“Beyond Civil Rights” or “Obama Is No King”: Persistent Racial Inequality in the US

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“I have a dream that one day this nation will rise up and live out the true meaning of its creed: "We hold these truths to be self-evident: that all men are created equal." I have a dream that one day on the red hills of Georgia the sons of former slaves and the sons of former slave owners will be able to sit down together at a table of brotherhood.” (Dr. Martin Luther King, Jr., Washington, DC, 1963)

(A fist bump across generations! The ‘fist bump’ is a popular greeting among young African-Americans.)

Introduction and Motivation:

This essay reviews and analyzes the persistent social and economic disadvantage of blacks in the United States. I begin by observing a few salient social facts about racial disparities in the US today: African American disadvantage is a stubbornly persistent fact in contemporary US society. No trend toward parity is to be observed in the data. And so, the “dream” of equality famously associated with Dr. Martin Luther King, Jr. remains unrealized. Moreover, inequality between racial groups in involvement with the criminal justice system is the starkest area of social disparity. And, fifth, all of this is true despite the fact that the country has elected its first black president.

By breaking through the skin-color barrier in American politics, does the election of President Barack Obama’s signal a fundamental shift in the social position of African Americans? This question is being asked widely both inside the U.S. and without. Some have endowed the ascendancy of President Obama with great significance, based on the fact that a black man now occupies the nation’s highest office. But, whatever the merits of this president’s successful political career, there is reason to be skeptical that we have, in fact, entered a new era. More pointedly there is reason to doubt that President Obama’s ascendancy constitutes a fulfillment of the Rev. Dr. Martin Luther King’s fabled ‘dream.’

To see this, consider some recent statistics on trends in inequality between racial groups in the U.S. First, in the area of educational attainment, note that over a forty year period at the end of the 20th century the gap between four-year college completion rates for black and white Americans has remained substantial for both men and women, and has widened considerably for women.
Also, differences between racial groups in their youngsters’ performances on reading and mathematics tests administered to primary and secondary school students have also persisted:

**Reading Scores (National Assessment of Educational Progress)**

Likewise, wage and employment rates of adult black males lag considerably behind those for whites:
Family incomes are lower for black than white households, and poverty rates are higher, and this disparity shows no tendency to shrink in the four decades since the late 1960s. There is also substantial inequality of asset holdings between racial groups – based on home ownership rates and household net worth -- that has persisted over a long period and shows no tendency to disappear:
But, the area where racial differences are starkest in the US is in the realm of criminal punishment. Over the past four decades, the United States has become a more vastly punitive nation, without historical precedent or international parallel. With roughly five percent of the world’s population, the U.S. currently confines about one-quarter of the world’s prison inmates. In 2008, one in a hundred American adults was behind bars. And racial inequality in the incidence of punishment is staggering. America imprisons nearly as great a fraction of our population to a lifetime in jail—more than fifty people for every hundred thousand residents) than Sweden, Denmark and Norway imprison for any duration whatsoever. Thus:
That America’s prisoners are mainly minorities, particularly African Americans, who come from the most disadvantaged corners of our unequal society, cannot be ignored. In 2008, one in nine black men between the ages of 20 and 34 were serving time. And, the lifetime risk of imprisonment for black men in the same cohort who did not complete high school was nearly 70%. The role of race in this drama is subtle and important, and the racial breakdown is not incidental; prisons both reflect and exacerbate existing racial and class inequalities. Here are some measures of race/class inequality in the incidence of imprisonment in
the US. Notice that there are a large and growing number of black American children whose parents have been incarcerated:
In the next section of this essay I argue that persistent group inequality in general, and racial disparities in the incidence of incarceration in particular, should not be surprising since the subordinate status of black ghetto-dwellers – their social deprivation and spatial isolation in the cities – puts them at greater risk of embracing the dysfunctional behaviors that lead to incarceration, and since incarceration itself leads to more dysfunction.

Segregation, Spillovers and Persistent Inequality: Theory

Disparity in the incidence of punishment in America is just one facet of a persisting racial hierarchy. Persistent group inequality is nothing new. Many societies have sustained long periods of hierarchical organization characterized by distinctly unequal opportunity for members of different social groups. Examples include the United States during slavery and the Jim Crow period, where hierarchy and status were based in an informal system of racial classification; South Africa during Apartheid, where a person’s social identity was based on a formal system of racial classification; and, the Indian subcontinent, where one finds caste-based hierarchies that have been in place for centuries. I will argue that there is a common structural elements the spans these otherwise very different cases – the deleterious effects on human development that derive from social segregation. In each of these societies a transition has taken place from an explicitly hierarchical order to what is at least a notionally egalitarian one. Yet, when one looks closely, the consequences of these transitions have been less than fully satisfying. Evidently, historical discrimination against a marginal identity group implies that formal equality opportunity need not result in the convergence of group outcomes.

One of the principle reasons for this, I argue, is that informal social networks remain segregated under the newly reformed order. Enforcement of anti-discrimination laws may eradicate discrimination, but because many important non-market interactions lie outside the scope of such laws the reform process cannot undo the harmful effects of stigma. The law can have only the most modest impact on individual choices of a date, a spouse, an adopted child, a role model, residence in a neighborhood of membership in a voluntary association. Early childhood development takes place within the spheres of family, neighborhood and peer-group. Racial segregation in the formation of these social networks can have important implications for the perpetuation of group inequality across generations. Discrimination in contact can give rise to persistent group inequality even in the absence of discrimination in contract.

At the most basic conceptual level, one expects to see a link between social segregation and the dynamics of inequality, because there are interpersonal spillovers in human capital accumulation. Human
development always and everywhere takes place within a social context, and can be greatly facilitated by access to a social network that is rich in human capital. In his classic article on the mechanics of economic development (1988), Robert Lucas observes that, “human capital accumulation is a social activity, involving groups of people in a way that has no counterpart in the accumulation of physical capital.”

William Brock and Steven Durlauf (2001) hypothesize that an individual’s cost of investing effort in education is lower, the more greater the investments of his social affiliates. When this is so, two individuals with identical ability who belong to different social groups will generally make different investment decisions, and group bias in social ties can cause historical group disparities to become locked-in. This can happen even though human capital investments are not impeded by financial constraints.

I have explored this issue, at the level of theory, in a paper with Sam Bowles and Rajiv Sethi (2007). The paper develops a model where people belong to one of two groups and parents invest in the human capital of their children. We study the case where there are two occupational categories, one of which requires a costly human capital investment and the other not. The cost of human capital depends on ability and on the level of human capital in a person’s social network. Under market competition wages are determined by the overall distribution of human capital in the economy, and investment decisions are assumed to depend on anticipated wages. Discrimination in the labor market is assumed not to exist, due to the perfect enforcement of laws guaranteeing formal equality of opportunity. Nevertheless, we show that even if ability is identically distributed within the two groups, when the initial state is one of inequality, when human capital spillovers are important, and when the degree of informal segregation of social networks is sufficiently great, then the members of different groups will invest in human capital at different rates. Our findings are illustrated in Figure 2 above, where a threshold level of network segregation above which persistent inequality is assured is shown to vary with the population share of the disadvantaged group. Furthermore, we show that when segregation is too high, groups are not likely to achieve similar socioeconomic outcomes even if they do not differ in underlying potential.

This finding is relevant to the debate over the appropriate policy response to a history of overt discrimination. And, in a general way, it is relevant to a discussion of racial inequality in the burdens imposed by law enforcement. Rule-oriented approaches emphasize the equality of individual persons before the law. This procedural approach to defining equal citizenship is characterized by a focus on individuals and their rights – but necessarily gives short shrift to group interactions and large-scale social processes. And, it leaves little room for the advocacy of group-redistributive remedies. That inequality can persist indefinitely between racially self-aware population aggregates, even in the face of formal equality of
opportunity, need not imply that group-redistributive policies ought to be adopted in every case. But it does mean that a failure to adopt them can result in persistent divergence across groups in economic and social outcomes. Put differently, if group equality is a policy goal, equal opportunity may not be enough to secure it.

In Brown v. Board of Education (1954) the U.S. Supreme Court struck down laws enforcing racial segregation of public schools on the grounds that ‘separate educational facilities are inherently unequal.’ Yet, the demise of legally enforced discrimination against African Americans coupled with the apparent reduction in racial prejudice among whites has not created an environment in which significant racial disparities are withering away. As mentioned, while substantial racial convergence in earnings and incomes did occur from the 50s to the mid-70s, little progress has since been made.

Conditional on the income of their parents, African-Americans have substantially (about a third) lower incomes than do whites, and this intergenerational race gap has not diminished appreciably over the past two decades (Hertz, 2005). Similarly, convergence in years of schooling attained and cognitive scores at given levels of schooling which was being celebrated prior to 1980 appears not to have continued subsequently (Neal, 2005). Significant racial differences in mortality, wealth, subjective well being, and other indicia also persist (Deaton and Lubotsky, 2003, Wolff, 1998, Blanchflower and Oswald, 2004).

Enduring discriminatory practices are no doubt part of the explanation (Bobo et al., 1997, Greenwald et al., 1998, Bertrand and Mullainathan, 2004, Quillian, 2006). These may be motivated by racial prejudice or hostility (Becker, 1957), or by more subtle psychic mechanisms. Although there is considerable survey evidence to suggest that the principle of equal opportunity is now widely accepted (Bobo, 2001, Schuman et al., 1997), it is also clear from the evidence that racial stereotypes persist to the disadvantage of blacks, and that the policy preferences of whites on facially non-racial matters (like welfare and crime) are nevertheless influenced, again to the disadvantage of blacks, by racial factors. (Bobo and Johnson 2004.)

The Importance of Social Affiliation: Evidence

Assortative interaction within social networks represents a mechanism other than explicit job discrimination through which group inequality may be sustained: Racial segregation of friendship networks, mentoring relationships, neighborhoods, workplaces and schools places the less affluent group at a disadvantage in acquiring the things -- contacts, information, cognitive skills, behavioral attributes -- that contribute to economic success. We know from Schelling’s tipping model of segregation (1971, and subsequent literature) that equilibrium racial sorting does not require overt discrimination and may occur even with pro-integrationist preferences (Young 1998, Sethi and Somanathan 2004). Preferentially associating with members of one's own kind (known as homophily) is a common human trait that has been well-documented for race and ethnic identification, as well as religion, and other characteristics (Tajfel, Billig, Bundy, and Flament, 1971). A recent survey of empirical work in this area (McPherson, Smith-Lovin, and Cook, 2001) reported that:

“We find strong homophily on race and ethnicity in a wide range of relationships, ranging from the most intimate bonds of marriage and confiding, to the more limited ties of schoolmate friendship and work relations, to the limited networks of discussion about a particular topic, to the mere fact of appearing in public or 'knowing about' someone else... Homophily limits peoples' social worlds in a way that has powerful implications for the information they receive, the attitudes they form, and the interactions they experience.” (pp. 415, 420).

In a nationally representative sample of 130 schools and 90,118 students, controlling for school racial composition, same-race friendships were found to be almost twice as likely as cross-race friendships (Moody, 2001). Compared to the friends of white students in this sample, the friends of African American students had significantly lower grades, attachment to school, and parental socioeconomic status. There is also evidence that peer effects such as penalties for ‘acting white’ among African American students can provide disincentives for academic achievement (Fryer and Torelli, 2005).

While there are many channels through which the racial bias in social networks can disadvantage members of the less well-off group, statistical identification of these effects often is an insurmountable challenge because networks are selected by individuals and, as a result, exogenous variation in the composition of an individual's networks is seldom observed. Some scholars [Hoxby (2000); Hanushek, Kain, and Rivkin (2002)] have used the year-to-year cohort variation in racial composition within grade
and school to attempt to identify racial network effects. They find large negative effects of racial assortment on the academic achievement of black students. Moreover, studies that use the randomized assignment of college roommates have also found important behavioral and academic peer effects (Kremer and Levy, 2003, Sacerdote, 2001, Zimmerman and Williams, 2003). Another study (of annual work hours), that used longitudinal data with individual fixed effects, found strong neighborhood effects especially for the least educated and those in the poorest neighborhoods (Weinberg et al., 2004). An experimental study documents strong peer effects in a production task, particularly for those with low productivity in the absence of peers (Falk and Ichino, 2004). Our model shows that socioeconomic outcomes for blacks and whites can continue to diverge across the generations because of racial differences in the social networks to which individuals have access.

My 2002 book, The Anatomy of Racial Inequality proposed as a general matter that durable racial inequality could be understood as the outgrowth of a series of “vicious circles of cumulative causation.” I argued that the “social meaning of race” – that is, the tacit connotations associated with “blackness” in the observer’s imagination, especially the negative connotations—biases the social cognitions of observing agents, leading them to make detrimental causal misattributions. They have difficulty identifying with the plight of people whom they mistakenly assume simply to be “reaping what they have sown.” This lack of empathy undermines public enthusiasm for egalitarian racial reform, thus encouraging the reproduction through time of racial inequality. Yet, absent such reforms, the low social conditions of (some) blacks persist, the negative social meanings ascribed to blackness are thereby reinforced, and the racially biased social-cognitive processes are reproduced, completing the circle. As they navigate through the epistemic fog, observing agents find their cognitive sensibilities being influenced by history and culture, by social conditions, and by the continuing construction and transmission of civic narrative. Groping along, these observers—acting in varied roles, from that of economic agent to that of public citizen—“create facts” about race, even as they remain blind to their ability to unmake those facts and oblivious to the moral implications of their handiwork. I believe that mass imprisonment is now a central factor in this tragic and morally troubling process.

Stigma versus Discrimination: More Theory

Social networks are also social products – the result of choices of affiliation that people make. In turn, choices about informal association and imagined connectivity are at least partially guided by how people perceive and value those with whom they might or might not connect.

To understand the persistent subordination of blacks within American society it is crucially important to distinguish between racial discrimination and racial stigma. Discrimination has to do with how blacks are treated, while stigma is concerned with how black people are perceived. Biased treatment in formal transactions based on racial identity – whether in the marketplace or with the state – is, in my view, less significant as a factor accounting for durable racial inequality than is blocked access to those resources critical for human development, but available only via informal social interactions. This point is especially significant, given the cultural and historical context of race within American society.

Any theory of racial inequality should begin with an account of the phenomenon of “race” itself. What needs to be explained is why people notice and assign significance to the skin color, hair texture, and bone structure of other human beings. I suggest that we think about “race” as a social phenomenon which results from the combination of two processes – categorization and signification. Categorization entails the sorting of persons into a cognitively manageable number of subgroups, based on bodily marks, in order to differentiate one’s dealings with such persons. Signification involves the mental activity of associating certain connotations or “meanings” with these categories. My argument is that, at bottom, “race” is all about “embodied social signification.”

Let me dispose of a red herring at the outset. Some commentators argue that racial categorization is problematic because modern science has shown that there are no “races” as such. The attempt to classify human beings on the basis of natural variation in genetic endowments across what for much of human history had been geographically isolated sub-populations is controversial (Luigi Cavalli-Sforza 2000, Steve Olson 2002). I wish to stress, however, that my view of “race” as a social phenomenon which results from the combination of two processes – categorization and signification. Categorization entails the sorting of persons into a cognitively manageable number of subgroups, based on bodily marks, in order to differentiate one’s dealings with such persons. Signification involves the mental activity of associating certain connotations or “meanings” with these categories. My argument is that, at bottom, “race” is all about “embodied social signification.”
cause him to be classified (by a preponderance of those he encounters in that society and/or by himself) as belonging to race X.”

The history and culture peculiar to a given society may cause certain connotations or “meanings” to be associated with the bodily marks carried by persons in that society. I claim that this is decidedly the case with respect to the marks that connote “blackness” in American society. When studying racial disparities in the incidence of punishment, I think analysts should pay more attention to how social data about blacks is interpreted – as distinct, say, from focusing solely on an observer’s discriminatory preferences. With my core concept – biased social cognition – I attempt to move from the fact that people make use of racial classifications, to some understanding of how this alters the causal accounts settled-upon for what they observe in the social world. The question becomes, how does the “race” of those experiencing some difficult circumstance affect whether powerful observers come to understand the plight of the disadvantaged as constituting a societal, as distinct from a communal, problem?

**Causal Misattribution and Its Consequences**

Race conventions may be arbitrary, but we nevertheless filter social experience through racial categories. For this reason, and given the ancillary meanings with which those categories are freighted, we can be led to interpret our data in such a way that the arbitrariness of the race convention remains hidden from our view. Thus, in my book, *The Anatomy of Racial Inequality* (2002) I use the notion of racial stigma in an attempt to move from the fact that people take note of racial classification in the course of their interaction with one another, to some understanding of how this affects their perceptions of the social world around them, and how it shapes the explanations they settle upon for what they observe. It is the link between cognitive perception and causal explanation that I am interested in. I am asking: When does the “race” of those subject to some problematic social circumstance affect whether powerful observers perceive there to be a problem, and if so, what follows from this?

My argument is illustrated in the figure below:

![Diagram](image)

This figure illustrates an abstract, dynamic process where the prevalence of some activity within a social group evolves over time. For concreteness, let us suppose that \( X(t) \) represents the prevalence of gun-carrying among young males in some population, at stage \( t \) of an adjustment process. Each young man decides whether or not to carry at each stage of the process, based on how many others he expects to be carrying. That is, a given young man carries only if he thinks the overall carry rate is sufficiently great. But this threshold (above which a given young man carries) varies from one person to the next. The lazy-S curve in the figure, labeled \( F(x) \), depicts the proportion of young men who feel obliged to carry a gun when they expect that the overall carry rate to be \( x \).

The figure illustrates what is sometimes called “the tipping property”: For \( x < x^\omega \), few want to carry; but for \( x > x^\omega \) most want to carry. The dynamic behavior of this little system depends on initial conditions. If the initial expectation, \( X(0) \) lies above the threshold \( x^\omega \) then the system eventually settles-in at a relatively low rate of gun carrying in the population. While, if the initial expectation exceeds the threshold, the system “tips” – that is, it gravitates toward a relatively high carry rate. If there were two racially distinct and socially isolated population sub-groups, then even though these racial groups may be characterized by an identical distribution of gun-carrying proclivities (represented by the function \( F(x) \)), different initial conditions would lead to radically different long-run behavioral patterns within the groups.
(Even though I illustrate this argument by reference to gun ownership, the same logic could apply to many other behaviors where the value of an action to each individual depends on how many others in their social network are acting in a similar way.)

Consider now the inferences about group inequality that someone observing this process might be inclined to make. The structure here is a bit complex – multiple self-sustaining behavior patterns are consistent with a common population distribution of some trait (here, the proclivity to carry a gun). If whites are observed mainly near the low equilibrium in the figure, and if blacks are observed mainly near the high one, an observer, particularly one already inclined in this direction, will be tempted to conclude that the racial populations are essentially different, characterized by distinct distribution functions [denoted \(FW(x)\) and \(FB(x)\) in the figure]. That is, they might settle upon an racially essentialist account of the inequality. The choice between the complex structural account and the simplistic essentialist one is a choice of specification (about the causal processes underlying one’s observations) which can easily be impacted by the social meanings associated with the racial markers characteristic of a particular society.

Tacit association of “blackness” with “unworthiness” in the American public’s imagination affects cognitive processes and promotes essentialist causal misattributions. When confronted by the facts of racially disparate achievement, the racially disproportionate transgression of legal strictures, and racially unequal development of productive potential, observers will have difficulty identifying with the plight of a group of people whom they (mistakenly) think are simply “reaping what they have sown.” In such a case, there will be little public support for egalitarian policies benefiting a stigmatized racial group. This, in turn, encourages the reproduction through time of racial inequality because, absent some policies of this sort, the low social conditions of many blacks persist, the negative social meanings ascribed to blackness are then reinforced, and so the racially biased social-cognitive processes are reproduced, completing the circle.

**Boys and Girls, Blacks and Whites**

I can make this same point with a less abstract example, and one that does involve race. Consider gender inequality. We know that there is disparity in the social outcomes for boys and girls in two different venues – the schools and the jails. Thus suppose that, when compared to the girls, boys are over-represented among those doing well in math and science in the schools, and also among those doing poorly in society at large by ending-up in jail. There is some evidence to support both suppositions, but only the first is widely perceived to be a problem for public policy. Why? My answer is that it offends our basic intuition about the propriety of underlying social processes that boys and girls have different levels of achievement in the technical curriculum of our schools. Although we may not be able to put our fingers on exactly why this outcome occurs, we instinctively know that it is not right. In the face of this disparity we are inclined to interrogate our institutions – to search the record of our social practice and examine myriad possibilities in order to see where things might have gone wrong. Our base-line expectation is that equality should prevail here. Our moral sensibility is offended when it does not. And so, an impetus to reform is spurred thereby. We cannot easily envision a wholly legitimate sequence of events that would produce the disparity, so we set ourselves the task of solving a problem.

On the other hand, gender disparity in rates of imprisonment occasions no such disquiet. This is because, tacitly if not explicitly, we are “gender essentialists.” That is, we think boys and girls are different in some ways relevant to explaining the observed disparity – different either in their biological natures, or in their deeply ingrained socializations. (Note well, the *essentialism* with which I am concerned need not be based solely or even mainly in biology. It can be grounded in (possibly false) beliefs about profound cultural difference as well.) As “gender essentialists,” our intuitions are not offended by the fact of vastly higher rates of imprisonment among males than females. We seldom ask any deeper questions about why this disparity has come about. In this sense, we do not perceive there to be a problem, and so no solution is sought.

Now, we may be right or wrong to act as we do in these gender disparity matters, but my point with the example is to show that the bare facts of gender disparity do not, in themselves, suggest any course of action. To act, we must marry the facts we observe to some model of social causation. This model need not be explicit in our minds. It can and usually will lurk beneath the surface of our conscious reflections. Still, it is the facts *plus* the model that lead us to perceive a given circumstance as indicative of some as yet undiagnosed failing in our social interactions, or not. This kind of reflection on the deeper structure of our social-cognitive processes, as they bear on the issues of racial disparity, is what I have in mind when I speak of “biased social cognition.” And, the role of “race” in such processes is what I am alluding to when I talk about “racial stigma.” Such stigma could be of great political moment, because if one attributes an
endogenous difference (a difference produced within a system of interactions) to an exogenous cause (a cause located outside that system), then one is unlikely to see any need for systemic reform.

This distinction between endogenous and exogenous sources of social causation, I am arguing, is the key to understanding the difference in our reformist intuitions about gender inequalities in the schools and in the jails: Because we think the disparity of school outcomes stems from endogenous sources, while the disparity of jail outcomes is tacitly attributed in most of our “causal models” to exogenous sources, we are differentially moved to do something about the observed disparities. So, the effect I am after when I talk about “racial stigma” and the reason I employ an apparently loaded phrase like “biased social cognition” is this: It is a politically consequential cognitive distortion to understand the observably disadvantageous position of a racially defined population subgroup as having emerged from qualities taken to be intrinsic to the group when, as a matter of actual social causation, that disadvantage is the product of a system of social interactions. I argue that a given instance of social disparity is less likely to be thought to constitute a social problem when people see the disparity as having been caused by what they take to be the deficiencies of those (e.g., the boys in the jails, but not the girls in the schools) who lag behind. I reiterate that it hardly matters whether the internal qualities mistakenly seen as source of some group’s observed laggardly status are biological or deeply cultural. What matters, I argue, is that something has gone wrong if observers fail to see systemic, endogenous interactions that lead to bad social outcomes for blacks, and instead attribute those results to exogenous factors taken as internal to the group in question.

One consequence of racial stigma, I suggest, is that because those bearing the brunt of the cost of our punitive response to the broad social malady of drug usage are disproportionately black, our society is less impelled to examine what we are undertaking in this area of policy, and to consider reform. I could be wrong about this, but the speculation is certainly not implausible. How “serious” a given crime is seen to be in the minds of those who through their votes indirectly determine our policies, and how “deserved” the punishment for a given infraction, can depend on the racial identities of the parties involved. This, I am holding, is human nature. There need be nothing “sinister” in any of it. But, if we want to analyze what is going on around us, and not limit ourselves to moralizing about it, we should take such possibilities seriously.

Campaigning for Respect (and Being Judged for It)

The Reputation Game models an ethically significant the interaction between Bob and John. (See diagram below.) In this dynamic game of incomplete information, John can be either of two types – soft or tough (one thinks of Elijah Anderson’s “decent” vs. “street” distinction.) Bob chooses whether to Attack or Not; John responds, choosing whether or not to Fight. (The game is ‘ethically significant’ because it shows that the link between character and behavior depends on the social context.) The payoffs (specified in parentheses in the diagram) are such that both the soft and the tough versions of John would much prefer not to be attacked, though if attacked a soft John would want not to fight and a tough John would want to fight. (This is reflected in the fact that both soft and tough versions of John receive payoff = +1 from not fighting, while fighting gives soft John a payoff = -1 but tough John’s payoff from fighting =+2.) Also, the payoffs indicate that Bob wants not to attack if will be fought (payoff = -1 versus 0), and wants to attack if he will not be fought (payoff = +1 versus 0).
THE REPUTATION GAME

If this interaction between Bob and John were to occur only once, then rational agents would play as follows: if attacked, a tough John fights and a soft John does not. So, Bob computes the average of his payoffs over the outcomes that could obtain, and attacks only if he thinks the probability that John is tough is less than 1/2. The soft and tough types of John react naturally. The game is trivial.

But, should these players interact twice in succession, the outcome of the game is more interesting. Now, John’s action at the first stage can serve as a signal to Bob about his type, thereby affecting how the second stage is played. John knows this. Bob knows that John knows, John knows that Bob knows that he knows..., etc.

Given this structure, we make the following two claims:

Claim 1: In the twice-played game it is inconsistent with rationality for the soft John never to fight when first attacked.

Proof: If soft John were never to fight when first attacked, then because tough John always fights, John’s first stage action would be a perfect signal of his type: “fight at the first stage” would mean he’s tough, “not fight” would mean he’s soft. But then, Bob’s rational response to this situation is to attack at the second stage only if he is fought at the first stage. Yet, this response on Bob’s part means that soft John could avoid being attacked at the second stage by fighting at the first stage which, if he is rational, he would want to do since (-1+4—his payoff from fighting and thereby avoiding subsequent attack, exceeds (1+1)—his payoff from not fighting at either stage. This contradicts the supposition that he never fights when first attacked.

Claim 2: In the twice-played game it is inconsistent with rationality for Bob to always attack at the second stage after being fought at the first stage.

Proof: If Bob always attacks after being fought, soft John can gain nothing by fighting at the first stage and so, being rational, soft John would never fight when first attacked. But, Claim 1 asserts that this can’t occur when the players are rational.

Taken together, Claims 1 and 2 imply that the only outcome of the twice-played game consistent with player rationality has soft John mixing his behavior at the first stage between fighting and not fighting, while Bob mixes at the second stage between attacking and not, given that he has been initially fought. (If Bob is not fought at the first stage then he knows John is soft and so definitely attacks at the second stage.) Indeed, if P < 1/2 is Bob’s assessment of likelihood that John is tough, then the unique equilibrium of the twice-played game entails soft John fighting when first attacked with probability P/(1-P), and Bob attacking at the second stage if fought at the first with probability 1/3. John’s personal “values” may reflect a disdain for fighting (soft John), and yet his rational adaptation to his circumstances lead him to behave in a way that is inconsistent with those “values.”

The Culture Argument: ‘Acting White’ or Blacks and Whites Acting?

We are not looking down into the souls or at the predetermined qualities of groups when we observe these disparate patterns of behavior. We're looking at the end product, the final outcome, of a process of social interaction that is embedded in a larger structure of social relations, where ideas about
race and racial identity play a prominent role. To see what I have in mind, consider the so-called “acting white” problem (Ogbu; Ferguson; Fryer and Torelli): black students are said to ostracize those of their peers who value academic success, labeling such behavior as “acting white.” The graphs below, showing the relationship between popularity and grades among racially defined adolescent peer groups in a sample of American high schools (taken from the research of Harvard economist, Roland Fryer), tells the tale.

As I like to say to my colleague, Roland Fryer – “acting white” probably has as much to do with the way white people act, as it has to do with the way blacks act. The evidence presented in Fryer and Torelli (2005) supports this claim. In the schools where the population and therefore, one would have to say, the culture is predominantly black, Fryer observe no “acting white” behavior (student popularity is positively associated with their grades). While, in the schools where blacks are fewer than 20% of the student body, the correlation between grades and popularity can be negative, at least when grades are above the level of B+ (see Figure 1B. below, where the middle line depicts the relationship between popularity and grades for black students, controlling for other observed student characteristics.). What this says to me is that the way black kids are interacting with each other has something to do with the way that black kids and white kids interact with each other. So, to talk about a pathological black youth culture, without reference to the larger structure of social interaction within which black students are situated, would be to make a mistake.

Here is another example to illustrate my point -- marriage. Given that there is a high racial endogamy rate (i.e., most married blacks are married to other blacks; most married whites are married to other whites), one might imagine that the huge disparity in marital and child-bearing behavior between blacks and whites provides a compelling example of racially distinct cultural practices. Is one not forced to conclude that a higher out-of-wedlock birthrate among blacks than whites, or a lower marriage rate, indicates a racially disparate cultural dynamic?

Yet, consider that, since there are six times as many whites as blacks in America, were the percentage of white men marrying black women to increase slightly, the nature of the “marriage market” among blacks could be dramatically changed. As an economist, my model of marriage involves bargaining between negotiating parties over the division of the surplus from cooperation within the household. The threat point in that negotiation is “how well I could do if I didn't have you.” Were that threat point to move a little bit – because, say, 5% of white men were inter-marrying with black women, then the leverage of black women in the intra-racial marriage market could be considerably enhanced, and as a result a very different outcome might arise in the equilibrium of marital interactions between black men and black women: Perhaps black men would be less “trifling” if they had more competition.

Of course, this speculation is all a bit “tongue in cheek.” My point, however, is not a factual one; nor am I making a policy recommendation. My point is a conceptual one: It is a mistake to say of black men and women that their marital behavior reveals inadequacies of black culture, when what one observes is the equilibrium outcome from a system of interactions within which a change of behavior across the group boundary (in the case at hand, behavior between white men and black women), partially determines the observed outcome.
A Simplistic and False Narrative Has Emerged
Equating the Political Programs of These Men

Conclusion: What Has President Obama’s Election to Do with This?

My radical answer for that question answer is, “next to nothing, though that is not his fault.) As a political matter, America’s first black President dare not speak directly of racial inequality and racial subordination, because he (rightly) fears losing his legitimacy in the eyes of the voting majority were he to do so. Ironically, the president can appeal openly for Hispanic or gay votes, but he cannot (and need not) be seen to solicit the help of blacks, as such. It is not implausible to think that blacks’ economic interests get less political attention under President Obama than they got twenty years ago under President Clinton. But, I wish to argue that the current situation is actually worse than that! It is not only that black officials atop the US government are unable/unwilling to address the leadership challenges posed by persistent African-American subordination in the society. What is worse is that the ascendance of blacks to such high office has fostered a false narrative of racial equality undercutting possibilities for change. Their rise also threatens to neutralize a prophetic social critique of US politics and policy -- both domestic and foreign -- that is naturally rooted in the heroic legacy of the black freedom struggle!

Martin King was a black American prophet standing squarely within the tradition of social criticism which I will call the “black prophetic tradition.” Barack Obama is not. This difference, I wish to argue, matters a great deal. I see the black prophetic tradition as embodying an outsider's and underdog’s critical view about national narrative of the United States of America. It is, to be concrete, an historical counter-narrative -- one, for example, that sees the dispossession of the native people of North America as the great historic crime that it was; one that looks back on the bombing of Hiroshima with feelings of horror and national shame. It's an insistence that American democracy -- which of course has always been a complicated political compact, often serving the interests of the powerful at the expense of the weak -- live up to the true meaning of our espoused civic creed. It is an understanding that struggle, resistance and
protest are the only ways to bring this about. And it's the recognition that even in the late 20th and early 21st century, America has not yet to fully do so.

The black prophetic tradition is anti-triumphalist, vis-à-vis America's role in the world, and it is deeply suspicious of the “city on a hill” rhetoric of self-congratulation to which American politicians, including President Obama, are so often inclined. It's a doggedly critical assessment of what Americans do, an assessment that sympathizes in a deep way with the struggles of those who are dispossessed: the stateless Palestinians in the Middle East today, for instance, or the blacks at the southern tip of Africa three decades ago. This is a tradition of moral witness within American historical experience that I associate with the anti-slavery movement of the 19th century, and with the civil right movement of the 20th century. It is a tradition that views “collateral damage” -- where civilians are killed by U.S. military operations -- as not simply the unavoidable cost of doing the business of national defense in the modern world, but rather as a deeply problematic offense against a righteousness toward which we ought to aspire. What I am calling the black prophetic tradition also reflects a universal theory of freedom – one with a strong anti-imperialist, anti-racist and anti-militarist tilt.

What, then, is President Obama’s relationship to this tradition? What, in this regard, are we entitled to expect from him? Frankly, I have concluded that as president his connection to this great moral tradition is tenuous, at best. More crucially, we would be foolish to expect much at all from him in this vein. This is my principle point. President of the United States is an office. The office has its own imperatives quite apart from whatever an individual’s personal beliefs might be. When one is sitting with the military Joint Chiefs of Staff, and one is told that a Predator drone operation against a “terrorist” operative in the tribal regions of Pakistan awaits one’s authorization, then one has to make that call. Such a moment as that is no time to be quoting Martin Luther King or Frederick Douglass, or to be talking about the tradition of critical political thought which has been nurtured by black people in America for centuries. Rather, at a time like that, one simply has to decide whether one is going to kill those people or one is not going to kill them. My view is that the person who is the Commander in Chief of the United States of America, regardless of his individual biography, when placed in that position and forced to carry out those acts, needs to be viewed with clear-eyed realism for who and what they are: namely, in the context of the example at hand, the Commander-in-Chief of the largest military force in the history of human experience. Such a person ought not to be viewed through a rose-tinted glass, with some romantic and unrealistic narrative.

So, the question I wish to pose is this: what does the tradition of black protest and struggle in America have to do with the exercise of the powers of the Office of the Presidency. I suspect that the answer to that question is, very little at all. Moreover, I believe it is a mistake – a serious political error – to think otherwise. Of course, I could be wrong about this, but I remain to be convinced. I'm a skeptic about this kind of talk in reference to President Obama, based on the fact of his “blackness.”

Romantic idealists argue that surely his biography, even his skin color informs the man who is now President. But, for me that merely shifts the question to an inquiry about the extent that personality and individual morality can exert leverage over the exercise of such an office as the American presidency. Here is an analogy to ponder: A woman rises to be the position of CEO at a large corporation – ExxonMobil, or Bank of America, say. What real difference should we expect this to make – for matters like the environment, or economic equity, or corporate governance? At the end of the day that job is about making money for the shareholders -- period. It is not about anything else -- not about saving the planet, or integrating the workforce, or ending poverty. It is about making profits for the shareholders. Now this woman -- with her unique experiences and inspiring biography -- may approach the exercise of her responsibilities in that office with a slightly different style than would a man. But she won't be the chief executive officer for very long if she fails to continue making profits for the shareholders. The leverage she has for doing good in the world is pretty small, relative to the imperative of sustaining her company’s financial performance at a high level. Likewise, if someone is the chief executive officer and commander-in-chief of the largest military in the world – if someone has a military officer always nearby carrying an electronic device, as the US president does have, allowing one to signal the special codes to submarine commanders at sea, armed with multiply targeted warheads, authorizing the release of those weapons so as to incinerate tens or hundreds of thousands of persons -- then the imperative of that office is to ‘make profits for the shareholders,’ so to speak. Put plainly: the imperatives of office in the position of the American presidency are, basically, to further the interest of the American imperial project, not to criticize that project. If one were to engage in too much of the latter, then one won’t be running the show for very
long. Yet, if the history of blacks in America teaches us anything, it is that the American project warrants to be criticized.

I wish to avoid misunderstanding. I am not here attacking Barack Obama, the man. As it happens, I admire him greatly. Left to his own devices, I feel confident in saying, he would always stand on the right side of history. The Rev. Martin Luther King, Jr. once said that “the moral arc of the universe is long, but it bends toward justice.” Well, it is at least arguable that the rise of Barack Hussein Obama represents one way in which that moral arc is, indeed, bending toward justice. He is someone, I think it fair to say, with more room within his own philosophy for concern about the dispossessed than anyone who has held that office. He is, I would reckon, aware of the imperfections of American democracy and of the inflated character of some of the rhetoric that he himself has had to use as a matter of political expediency. But the main point that I’m making here is that the office has its own imperatives; and, that’s the thing which those of us who have been clamoring for change and who so far have been sorely disappointed, must take the measure of. Just because he is a black man does not mean he has the ability to move the government so as to lessen the extent of African American disadvantage.

But, given the country’s history, persistence of racial inequality on a scale such as I have illustrated here poses a profound challenge to the moral integrity of the American nation. The plain historical truth of the matter is that North Philadelphia, the West Side of Chicago, the East Side of Detroit, or South Central Los Angeles did not come into being by accident of nature. As the sociologist Loïc Wacquant has argued, these ghettos are man-made, created and persisting because the concentration of their residents in such urban enclaves serves the interests of others. As such, the desperate and vile behaviors of some of the people reflect not merely their personal moral deviance, but also the shortcomings of our society as a whole. “Justice” operates at multiple levels, both individual and social.

Take the issue of criminal punishment, for instance. Defenders of the current regime put the onus on law-breakers: “If they didn’t do the crimes, they wouldn’t have to do the time.” Yet a pure ethic of personal responsibility does not and could never justify the current situation. Missing from such an argument is any acknowledgement of social responsibility—even for the wrongful acts freely chosen by individual persons.

In saying this, I am not saying that a criminal has no agency in his behavior. Rather, I am arguing that the larger society is implicated in a criminal’s choices because we have acquiesced to social arrangements that work to our benefit and to his detriment—that shape his consciousness and his sense of identity in a way that the choices he makes (and that we must condemn) are nevertheless compelling to him.

Put simply, the structure of our cities with their massive ghettos is a causal factor in the deviancy among those living there. Recognition of this fact has far-reaching implications for the conduct of public policy. What goals are our prisons trying to achieve, and how we should weigh the enormous costs they impose upon our fellow, innocent citizens?

In short, we must think of justice as a complex feedback loop. The way in which we distribute justice—putting people in prison—has consequences, which raise more questions of justice, like how to deal with convicts’ families and communities, who are also punished, though they themselves have done nothing wrong. Even if every sentence handed out to every prisoner was itself perfectly fair (an eminently dubious proposition), our system would therefore still be amoral since it punishes innocents. Those who claim on principled arguments that “a man deserves his punishment” are missing the larger picture. A million criminal cases, each one rightly decided—each distributing justice to a man who deserves his sentence—still adds up to a great and historic wrong.
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