EC 1370, Prof. Glenn C. Loury, March 2, 2010
Lecture Outline: *The Anatomy of Racial Inequality*
Part I: General Overview of the Problem of Theorizing about Racial Disparities

A. **Classic Sociological Analysis of Racism** covers (e.g. classic work of T. Pettigrew):
   1. *Prejudice* – an irrational or unjustified prior belief about a group of people
   2. *Stereotypes* -- over-generalizing belief extended from some to all group members
   3. *Discrimination* – exclusionary behavior directed against a group of people
   4. Note that the first two of these involve beliefs; the third entails action. Also, one can say that *institutional racism* arises when some/all of these factors become imbedded in the structure and the practices of organizations, bureaucracies, etc.

B. **Classic Economic Analysis of Racism** covers (e.g., classic work of Gary Becker):
   1. *Taste for Discrimination* – a preference/dislike for associating with people in some group; neither rational nor irrational in economist's view, as with a liking for apples over oranges. "*De gustibus non disputandum es!!t*" Becker's finding: in a competitive market environment, *prejudice need not imply discrimination.*
   2. *Statistical Discrimination* – like taxicab e.g.; use group membership as signal of unobserved trait. May be self-fulfilling; sometimes based on objective difference
   3. Can work through employers, co-workers, or customers to limit job opportunities of those discriminated-against. The logic of self-confirming feedback loops:
      a. Negative belief by observer leads to
      b. Action by observer adversely affecting subject observed, which leads to
      c. Re-action by subject that confirms original belief of observer.
   4. Note the emphasis here is on rationality in the formation of beliefs.

C. Loury's Analysis in *The Anatomy...* combines elements of both:
   1. Emphasizes "self-confirming stereotypes"; race = "embodied social signification"
   2. Distinguishes "discrimination in contract" versus "discrimination in contact"
      a. Typical economic arguments (Becker) focus on "contract" discrimination
      b. Economists, looking to markets, can overlook "contact" discrimination.
      c. Contrast *human capital* vs. *social capital* explanations of racial inequality.
   3. One can think of Loury's notion of *stigma* as sociological "prejudice" interacted with a cognitive 'theory' of the formation of belief. It's like *implicit bias* (Banaji):
      a. Allows for what we might call "racial neglect" – why racial disparities do not trigger deeper inquiry into underlying social processes (gender e.g.)
      b. Explains why Americans are more attuned to some race issues (affirmative action) than others (prisons). This is not same thing as "prejudice."
      c. Racial stigma applies to non-race-based practices. E.g., Americans' views about welfare/crime may be influenced by perceived connections with race – i.e., the poor/criminal less deserving because (too often) black, etc.
   4. Note, inter alia, a distinction between racial *attitudes* and *meanings.* (Alternative interpretations of Sniderman's "mere mention experiments" illustrate this point.)

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Lecture Note on *The Anatomy of Racial Inequality* (continued)
Part II: A Summary of Loury's Main Arguments

D. *The Anatomy of Racial Inequality* develops a "social-cognitive" as distinct from a "biological-taxonomic" conception of race. Anti-essentialist without being color-blind:
  5. Racial Stereotypes: "race"="embodied social signification" (Chp. 2)
  6. Racial Stigma: racial inequality persists due to "biased social cognition" (Chp. 3)
  7. Racial Justice: "Color-Blindness" = a superficial moral standard (Chp. 4)
  8. It's about the narrative, stupid." (Mischief of the 'immigrant comparison.')
E. "Stereotype" here used in narrow, information-theoretic sense -- a personal trait, observed at low cost with high reliability, correlated with other traits of interest that are difficult, costly to observe, making it "rational" to condition an agent's action on racial information.
  5. creates a "reputation" externality" (public goods problem) for group members
  6. economists' notion of "equilibrium" nicely captures feedback/self-fulfilling aspects here
  7. two mechanisms: what economists call "*adverse selection*" (eg., taxis) and "*moral hazard*" (eg., low wage jobs) . (Used car college admissions examples combine both.)
  8. interesting dilemma: to encourage non-race based choice by imperfectly informed observers is necessarily to encourage differentiating behavior (contra-group-solidarity) by better-off group members – their code switching; passing; even "self-hatred" (a theme with other groups, too.)
F. Not "anti-discrimination" but "anti-stigma" should be conceptual root of race-egalitarianism
  1. Key distinction: discrimination in "contact" vs. discrimination at "contract"
  2. Interested in whether racial disparities trigger deeper inquiry about fairness of structures
  3. To extent that disparity attributable to "what manner of people are *they*" rather than "what manner of people are *we,*" then there is a "problem of stigma"
  4. *Stigma* leaves blacks "damaged goods," questionable bearers of honor/dignity, unworthy
     a. Intermarriage/adoption/segregated networks/race-coded politics all illustrate this
     b. Patterson: "the slaves dishonor" and the essential incompleteness of emancipation.
     c. Skrentny: illegitimacy of breaching meritocracy depends on "social meaning of race"
     d. Waldinger: ethnic queuing/ succession in low-wage Labor Markets (NYC, LA)
G. Two large causal claims in this argument:
  a. Social-psychological speculative claim: specification is a 'pattern recognition' rather than a 'deductive' type of cognition. Inference always nested within "models of world" which strike us as plausible, natural, 'nice,' which articulate well with our taken-for-granted assumptions. If our models produce seeming anomalies, we interrogate them, experiment. Otherwise, we do not seek reforms.
  b. Social-philosophic speculative claim: the deepest ethical issue here is not the fact of racial "inference" (reasonable, hard to stop) but rather "biased model specifications" (insufficient experimenting to refine beliefs and to question intuitive causal accounts – attributing inequality to THEM not US)
H. In regard to race, this brings issue of "stigma" to the fore: stigma causes negative results for blacks to be "natural" not "anomalous" (don't question model generating results. Egs.: race-IQ debate; prisons (collateral damage in drug war); mortality/morbidity disparities
I. I posit link between plausible models of historical causation engendering racial disparity, on one hand, and political viability of efforts to reduce it, on other. The core idea, then, is that stigma-influenced dynamics in spheres of social interaction and (self) image production for disadvantaged group lead to "objective" racial inequality de-coupled from discriminatory acts of individuals, carrying over across generations, shaping political/social-cognitive sensibilities of citizenry, making racial disparity appear "natural," reinforcing stigma,while stymieing reform: a vicious circle (Myrdal) if ever there was one.