

## Commentary by Glenn Loury

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Session on Managing Difference  
Transcription from Audio Recording

### Chair: Ian Goldin

... We are going to have two discussants who have been allocated to this which will take the issues raised and give their own perspectives beginning with Glenn Loury who is University professor of Economics and Director of the Institute of Race and Social Division at Boston University.

### Discussant: Glenn Loury

Thank you. I can be very brief. Indeed, I am inclined to stop right now! But, alas, the demands of role and etiquette of social relations suggest that I should go on and try to perform as I had been scheduled to do. I offer that disclaimer because as an economist who has worked mainly in theory and as a person who has focused mainly on issues here in the United States, I don't know a great deal about the subject of the two papers that were just presented. I certainly admire the historical survey and very interesting case study of Shelton Davis regarding Mayans in Guatemala. And I am stimulated both by Mary Douglas' essay and by Professor Calderon's relatively more theoretical discussion about political culture and development. But I'm at a loss, having read these papers now, to see how it is that I can advance their specific agenda, given how little I know about the subject. Accordingly, I'm going to try to advance *my* agenda in the hopes that there will be some beneficial spillovers for everybody else.

My agenda is to get everyone in the world to read my book-okay shameless self promotion- called "The Anatomy of Racial Inequality", which is one broad-minded economist's effort to think usefully about the problems of race, racial difference and economic inequality in the United States. So, that is how I will spend the next 5 minutes or so.

There are basically four ideas in this book that I want to describe and that I think bear on the larger question of managing (or perhaps I should say, of recognizing, respecting, and celebrating) difference. One is the idea of "self-confirming stereotypes". Here I am interested in how it is that intrinsically irrelevant personal traits (irrelevant from the point of view of economic productivity, that is) – like the color of a person's skin or the texture of a person's hair – might nevertheless in social intercourse come to be powerfully predictive of economic outcomes for people. How can that be? To venture an answer I start by taking note of the fact that the imperfectness of information (and this will follow a standard mode of argument in contemporary economics, looking to the imperfectness of information for an explanation of something problematic in society) leaves us all with the problem of trying to make inferences about people who we encounter in social life. We do not know fully all that we would want to know about them. This gives us the incentive to rely on any traits people manifest that we have reason to believe may be correlated with the things that we really care about. So, in particular, imagine that a workman will come to my house to repair a window. I wonder if he will do a good or a poor job. Imagine that in my experience the Chinese workmen

(easily recognized as such by their physical appearance) have done well by me, but the Jamaican workmen have often failed to show up on time. Under such circumstances, I will be inclined to draw some generic conclusions about Chinese and Jamaican workmen, based on my experience, and to react accordingly. In other words, I will settle upon certain “stereotypes” about them: “On the average, it seems to me, Chinese workmen are like this, Jamaicans like that,” I will conclude, because my average experience has shown them to be so. And, when considering whom to hire or what wage to offer, I will act in light of these conclusions.

There was an unstated assumption implicit in the above illustration. I have supposed that – Jamaican-ness and Chinese-ness are straightforward, unproblematic notions, that these ethnic distinctions are commonly accepted and well-established in society. Such broad agreement among persons about categories of classification is a social convention in and of itself – a convention entailing shared meanings among people that have somehow already been arrived at. Given such a consensus on categorization, given the incompleteness of information, and postulating self-interested behavior on the part of economic actors, it becomes relatively easy to see how, due to the incentives that are created when racial stereotyping takes hold, processes can get started through which *real* differences between racially identifiable groups become grounded on superficial racial traits that may be intrinsically irrelevant.

Here is a concrete illustration to make this point. In my book I use the example of cab drivers in a big city. Suppose the drivers are reluctant to stop for young black men because they fear being robbed. That is, they think that chance of robbery conditional on race (and, perhaps, conditioned on other information like age and sex) exceeds some prudential threshold if the prospective fare is a young black man, but not when that fare is an older white woman, say. Imagine that their surmise is objectively correct, as a matter of the crime statistics. On the other hand, a very simple process of adverse selection could, at least in theory, explain how such a circumstance might arise. The process is the following: If I know the taxi is not going to stop for me or is unlikely to, and if I do not intend to rob the driver, then I will not want to rely on taxis for transportation because I have very long waits, on the average. Plausibly, this waiting is less costly for someone who intends to rob the driver than for someone who does not. After all, to get in a night’s work the robber may only need one cab to stop some time during the night. The fact that cab drivers are reluctant to stop for a certain group of persons may discourage all members of that group from using taxis, but those intent on robbing will be relatively less discouraged than those who have no such intention. Thus, should the cab drivers begin with an *a priori* belief that a certain group of people is more likely to harbor robbers, and so become reluctant to stop for members of that group, those drivers will end up creating incentives for members of that group to self-select in such a way that, within that group, the robbers are relatively more likely hail cabs.

It’s a somewhat arcane example but I think if you follow it, it makes the point. The point is simply that if people on one side of a transaction are inclined to make use of these superficial traits in order to form their beliefs and then act on those beliefs, and if they start out believing differently about people who have different traits, then actions they undertake based on those beliefs can have the consequences of producing evidence that confirms them in their different beliefs. And so, I may think that if this kind of immigrant moves into my neighborhood, the neighborhood is bound to decline. A few of

them move in. I and many others like me rush to sell our homes and to get out as quickly as we can. In our haste, we may sell at a price below the long term market value for the home. Perhaps we sell to economically more disadvantaged members of this imagined immigrant group. In this way what we might call “the dynamics of neighborhood flight” yields evidence confirming the very expectations that caused the flight in the first place.

I hasten to note that this is not a new idea. If you look at what Gunnar Myrdal said about racial inequality in America 60 years ago (in his classic study, *An American Dilemma*), you find him arguing something similarly about ways in which prejudiced and stigmatizing views of the African American population in the United States produced in the majority and dominant population a mode of behavior that is productive of the very “evidence” justifying their prejudice in the first place.

But what is new in the argument of my book is that I try to move from that observation toward developing a deeper theory of racial difference – a deeper theory, that is, than the received view in economics, due largely to the early work of Gary Becker on this subject. In that received view, people are imagined to start out with preference for association with, or for doing business with, one versus another kind of person. The origin of such preferences remains unexplained within the theory, but those preferences have consequences, and if you belong to a group about which most people have negative views then you may end up doing less well. Whether, and the extent to which, that may be so can be teased out in an economic model. So the objective of the analysis becomes to identify the implications of certain race-based preferences in the economy, and to isolate conditions under which those preferences lead, in equilibrium, to substantial differences in the economic circumstances of the racial groups. Now, I wanted to deepen that theory for a couple of reasons.

First, an important empirical fact for the case that I’m interested in is that the disadvantaged racial group seems by most measures to be objectively less productive. And yet, their productivity is the consequences of a process that is socially situated. This is what led me 25 years ago in my dissertation to write down the words “social capital” in a few paragraphs where I sought to explain my model. (And what a stroke of good luck that was for me! My writing down those two words has led to Amartya Sen, just yesterday, crediting *me* with being one of the progenitors of the idea of social capital, when in fact all I did was turn a more or less clever phrase. I didn’t develop any real theory of social capital. James Coleman did that later. But I was moved to use the phrase in my dissertation because it seemed to me then that the human capital account of variation among individuals in labor market earnings gave insufficient attention to socially conditioned processes through which people actually acquired human capital, ignoring what is often the most interesting and morally problematic aspects of the inequality-generating processes that should be of interest to economists. That is, attention should be given not only to the rational calculation of rates of return anticipated on an investment, but also to how individuals’ access to resources critical to human development depends upon their social situation – who their parents are, who their neighbors are, what kind of community they grew up in, whom they were connected to, where they got their life-altering inspiration – things of this kind. So that if we really want to understand the inequality in the society we would have to understand how it is that those differences of social situation were produced and were sustained over time. But the sort of Chicago-esque theorizing about differences didn’t invite us to think about that.

It black boxed, if you will, that stuff. It sort of put it outside the realm of legitimate discussion within economics.

So, one reason that I see this racial stereotyping problem as so serious is that, over time, it can cause and in turn be amplified by objective productivity differences between the populations. This fact of objective differences between racial groups (by which, of course, I do not mean *genetic* disparities, but rather differences in *acquired* productive traits) invites a certain kind of argument. “Who wants to live next to those people? In fact they are actually not very good neighbors,” some will say. “Who wants to hire them? In fact they are not very productive workers. Their test scores are actually quite low, you know. Of course they are doing poorly in our society.” Here is the cutting edge of the case I’m making in my book: Self-confirming stereotypes can it leads to *political* culture that is inured to the moral problem of racial inequality, because they invites a *causal* account of that inequality which lays the responsibility for it on the deficiencies of the persons rather than on any aspects of social organization or social process that might be amenable to deliberation and ultimately to reform through policy and politics. I give a concrete example of this. The prisons of the United States are disproportionately filled with people from racial minority groups, especially African Americans. Roughly 7 in 100 prime age black men are under lock and key on a given day in the United States of America, which is a pretty large number. “They did the crime and so they must do the time,” is one way of responding to this circumstance, a response that emphasizes the personal responsibility of individuals who violate our laws. From this perspective the relevant moral questions would be, did they in fact violate laws? And, were they treated by the processes of legal adjudication in a non-discriminatory fashion? If so, then we are done talking about whether or not there is a moral problem here – they did the crime, and now they’ll do the time.

But, there is another and I think more compelling approach to thinking about this problem. One can ask, instead, “What are the broad public policies and social practices that might be implicated in the production of such an alarming racial disparity in social dysfunction?” For example, legal action against drug trafficking is an important element of the larger criminal justice picture, and the social/political economy of drug markets is such that, disproportionately, people from racial minority groups, especially blacks, are involved in that trafficking. (I do not have time to offer an argument here about why that might be so, though one could make a kind of geographic argument about why drug markets are in particular places, and a conventional economic argument about why people in certain marginal social situations may underbid others for the “privilege” of engaging in a certain kinds of risk taking activity, etc.) In any case, such a racial disproportion in the drug markets, together with an intense legal sanctioning of drug trafficking, will lead to a racial disproportion in imprisonment. And yet, because the demand for drugs does not come from any particular race, sex or class grouping, I conclude that the larger society as a whole is implicated in the processes that led to the racial disparity in imprisonment rates. That disparity, in other words, is *our* problem, not merely *theirs*. And this problem is most properly viewed as a manifestation of systemic failures of our wider social organization, not simply as a reflection of the personal or communal inadequacies of a certain racial group. From this viewpoint, a “drug warrior” might be move to search for system-wide reforms (for instance, demand-reduction and/or

decriminalization strategies), rather than simply undertaking to deal harshly with “thugs” who are taken to personify the problem.

Now, this leads me to the second idea from my book that I want to get across, what I call “biased social cognition.” Biased social cognition. Here I’m asking the following question: I’m saying not all disparities occasion the same degree of critical reflection in a society when they are manifest. Some inequalities are salient; others are not. What’s that about? So an example: Men and women differ in a number of outcomes. Let me take two. Men go to jail much more frequently than women do in the United States, I imagine in most countries. It’s a rate of about 10 to 1 here in the United States. Women do less well in the technical curriculum in the schools in the United States on the average. In mathematics and the sciences women are underrepresented. Now, only one of these situations is taken to be a social problem – the latter. We think the latter is a problem. Most of us do. Most progressive people, most people today think that the latter is a problem. “Within the schools the girls lag behind in the technical curriculum. Something must be wrong. Let’s figure out what it is,” most of us will say. The nature of the problem is not evident to us. The underlying cause of the disparity is not self evident. Uncovering it requires investigation. But you have to first want to know what that underlying source might be. On the other hand, men and women do differently with respect to the criminal justice system and no one goes around wringing their hands about that. Why? Because, I maintain, we are “tacit gender essentialists”. We are tacit gender essentialists when it comes to who goes to jail. By that I mean, we act as if men and women are fundamentally different in some way that bear on the outcome of going to jail, but in ways that are not in themselves morally significant. In plain English, we act as if the culprit is testosterone. We think that men are more violent and more aggressive, so the male-female disparity in who goes to jail does not trigger the degree of scrutiny, the degree of angst and dissatisfaction, with our social organization, as does male-female disparity in who does well in mathematics and physics.

Now, my point with this example is to say that, when discussing who goes to jail in the United States by race, a similar degree of scrutiny about what might be our social and collective responsibility for that outcome is not forthcoming. Instead, we act *as if* the disparity was a manifestation of the characteristics that are appropriately taken to be *their* responsibility, not *ours*. But, in fact, an argument could be made to say that that is not the case.

Okay, I’m almost out of time. I’ve already said two things, and I’ll try to quickly to say two things more. If said that *stereotypes*, imperfect information, and processes of categorical generalization can lead to self-confirming feedback effects that then produce their own justification, and leave us thinking that groups of people seem to be essentially different in some ways that are important. But, I’ve argued, those differences can be grounded upon and in turn can serve to reinforce *biased social cognitions*. In effect, we attribute group disparity to exogenous causes, not endogenous factors. So, we conclude that the political and collective responsibility for the disparity is less than it actually is. There are two other things that I want to mention: *stigma not discrimination* as the central lens through which to try to understand this problem of racial economic disparity. Stigma and not discrimination. I want to insist on this. Discrimination is about how people are treated. Stigma is about who they at the deepest level are understood to be. Discrimination is an act: I will pay you eight, but I will pay him ten, even though the two

of you are equally productive. Stigma is a deep conception that a certain kind of person is unworthy: You are not like me. If you fail, it's not as if I could have failed had I been in your situation. Your failure is a manifestation of something deeply inadequate about you. It's a manifestation of your backwardness, say (just how the stigma is conceived, of course, depends on the context.) But it's your unworthiness in some profound way. Here I'm going to for the importance of history and the importance of meanings. (Right. I'll allow that much to the anthropological discourse, that we are talking about what these marks on the body are taken to mean at the visceral and the deepest level.) To say "I don't want my daughter to marry this one because he belongs to that group and such a match would be dishonorable for our family," is not to engage merely in an act of discrimination. I mean, yes, at the end it manifests itself in an act of discrimination. But the fundamental problem lies elsewhere, with a set of beliefs about who these people are and how we connect up with them. These beliefs can have large political consequences.

Finally, I want to discuss the idea of "*difference blindness*". Here I have in mind a kind of political philosophy question that arises in discussions of liberalism. (Indeed, Amartya Sen, in a very sophisticated way of course, has himself espoused in some recent essays the notion that, at the end of the day, the moral ideal is a kind of blindness.) Now, I don't mean a trivial kind of simple-minded blindness that one simply wants to ignore the existence of the differences as a sociological matter, but I mean moral blindness. At the end of the day the ideal is to transcend the difference. Okay, that's the ideal. Color blindness, the anti-affirmative action, anti-preference kind of idea. We shouldn't care about these things. Government should be blind about these things. We should transcend, we should get beyond. My view, defended at length in the book, is that this blindness idea becomes deeply problematic when you embed in the actual historical flow. That is, as a normative ideal, sitting in one's study thinking about how the world should be, perhaps one can defend the idea. But once you embed the idea in the actual historical flow it becomes less attractive. This is especially so when one recognizes that this very ideal has been systematically violated over the course of centuries, prior to our contemporary era, not only by individuals but by governments who were anything but blind. This systematic violation created facts on the ground, not only the objective economic inequality or backwardness of a certain set of people, but also the mental map that people bring to the task of understanding themselves and others in society. These facts on the ground and the mental maps that accompany them, although originating with historical violations of difference-blindness, live on long after such violations have ceased. These "lingering effects" are the consequences of an ignoble history, present in our very midst. We look around and see that in fact we have a war against drugs the predictable consequences that very large numbers of some of the most disadvantaged people in society are going to bear the brunt of the punitive cost of our reaction to a broad social malady-that's a fact. And we say, no we have to be blind to that, it doesn't matter what their group is, all that matters is that they are persons and persons are to be treated equally irrespective of their identity. Or we say, why don't they get over these identity problems? Why don't they get beyond that? Why don't they enter into the modern world? We stress that these identity considerations are matters over which persons must ultimately exercise choice; that the "true" self is a transcendental subject who floats high above the grittiness and messiness of commitments to this or that particular tradition or way of life.

To my mind that way of thinking is philosophically naive because it doesn't take seriously the historical processes that are actually constraining what we can accomplish in terms of promoting equality. I make this case more fully in the "Racial Justice" chapter of my book.

**Chair: Ian Goldin**

Thanks very much Glenn. I am certainly going to rush out and buy your book and I'm sure many others are but obviously what you've been talking about is absolutely central to the focus of this conference.