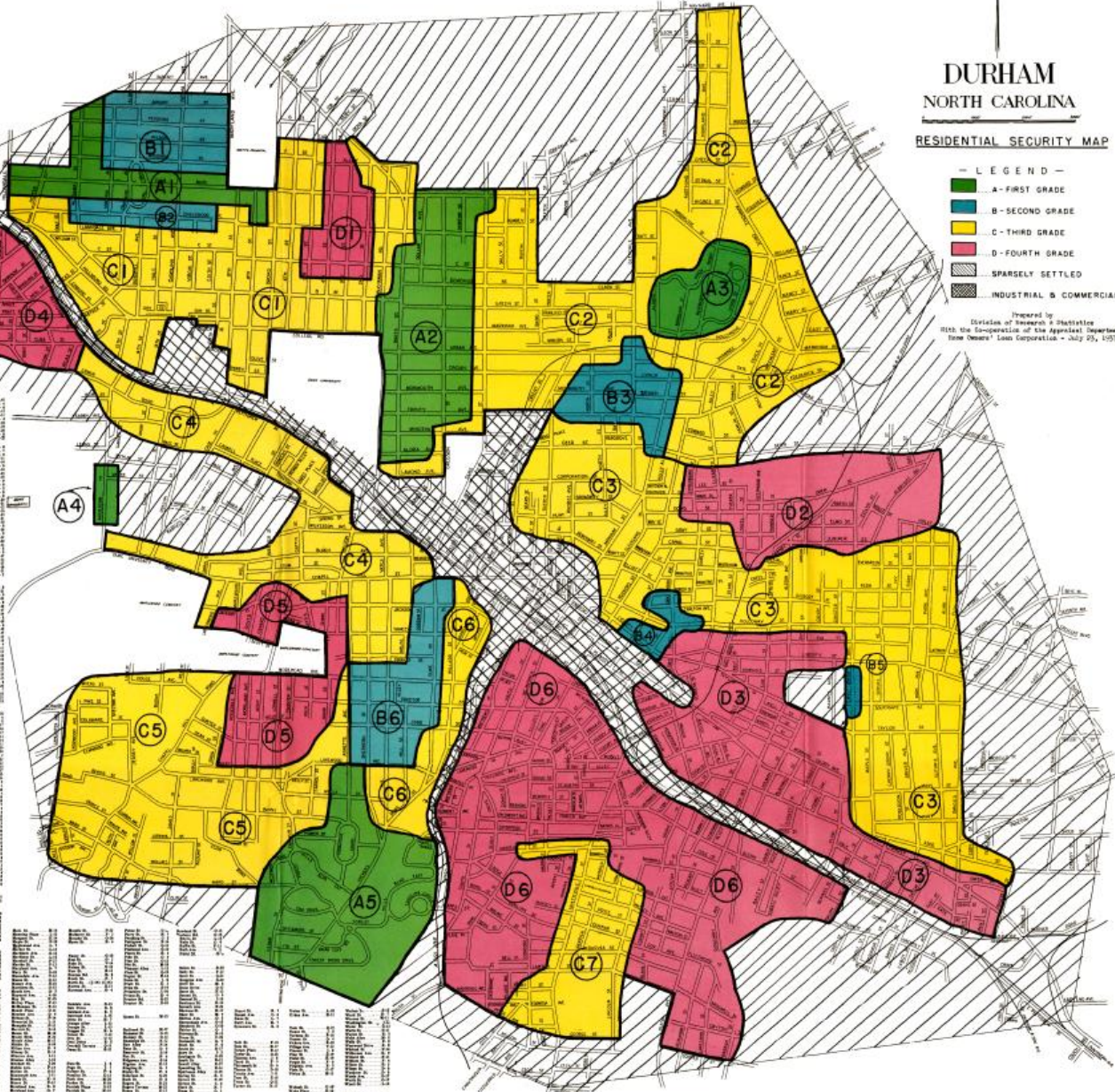
## RESIDENTIAL SECURITY MAP

- LEGEND —
- A - FIRST GRADE
  - B - SECOND GRADE
  - C - THIRD GRADE
  - D - FOURTH GRADE
  - SPARSELY SETTLED
  - INDUSTRIAL & COMMERCIAL

Prepared by  
Division of Research & Statistics  
With the Cooperation of the Special Department  
Home Owners' Loan Corporation - July 25, 1937

### Street Names and Locations

1st St	2nd St	3rd St	4th St	5th St	6th St	7th St	8th St	9th St	10th St	11th St	12th St	13th St	14th St	15th St	16th St	17th St	18th St	19th St	20th St	21st St	22nd St	23rd St	24th St	25th St	26th St	27th St	28th St	29th St	30th St	31st St	32nd St	33rd St	34th St	35th St	36th St	37th St	38th St	39th St	40th St	41st St	42nd St	43rd St	44th St	45th St	46th St	47th St	48th St	49th St	50th St	51st St	52nd St	53rd St	54th St	55th St	56th St	57th St	58th St	59th St	60th St	61st St	62nd St	63rd St	64th St	65th St	66th St	67th St	68th St	69th St	70th St	71st St	72nd St	73rd St	74th St	75th St	76th St	77th St	78th St	79th St	80th St	81st St	82nd St	83rd St	84th St	85th St	86th St	87th St	88th St	89th St	90th St	91st St	92nd St	93rd St	94th St	95th St	96th St	97th St	98th St	99th St	100th St
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SECTION 4 ATTACHED HERE



NS FORM-8  
2-3-37

AREA DESCRIPTION  
(For Instructions see Reverse Side)

1. NAME OF CITY Philadelphia, Pa. SECURITY GRADE D AREA NO. 12

2. DESCRIPTION OF TERRAIN. Level

3. FAVORABLE INFLUENCES. Close to business - good transportation - subway, busses, trolley.

4. DETRIMENTAL INFLUENCES. Negro concentration - heavy absences.

5. INHABITANTS:

a. Type Laborers - Mechanics. ; b. Estimated annual family income \$900 - 1,800

c. Foreign-born nominal ; % ; d. Negro yes ; 80 % ;  
(Nationality) (Yes or No)

e. Infiltration of negro ; f. Relief families very heavy ;

g. Population is increasing \_\_\_\_\_ ; decreasing \_\_\_\_\_ ; static.

6. BUILDINGS:

a. Type or types 3 story row ; b. Type of construction brick ;

c. Average age 20 - 65 ; d. Repair poor

7. HISTORY:

YEAR	SALE VALUES			RENTAL VALUES		
	RANGE	PREDOM- INATING	%	RANGE	PREDOM- INATING	%
1929 level	\$2,000 - \$7,000	\$5,500	100%	28 - 65	50	100%
1934-36 low	800 - 2,800	2,000	35	12 - 30	20	40
June 1937 current	1,000 - 3,200	2,500	45	15 - 35	25	50

Peak sale values occurred in \_\_\_\_\_ and were \_\_\_\_\_ % of the 1929 level.

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Peak sale values occurred in \_\_\_\_\_ and were \_\_\_\_\_ % of the 1929 level.

Peak rental values occurred in \_\_\_\_\_ and were \_\_\_\_\_ % of the 1929 level.

8. OCCUPANCY: a. Land 100 %; b. Dwelling units 98 %; c. Home owners nominal to <sup>10%</sup> %
9. SALES DEMAND: a. fair ; b. row - 20 ea. ; c. Activity is poor
10. RENTAL DEMAND: a. good ; b. 22 - 25 ; c. Activity is good
11. NEW CONSTRUCTION: a. Types no ; b. Amount last year \_\_\_\_\_  
on Corinthian Ave. section
12. AVAILABILITY OF MORTGAGE FUNDS: a. Home purchase None except b. Home building \_\_\_\_\_
13. TREND OF DESIRABILITY NEXT 10-15 YEARS down
14. CLARIFYING REMARKS: \_\_\_\_\_

The section between Corinthian Avenue and 22nd Street from Poplar to Brown was built 15 yrs. ago - values range up to \$4,000. rents around \$35 - 45. Considerable business scattered through this section on main Streets. Broad Street is all business.

15. Information for this form was obtained from W. R. Hutzel

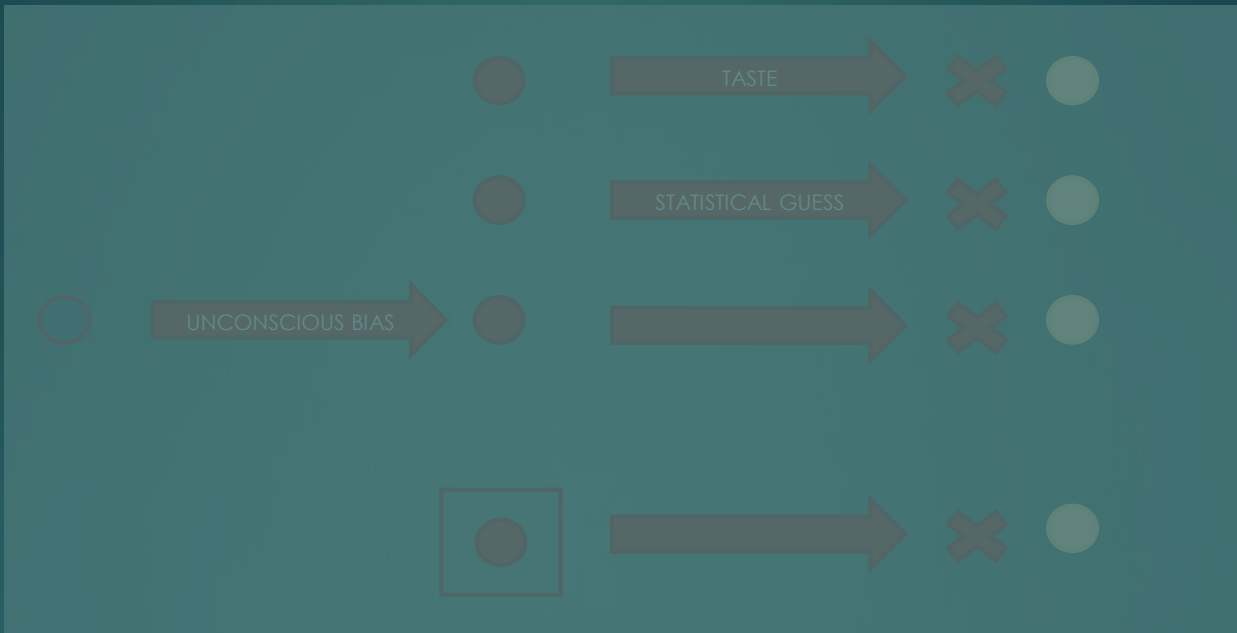
Date \_\_\_\_\_ 193 \_\_\_\_\_

(Over)

# 2

- ▶ Result
  - ▶ Millions bought homes, taxpayer dollars
  - ▶ African Americans essentially excluded
- ▶ Causal impact? (Aaronson, Hartley, and Mazumder 2019)
  - ▶ Changes over time among neighbors on opposite sides of boundaries
  - ▶ Boundaries least likely to be drawn endogenously
  - ▶ Cities just above and below 40k pop threshold
  - ▶ Find: Effect on **segregation** and **home ownership rates and home values of Af-Am**

2



**Historic discrimination has contemporary  
consequences (via laws)**

# 3

- ▶ Laws originally designed with discriminatory intent still in the books
- ▶ Example: Felon disenfranchisement laws
  - ▶ 15<sup>th</sup> Amendment, 1870 (Af-Am right to vote)
  - ▶ State constitutional conventions throughout the South---how to restrict black vote?
    - ▶ Voting rights of those convicted (4<sup>th</sup> Amendment made OK)
  - ▶ No ambiguity about discriminatory intent

- ▶ 1901 Alabama Constitutional Convention president on objectives: “[In 1861], as now, **the negro was the prominent factor** in the issue. . . . And what is it that **we want** to do? ...[W]ithin the limits imposed by the Federal Constitution, **to establish white supremacy in this State**. . . . The **justification** for whatever **manipulation of the ballot** that has occurred in this State **has been the menace of negro domination** .... “ (in Behrens, Uggren, and Manza 2003, 571)

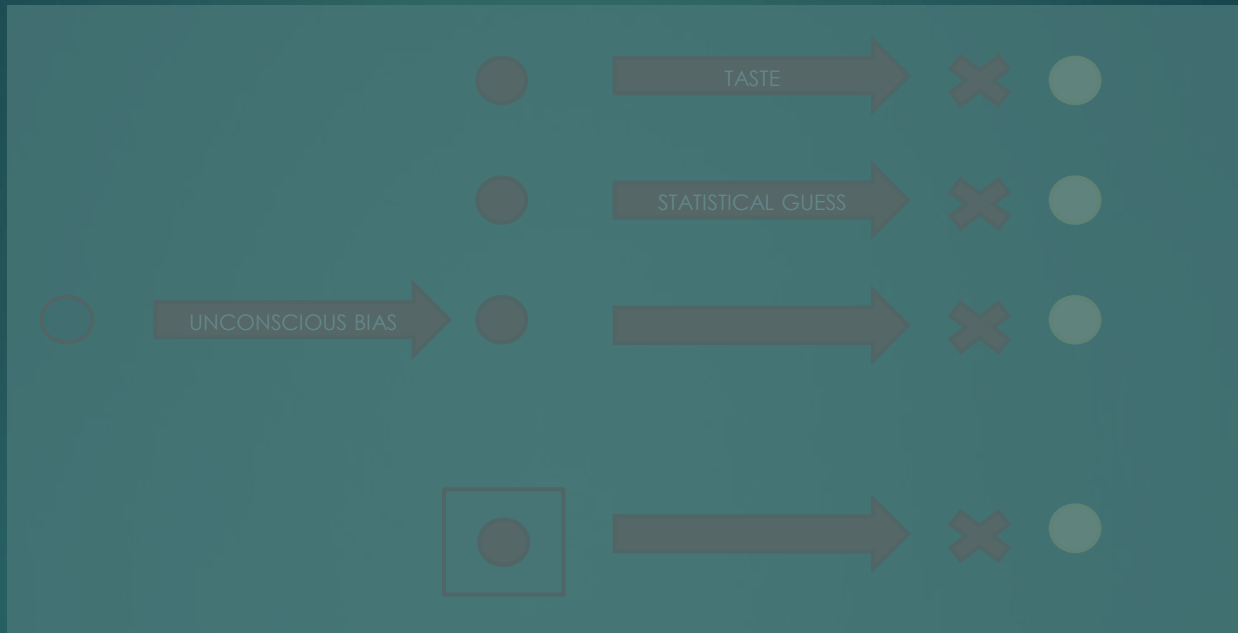
- ▶ “[The] opportunity is offered **the white people of the State** in the coming election to obviate all future danger and **fortify the Anglo-Saxon civilization** ..., and that is the calling of a constitutional convention to deal with the all important question of suffrage” 1894 SC editorial (in Behrens, Uggen, and Manza 2003, 570)
- ▶ “When I was a rather young man Mississippi was trying to get up some sort of constitution that would **get rid of the ignorant negro vote**. Of course they had to get up something entirely fair on all hands [ie, constitutional]. . .” (1903, in Holloway 2013:84)



# 3

- ▶ How?
  - ▶ [Poll taxes, literacy requirements, etc.]
  - ▶ No vote if felon or former felon
  - ▶ Reclassify crimes committed by Af-Am as felonies
  - ▶ Include crimes such as “moral turpitude” that allow officers and judges great leeway of interpretation
- ▶ Still legal across many states
- ▶ Florida in 2000 (Gore likely would have won)

3



# Conclusion

