

Affirmative action debate and economics

[Life](#)



Yuching Lin ECON 395 The Affirmative Action Debate Affirmative Action has recently become the center of a major public debate in the United States, which has led to the emergence of numerous studies on its efficiency, costs, and benefits. The Civil Rights Act of 1964 and Equal Employment Opportunity Commission ended wage and employment discrimination based on gender and race, significantly decreasing the gap between minorities and non-minorities. Minorities made major progress from the 1960s up through the early 1970s due to Affirmative Action (Jones, Jr. 1985). However, for the past few decades, the progress that minorities have made in terms of income, employment and education has largely stagnated. California, Michigan, Nebraska, and Washington State have recently banned racial advantage in employment and college admissions, and Proposition 209 of California has disallowed the preferential treatment of minorities, with opponents of Affirmative Action lobbying for more widespread bans on similar policies while supporters argue fiercely against the removal of Affirmative Action policies.

As can be seen, Affirmative Action's status in the United States now is very dynamic due to shifting court decisions and policy plans. Additionally, returns to education have been increasing in recent decades, and as a result, income inequality has also increased – the growing demand for highly skilled workers (workers with high levels of post-secondary education) and the stagnancy of American education (with the added fact that high quality colleges have become even higher quality and even more selective while lower tier colleges have decreased in quality) has led to ever-increasing wages for the highly skilled.

This “ Skill Biased Technological Change” has led to a widening income gap between the rich and the poor. Naturally, this considerably affects black and Hispanic minorities, who are more likely than non-minorities to be part of the working class or below the poverty line, which raises the stakes in the debate on Affirmative Action. Today, both sides on the debate can bolster their arguments with evidence provided by economic and social research on the policies. But there are additional questions to be answered – is Affirmative Action justified on moral grounds? Can we balance economic efficiency with equity?

Is Affirmative Action the best policy for addressing racial inequalities? Do policies that increase diversity result in positive externalities such as reduced prejudice and indirect benefits beyond education and career success? One will discover that, after thorough analysis of research concerning Affirmative Action, it is still difficult to form a definitive conclusion on the results of the policies. Nevertheless, there is much to learn from the research that has been conducted as of present, and one can now better steer research in a direction that will uncover the real benefits and shortcomings of Affirmative Action.

To begin with, the debate on the efficiency of Affirmative Action policies is still very much unsettled. Opponents claim that they actually result in several negative effects on the minorities the policies are intended to benefit, arguing that minority students admitted into overly competitive programs are more likely to drop out than mismatched non-minority students due to the increased competition, which would actually worsen the

income gap since black income has been shown to decrease even more than white income after dropping out of college (Loury, 1995).

A proposed “ stigma hypothesis” suggests that “ preferential treatment perpetuates the impression of inferiority” while simultaneously lowering incentives for high academic effort from minorities (Murray, 1994). And yet another underperformance hypothesis by Steele (1990) suggests that blacks’ academic performance suffers when they are aware that normal standards are lowered in order to accommodate them.

However, there exists no research with strong, conclusive results that support these claims – in contrast, the “ race difference in graduation rates is no larger at the most selective institutions,” and blacks have been shown to benefit from the increased admission to selective universities (Holzer and Neumark, 2000). A study by Cortes (2010) on the Texas Top 10% Plan claims that the banning of Affirmative Action actually increases college dropout rates for minorities and finds that the mismatch hypothesis is inaccurate.

Because quantifying the economic benefits of Affirmative Action is exceedingly complicated, comparing the total costs and benefits of the policy becomes exceptionally difficult for policy-makers. Holzer and Neumark (2000) note that university admissions policies are not necessarily economically efficient to begin with, which further complicates matters since researchers do not have a definitive point of efficiency to which they can compare the results of Affirmative Action.

Administrative costs and externalities must also be factored into the models, when economists have not yet even managed to create a viable model for

the effects of Affirmative Action policies. For example, minority students in medical school are less likely to reach as high a level of expertise as non-minorities, but they are more likely to treat minority patients, generating a positive externality (Holzer and Neumark, 2000). Another point made in the debate on Affirmative Action is that diversity may improve the educational quality of a university.

Many educators believe that diversity in colleges is inherently beneficial – students can learn from other students whose experiences and backgrounds give them a whole different set of views and capabilities. Several studies have actually correlated increased diversity in student bodies with improvements in issues such as racial prejudice and bias, although results vary depending on study design, extent and type of diversity, and the issue of interest (Bowman, 2010).

Even so, other researchers are likely to reject such evidence since variables such as attitudes, inter-racial relations, and even school quality (as a result of increased diversity) are difficult to define and accurately quantify (Holzer and Neumark, 2000). Research has often demonstrated very unclear results, usually only weakly suggesting a few conclusions while also providing sometimes conflicting conclusions; one study on the effects of diverse student bodies found that there was no effect on post-college earnings, an increase in satisfaction with college experiences, and a decrease in community service (Hinrichs, 2011).

Interestingly, a recent study in college admissions based on merit, race, and legacy suggests that the removal of race-preferential treatment may actually decrease the ability of the student body since colleges may be inclined to

<https://assignbuster.com/affirmative-action-debate-and-economics/>

increase legacy-based admissions due to the current economic climate (Li and Weisman, 2011). However, they do also propose that there is a possibility that colleges would need to eliminate all preferences barring merit in order to produce the most-able student body.

Overall, it is generally agreed that more accurate methods for measuring school quality and the quality of school inputs are necessary if more conclusive results on education differentials' effects on unobserved skills, attitudes, and racial income inequality are to be found. While it is without a doubt that Affirmative Action increases admission and employment rates for minorities, there is much speculation as to whether it is the most effective policy. Researchers are not confident yet of how different variables interact to affect income, employment rates, and other indicators of success.

As a result, one will often find seemingly conflicting data as exemplified by Card and Krueger's (1992) findings that " 5-20% of the post 1960 black gains were due to improved school quality" while Smith and Welch (1989) claimed that 20-25% of black gains were a result of improved school quantity, which they asserted should be the focus of educational policies. Moreover, it is well known that employers often discriminate based on race, whether purposefully or unconsciously, and that this significantly impacts labor market outcomes.

Affirmative Action can only do so much to address employment discrimination – in some models, the issue of negative racial stereotypes can be exacerbated by the application of such policies (Holzer and Neumark, 2000). In addition, some suggest targeting education inequalities in primary and secondary education as opposed to implementing race-preferential

<https://assignbuster.com/affirmative-action-debate-and-economics/>

treatment in post-secondary education as a more efficient and equitable policy, although efforts such as NCLB have only slightly improved primary and secondary education inequalities.

The primary and secondary education quality in the United States is in dire need of improvement already; high school graduation rates have stagnated, and school quality is falling behind when compared to the educational systems of other developed countries. There also exist other complicated variables that need to be addressed in order to close the income gaps between minorities and non-minorities such as the inheritance of learning abilities/behavior, ghettoculture, and the underclass (Jencks, 1993). As one can expect, research concerning controversial issues often suffers from researcher bias.

Economic research typically entails numerous variables and methods in order to reach conclusions, and more often than not, results are varied and ambiguous, especially in this particular branch concerning Affirmative Action. It is a simple matter to selectively exclude certain results in order to make it appear as if a research study conclusively supports or rejects Affirmative Action as a beneficial policy, should one wish to do so. Literature searches can quickly turn up very obviously biased articles with weak evidence and unreasonable claims.

Furthermore, past research has indicated that the types of models used in studies can have a significant impact on the results, further obfuscating the conclusions on the effectiveness of the policies. In fact, as of present, research on the policies has resulted in mostly ambiguous conclusions, although it is of my opinion that studies in general very slightly lean toward

<https://assignbuster.com/affirmative-action-debate-and-economics/>

suggesting that Affirmative Action is beneficial as a whole – research studies that conclusively reject Affirmative Action as a viable policy are few and far between, and it is even difficult to find studies that demonstrate significant negative effects.

In order to obtain more accurate data, researchers would optimally be able to create experimental studies with control and treatment groups, but this is very unlikely to occur due to the unethical properties of such studies. Clearly, it has become even more imperative that researchers improve models on the efficiency of Affirmative Action policies in order to obtain more reliable data to demonstrate with greater confidence the effects of the policy. Of course, these topics only cover the economic justifications for Affirmative Action, which is clearly also a matter of social justice.

There is an endless cycle of philosophy-based debates on the policy – should we as a society aim for equity or efficiency? If we are willing to sacrifice some efficiency for equity, how much is optimal? There is also the question of whether society has a responsibility to “[remedy] the present effects of past discrimination,” which begins another entire debate about the responsibility of people today for wrongs committed by ancestors (Jones Jr. , 1985).

Some also believe that Affirmative Action devalues the achievements of minorities since credit may be given to race-preferential treatment instead of to the individuals who accomplish those feats; this can lead to further racial prejudice and bias, possibly encouraging the continuation of racial discrimination in job employment. There are also suggestions that perhaps policies ought to focus on helping the part of the minority population with

low socioeconomic status so as to avoid situations in which wealthy black students may be given preferential treatment over more qualified white students living below the poverty line.

The debate over Affirmative Action for women is also just as controversial, for women also suffer from income inequality, but they still receive the same advantages that their male siblings receive. Therefore, one can argue that women are not put at a disadvantage early on in life and that they should not require preferential treatment in admissions or employment. In fact, women who benefit from Affirmative Action are much less likely than racial minorities to be lower-qualified and less-skilled, suggesting that implementing a preferential treatment policy may be inequitable in this case.

Even more abstract of an argument is the claim that men and women will never reach perfect equality since they inherently desire different careers and hold differing aspirations for lifetime achievements. As can be seen, there is literally a myriad of issues that factor into the debate on Affirmative Action. The field of research concerning the topic is beset by the typical problems plaguing education and economics research – education quality and educational inputs to schools are difficult to measure, as are the effects on income, employment rates, job characteristics, etc. The lack of experimental data lends no help.

The effects of nationally implemented legislation are difficult to track and quantify because of differences over time and across states (Altonji and Blank, 1999). Compiling data at a national level is also vastly time-consuming and challenging. Though neither side has conclusive evidence that supports their argument, studies that reveal tentative conclusions on <https://assignbuster.com/affirmative-action-debate-and-economics/>

the effects of Affirmative Action policies are emerging, and models are slowly approaching real-world utility. As research continues, hopefully the accumulation of data and models will allow researchers to uncover the true effects of Affirmative Action.

References Altonji, Joseph G. and Rebecca M. Blank. 1999. " Race and Gender in the Labor Market. " In Handbook of Labor Economics, edited by Orley Ashenfelter and David E. Card, 3143- 3259. San Diego: Elsevier B. V. Bowman, Nicholas A. 2010. " College Diversity Experiences and Cognitive Development: A Meta Analysis. " Review of Educational Research 80(1): 4-33. Card, David and Alan B. Krueger. 1992. " School quality and black-white relative earnings: a direct assessment. " Quarterly Journal of Economics 107: 151-200. Cortes, Kalena E. 2010. " Do Bans on Affirmative Action Hurt Minority Students?

Evidence from the Texas Top 10% Plan. " Economics of Education Review 29(6): 1110-1124. Dong, Li and Dennis L. Weisman. " Why Preferences in College Admissions May Yield a More- Able Student Body. " Economics of Education Review 30(4): 724-728. Hinrichs, Peter. 2011. " The Effects of Attending a Diverse College. " Economics of Education Review 30(2): 332-241. Holzer, Harry and David Neumark. 2000. " Assessing Affirmative Action," Journal of Economic Literature 38: 483-568. Jencks, C. 1993. Rethinking Social Policy: Race, Poverty, and the Underclass. New York: HarperPerennial. Jones Jr. , James E. 1985. The Genesis and Present Status of Affirmative Action in Employment: Economic, Legal, and Political Realities. " Iowa Law Review 70: 901-923. Loury, Linda D. and David Garman. 1995. " College Selectivity and Earnings. " Journal of Labor Economics 13: 289-208.

<https://assignbuster.com/affirmative-action-debate-and-economics/>

Murray, Charles. 1994. "Affirmative Racism," In *Debating Affirmative Action: Race, Gender, Ethnicity, and the Politics of Inclusion*, edited by Nicolaus Mills. 191-208. New York: Delta.

Steele, Shelby. 1990. *The Content of Our Character*. New York: St. Martin's Press.

Smith, James P. and Finish Welch. 1989. "Black Economic Progress after Myrdal." *Journal of Economic Literature* 27: 519-564.