

Relations before Transactions: On Persistent Racial Inequality in the United States

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Prologue: A specter haunts the domestic political landscape in America today. It is the specter of racial conflict. The anger and alienation of many black American is palpable. Our pundits tell us that we are living in a period of “racial reckoning” in America. Racial dispute suffuses our public life – from school committee elections to national political contests. This estrangement of black intellectuals, politicians, journalists, and activists derives, in large part, from the persistent disadvantage of blacks across so many fronts in our economic and social life. The reality here is too familiar, too widely known to require elaborate recitation. Whether considering health or wealth, income or education, imprisonment, or criminal victimization – the disadvantaged status of us Americans who descend from slaves, here in the third decade of the 21st century, more than 150 years after official Emancipation of enslaved Africans, is plain for all to see.

What are we to make of this? That question has bedeviled me for decades – indeed, ever since I began graduate studies in economics at MIT a half-century ago. So, it is with heavy heart that I stand before you today – a black American economist in this era of racial discontent in my country; an Ivy League professor and a descendant of slaves; a beneficiary of the civil rights revolution – now over two generations in the past – which has made possible for me a life that my ancestors could only have dreamed of. More than that, I am a patriot who loves his country. I consider myself to be a man of the West who has inherited its great traditions. As such, I feel compelled to represent the interests of “my people” here and now. However, that reference is not unambiguous – invoking, as it does, both

communal and civic antecedents! For me, ultimately, the civic imperatives must be prior to the communal ones. But those communal ties – the “call of the tribe,” if you will – remain strong. Just what, I must ask, is a self-respecting black American to do in the face of such persisting racial inequality?

To set the stage for what is to come, I invite you to consider an imaginary dialogue between two black American social scientists – an economic theorist of neoliberal orientation, rather like me; and an ethnographic sociologist with radical left political leanings, very unlike me! It goes as follows:

Ec: (Chanting, but otherwise sitting still) “Relations before Transactions. Relations before Transactions. Relations before Transactions. Relations before Transactions”

Soc: (Enters with a start – alarmed) What’s wrong, my friend? Why are you saying that? You must be the culprit who pilfered my copy of Bourdieu last week!

Ec: No, I am not. And who is Bourdieu, anyway? I’ll bet he’s one of those incomprehensible French theorists you always fawning over. It’s my mantra; I’m meditating. Very calming. You should try it sometime.

Soc: (Ignoring the dig.) I meditate all the time, man. I’m the one who belongs to a profession fraught with anxiety, remember? But what’s your excuse?

Ec: Well, I’ve been having a recurrent nightmare of late, and I want it to stop. My shrink thinks that meditation could help.

Soc: Who’s your shrink?

Ec: This brother who was my roommate at Swarthmore. Brilliant dude; works a lot with gunshot victims; inner-city types involved in gangs, the drug trade and so on. He thinks they’re making passive suicide attempts; writes books on hopelessness, self-loathing, falling into an existential abyss; cites Freud, Nietzsche, and de Sade. Strange guy, but brilliant. He gave me the mantra; promised me it would help; said I should repeat it slowly while sitting very still and taking deep breaths.

Soc: Perhaps. But remember what I told you about those pizzas – not a good idea after midnight. And, did you say, de Sade?? Anyway, tell me, what's the dream?

Ec: Oh, it's awful. I'm back in grad school. I'm sitting in my usual place right at the front of the class. The professor poses what he says is an important question. He's invited one of us up to the board to work out an answer. I get there first and proceed to fill the board with equations. Finally, I arrive at what must be the solution. My derivation is far too elegant not to be true. I turn to explain myself to the rest of the class. Just then, I realize that I've forgotten the original question! I rack my (very large) brain, but for the life of me, I can't recall it. The class begins to snicker. They're a ruthless bunch when they smell blood. The guffaws and catcalls grow louder. It's humiliating, just humiliating. (The economist begins to tremble again, uncontrollably.)

Soc: (Comforting his friend) Yeah, I can see that. It's got to be tough – being the smartest person in the room, but without a clue as to what's the point. You ought to stick with this shrink though. Dreams can be very revealing, you know. But I'm not sure I get the mantra. And what was the professor's question, anyway?

Ec: He had asked us to explain how durable racial inequality in the United States can be squared with the premises of modern economic theory, without making any assumption of innate racial inferiority, and without postulating any unexplained preferences for own-group associations.

Soc: That's a damn good question! It's a tough one, too. You're telling me you ran to the board to take that one on? Brave man. (Fools jump in where angels fear to tread, he thinks...)

Ec: Well, to be honest, in the dream I always start to the board before he finishes posing the question. Happens the same way every time. I can't stop myself... (The trembling returns...)

Soc: (In a bright tone, hoping to shift to a happier subject.) So, what was your elegant solution?

Ec: Oh, I'd love to tell you, but you'd never understand the mathematics!

(At this, the sociologist takes offense and storms off angrily. The economist yells after him...)

Ec: Besides, I'm not sure I believe it anymore, myself. Anyway, my shrink gave me this mantra and it seems to be helping. (He returns to his chanting: "Relations before transactions. Relations before transactions. Relations before transactions. Relations before transactions...")

Thus ends my imaginary dialogue. As you will see, it captures the central theme of this presentation. And now, on to the lecture proper.

1. A Conceptual Framework for Studying "Race" and Racial Inequality

Why, I ask, the success of the civil-rights movement notwithstanding, has the unequal economic status of black Americans persisted into the 21st century? Clear thinking about this difficult problem requires us to distinguish between the role played by anti-black discrimination, past and present, and the role of the behavioral patterns to be found among some blacks. This, I admit, puts what is a very sensitive issue rather starkly. I wish to suggest that we chart a middle course – acknowledging anti-black biases and insisting these be remedied where possible; but also, urging that we identify and seek to reverse the behavioral patterns that are preventing some of our people from seizing newly opened opportunities.

Some of this thinking was summed-up in my monograph, *The Anatomy of Racial Inequality*, initially published over 20 years ago.¹ That book sketched a theory of "race" applicable to the social and historical circumstances of the United States. It speculated about why racial inequalities persist, advancing a conceptual

¹ Harvard University Press, 2002; (2nd edition, with new Preface, 2021)

framework for thinking about social justice in matters of race. It was one-part social science, one-part social criticism and one-part social philosophy – themes that were pursued in successive chapters entitled “Racial Stereotypes,” “Racial Stigma,” and “Racial Justice” – deriving from a series of lectures I had given at Harvard’s DuBois Institute. I want to establish a foundation for what is to come by briefly reviewing some of those ideas because one ought never to invoke racial aggregates as subjects of social analysis unreflectively (a view that is strenuously argued by the UCLA sociologist Rogers Brubaker in his book, *Ethnicity without Groups*², which has much impressed me.) So, please bear with me. I assure you that the relevance of this conceptual excursion will be clear soon enough.

A theoretical discussion of this kind properly starts with an account of the phenomenon of “race” itself. Why do people take note of and assign significance to the skin color, hair texture and bone structure of other human beings? How have the superficial markings on human bodies taken-on social significance, such that people routinely partition the field of human subjects whom they encounter into groups, with this sorting convention based on these subjects possessing some observable bodily marks. This is a universal feature of human societies. But why should that be so? I proposed (acknowledging in advance that there was no great originality in this) to conceive of “race” as a social construct – a conventional, not

² Harvard University Press, 2006.

a natural, category. For me the term “race” refers to indelible and heritable marks on human bodies of no intrinsic significance in themselves which, nevertheless, have through time come to be invested with social expectations that are more-or-less reasonable, and with social meanings that are more-or-less durable.

When talking about “race” – in America or anywhere else for that matter – we are dealing with two processes: *categorization* and *signification*. Categorization entails sorting people into cognitively manageable subsets based on bodily marks and differentiating one’s dealings with such persons accordingly. It is a *cognitive* act; an effort to comprehend the social world around us. By contrast, signification is an *interpretative* act – associating certain connotations or social meanings with those categories. So, both informational and symbolic issues are at play. Or, as I like to put it, when speaking about “race,” we are really talking about “embodied social signification.”³ This is the constructivist spirit that I employ, emphasizing the negative interpretative and symbolic connotations that have always attached to “blackness” in the US, owing to the history of African slavery in my country.⁴

³ A self-conscious awareness that the marks on one’s body may convey profound significations to the others one encounters in society may be an impediment to one’s psychological health – particularly in a place like the United States where, because of the need to justify chattel slavery in a nation self-consciously defining itself as “the land of liberty,” the mark of “blackness” has, over the course of the last two centuries, come to be infused with long-enduring, derogatory significations.

⁴ Of particular interest to me is the possibility that powerful and derogatory social meanings may come to be associated with the bodily marks that define “race” in American society, and that such meanings may even be internalized by persons identifying with a stigmatized racial group – even people like me, who might hope to study such matters more or less scientifically. How, I

2. “Racial Discrimination”: Reward Bias versus Development Bias

Given this theoretical understanding of “race,” what, then, might one say about the causes of persistent racial inequality? Fundamental to my approach in that book was the distinction between *racial discrimination* and *racial stigma*. Discrimination is about how black people are treated; while stigma is about how they are perceived. I argued that what I called *reward bias* (different treatment in the marketplace) is now a less significant barrier to the full participation of black people in American society than is *development bias* (differential access to crucial opportunities for human growth.) *Reward bias* focuses on unfavorable treatment of black people in formal transactions, limiting the returns on skills and talents they have acquired. *Development bias* focuses on the impediments that block access for black people to those interactions necessary to acquire skills and to refine talents. My idea is that such interactions are always mediated by informal social networks.

Reward bias is rooted in racially discriminatory transactions. *Development bias* is grounded in racially stigmatized social relations. Many of the resources that foster human development only become available to persons as the byproduct of informal, race-influenced social interactions. Put differently – reward bias entails

ask, does one achieve the objective observer’s stance while enmeshed in the tangled web of identities, fealties and conflicting narratives which is the nature of racial discourse in America?

discrimination in contract, development bias entails *discrimination in contact*.

Contract versus Contact. Transactions versus Relations. Can you see what I'm getting at here?

Obviously, these two kinds of bias are not mutually exclusive: acquisition of skills can be blocked by overt acts of discrimination. Moreover, a regime of market discrimination that comes under pressure from the forces of economic competition may require for its maintenance employing informal instruments of social control.⁵ Still, while both kinds of bias promote racial inequality this distinction is useful for, whereas the moral problem presented by *reward bias* is straightforward and calls for an uncontroversial remedy via laws against discrimination, *development bias* presents a subtler, more insidious ethical challenge – one that may be difficult to remedy via public policies in any manner likely to garner majoritarian support. Law and policy are readily available for fighting reward bias, but much less so for countering development bias. This is because citizens who find the “transactional discrimination” associated with reward bias to be noxious may be more accepting of the “relational discrimination” underlying development bias.⁶ Race preference

⁵ For example, norms against trading with stigmatized “others” may be established and enforced via threats of social ostracism for those violating the norm.

⁶ For example, they may object if a white police officer treats black youths unfairly, but say nothing at all when white families flee an integrating residential community because of their exaggerated fear of the threat they perceive from “black crime.”

in the choice of one's personal associations will generally be seen as less problematic than is racial preference in the choice of one's trading partners.

So, perhaps one can see now what the economist's shrink was getting at in that opening dialogue, with his mantra: "Relations before Transactions." He was pointing towards the idea that the persisting subordinate position of blacks in the economy is best thought of as deriving from our stigmatized status in the society, and not the other way around. He was hinting that a focus on racial discrimination in economic transactions does not cut deeply enough; one must also consider the consequences of the racially stigmatized social relations that inhibit blacks' access to those networks of social affiliation where developmental resources are most readily appropriated. On this view, the ultimate source of persisting inequality is not a racially hostile marketplace or administrative state, as had been the case in the past. Rather, the mantra's claim is that today's problem derives mainly from a race-tinged psychology of perception and valuation – a way of seeing and relating to black people – that withholds from them a presumption of equal human worth. A racial group's stigmatized status in the social imagination – *and in its own self-understanding* – may be rationalized and socially reproduced due to the group's subordinate position within the economic order, thereby creating a vicious circle. Here, then, we have a world where "racial dignity," "racial subordination," "racial dishonor," "racial pride and shame" resonate powerfully. Such has been my world,

which may help you to understand why I identify so closely with the fictional black economist in that opening dialogue! I have done so for nearly half a century!

3. “Social Capital” and the Inequality-Producing Effects of Racial Stigma

Twenty-six years before the publication of *The Anatomy...*, in my doctoral dissertation written at M.I.T. under the inspiring supervision of Prof. Robert M. Solow, I had the good fortune to coin the term "social capital."⁷ To my everlasting benefit, the great sociologist, James S. Coleman – in his 1990 treatise, *Foundations of Social Theory*⁸ – credited me (along with the writer Jane Jacobs⁹) as having been an originator of this concept. What is more, distinguished political scientist Robert Putnam cited me to the same effect in his 1992 study, *Making Democracy Work*.¹⁰ As it happens, I first used this concept in an analysis of persistent racial inequality in the U.S. By discussing how I came to coin the term “social capital” I can further illuminate the contrast I am drawing between informal social relations and formal economic transactions – between reward and development bias – as mechanisms perpetuating the subordinate economic position of black people in America.

⁷ “Two Essays in the Theory of the Distribution of Income,” Ph.D. Thesis, Department of Economics, Massachusetts Institute of Technology, 1976

⁸ Harvard Univ. Press, 1990

⁹ See her book, *The Economy of Cities*, Vintage Books (Random House) 1970

¹⁰ Princeton Univ. Press, 1993

Thinking as an economist, I wanted to contrast my concept, “social capital,” with the more familiar idea of “human capital.” Human capital theory attempts to explain variation in the earnings capacities of persons in society by analogy with the well-developed theory of investment in economics – assuming rational choice by forward-looking individuals, analyzing decisions to invest in light of an agent’s discount rate, their anticipated returns, and available alternatives for the usage of their time. Human capital theory imports into the study of human inequality the intellectual framework, well-developed within economics, to explain investment decisions by firms – a framework that focuses on the analysis of formal economic transactions.

Put simply, my point in that 1976 dissertation was that associating business with human investments is merely an analogy, not an identity – particularly if one seeks to explain persistent racial disparities. I argued that important things were overlooked in the human capital approach, things having to do with informal social relations. I emphasized two central aspects of this incompleteness, and this forms the basis of my argument for placing “relations before transactions.”

First, I observed that *human development is socially situated and mediated*. That is, the development of human beings occurs inside social institutions. It takes place as between people. It is dialogic. Its context is human interaction. Families, peer groups, the school, neighborhoods, communities – these institutions of human

association are where development occurs. As such, many of the resources that are essential to human development – the attention that a parent gives to her child, e.g. – are not *alienable*. Developmental resources are not “commodities.” Human development in the main is not for sale. Instead, structured connections between individuals create the context within which developmental resources come to be allocated to individual persons. Opportunity travels along the synapses of such social networks. The resulting allocation of resources may not be efficient. Development of human beings is in this respect fundamentally different from corporate investment. This was my main point in 1976.

The family is one such institution – a fundamental observation since human development begin before birth. Decisions a mother makes – about how closely to attend to her health and nutrition during pregnancy – will alter the development of her fetus. This, and a myriad of other things that I could name, all come together to shape the experience of a newly born infant, who will mature one day to become a human being, and about whom it will be said that he or she has this or that much “productivity,” as reflected in wages, or the scores manifested on some cognitive examination. Well, I was arguing in 1976 that people are not machines, and their “productivities” – that is, their behavioral and cognitive capacities bearing on their economic and social functioning– are not the mere result of a mechanical infusion of material resources. Instead, these capacities are byproducts of social processes

mediated by networks of human affiliation and connectivity. This, I maintained, is the key for understanding persistent racial disparities.

My second observation was that, as mentioned previously, *what we are calling “race,” is mainly a social, and only indirectly a biological, phenomenon.*

The persistence across generations of racial differentiation between large groups of people, in an open society where individuals live in close proximity to one another, provides irrefutable evidence of a profound separation between the racially defined networks of social affiliation within that society: *For, there would be no “races” in the steady state of any dynamic social system unless, on a daily basis and in regard to their most intimate affairs, people paid assiduous attention to the boundaries separating themselves from racially distinct others.* That is, over time "race" would cease in to exist any society unless people chose to act in a manner so as biologically to reproduce those heritable bodily marks on human bodies which constitutes the substance of racial distinction.

"Race" is not something given in nature. Rather, it is socially produced; it is an equilibrium outcome; it is something we are making; it is endogenous. Thus, if the goal is to understand durable racial inequality, we will need to attend in some detail to the processes that cause "race" to persist as fact of life in the society under study, for those processes almost certainly will be closely related to the network-mediated social allocation of human developmental resources in that society.

Here, then, is my second point, in a nutshell: The creation and reproduction of “race” as a feature of society rests upon a set of beliefs and conceptions about identity held by people in that society – beliefs about who they are, and about the legitimacy of conducting intimate relations with racially distinct others (and, here I do not only mean sexual relations, though I do mean that too.) The contrast I drew between *human* and *social* capital all those years ago was based on the conviction that beliefs of this kind will affect the access various persons enjoy to the informal resources that individuals need to develop their human potential. “Social capital” for me was therefore a critical feature in the creation of what economists routinely referred to as “human capital.” A theory of racial inequality would be incomplete, I reasoned, if it failed to consider the interactions between the reproduction of racial difference in that society, on the one hand, and the processes facilitating human development, on the other hand.

Based on these connections between “race” and “development,” I conclude that durable racial inequality is, ultimately, a cultural phenomenon, implicating not simply transfers of wealth but, more fundamentally, the decisions we make daily about with whom to associate and to identify. Note well: these conceptions about identity are embraced by people of all races. What I called “social capital” in my dissertation more than four decades ago is, on this view, a critical prerequisite for creating what economists call “human capital.” In turn, human capital – the

experiences, skills, training, education, and acquired social aptitudes which constitute and reflect a person's development – determines an individual's earnings power and his ability to generate and to accumulate wealth. To summarize, racial inequality persists because the social fact of racial identity limits access to developmental resources and the acquisition of human capital. Financial disparities like the much-touted racial wealth gap – as lamentable as these are – should be expected under such circumstances.

This is why I have always been dissatisfied with economic approaches to understanding racial discrimination in America where the social meaning of race plays no operational role in the theory. That is massively ahistorical. Of course, as a theoretical exercise one can elaborate a price theory for markets where traders are averse to doing business with some group marked with an "X", and where it won't matter what the "X" signifies – of the sort that the great Gary Becker proposed in his classic book from the 1950's.¹¹ I'm not against that program. I am merely saying that to do so would leave the analysis incomplete. When I first read that book, I was thinking – from the South Side of Chicago in 1969 – THIS IS AMERICA!! A neighborhood across town had just been burned to the ground. There had once been an institution called slavery, etc. In the America of my youth, I thought, "blackness" was certainly not merely a cipher, not simply an "X", not

¹¹ Gary S Becker, *The Economics of Discrimination*, Univ. Chicago Press, 1957

merely a mark. It meant (and still means) something, and those distorted meanings must have some part in the perpetuation of racial disparities. Actually, what blackness means in America often has negative connotations. It often means “uncivil,” and “backward.” It means “licentious.” Its aura is compromised. A dark exoticism, an otherness, has hovered around the meaning of "blackness".¹²

Negative connotations have developed over the generations in my country, I thought, as I sat in a library carrel in 1969 reading Gary Becker’s 1957 book, *The Economics of Discrimination*.

What I am talking about here, in a word, is "racial stigma." Even in 1969 I had the vague sense that Becker’s theory was incomplete; that this incompleteness was stark and graphic when one considers the question of race in America; and that the context for human development and human investment was racially tinged and unequal, because structures of social connectedness were and are racially disparate. I could see even then that "race" (i.e., "blackness") was not an arbitrary marker. Rather, this symbol was (and is) laden with historical meanings that are particular to American society – meanings that, as history would have it, carry a stigmatizing, negative, degrading, and subordinating connotation.

¹² How else is one to account for the fact that some people in our society are not marrying the racially defined ‘other’, do not wish to live next to them, or to send their children to school with them, and even when willing to accept the ‘better’ of them, remain ever vigilant to the possibility that those they took to be “better” well might not be so after all?

4. Implications of “Racial Stigma” for the “Culture vs. Structure” Debate

This point is fundamental for me. Because without this insight one may do something that, though not illogical, is nevertheless a mistake: One may say, as many more or less conservative commentators have in effect said: "Look at recent immigrants from Asia and even from Latin America. They, too, have been victims in various ways. And yet, they have advanced in our society even as the blacks of inner-city Detroit, Chicago, Philadelphia, Baltimore, New Orleans, Los Angeles, Oakland... continue to lag. What's wrong with those people?" Without realizing that bodily marks signify things – negative things, 'Otherness' things –influencing the opportunity for people bearing those marks to develop their human capacities – without seeing this, one may attribute the backwardness of these people who have been stigmatized to their "essence." One will say, in effect: "It must be something about 'those people,' not about us, that causes them to be so backward." One will eschew social and political and moral responsibility for their plight, and conclude that their failure to develop either reflects the absence of development potential in the first place (and, we have books on the shelf making that argument). Or one will decide upon this narrative: “Their failure to develop is due to their cultural depravity which, sadly though inevitably – What more can we do? – causes them to lag behind.”

By contrast, putting “relations before transactions” when trying to account for persistent racial inequality in the United States leads to this counter-narrative: “Of course there may be some things that are ’backward’ about their culture. (The jails are full of blacks in the United States, and they are not political prisoners; two of every three black newborns in America have a mother with no husband, and that can’t possibly be inconsequential for social outcomes affecting those children, etc.) So, I will concede, there is some stuff on the supply side. There is something – if you must – that is, as we economists like to say, “in their utility function.” But I would ask: How did it get there? Is declaring that they possess certain values, attitudes, and beliefs simply a statement about THEM? Or, when we understand that the way people come to value things is created via interactions in society, might that not also be a statement about US?”

My concern here is to warn against a mistake one can make – a mistake in the analysis of a society; a mistake about the extent to which racial inequality reflects cultural differences between insular groups of people, rather than it being the product of a system of social interactions within and between groups – interactions that knit us all together in a seamless web. Put directly: *To impute a causal role to what one takes to be intrinsic cultural traits of a subordinate racial group, while failing to see the system-wide context out of which such dysfunctional cultural patterns have emerged, is to make a significant error of social analysis.*

Allow me now to further illustrate my second point. (My first point was that investments are contextualized and so the social networks within which people are located, the structures of those networks mediating any investment, are relevant to a theory of human inequality in a manner that might not be so relevant in a market idealized setting of acquiring physical plant and equipment.) The second point is that the marks in question – the symbols signifying racial difference – are freighted with important connotations that can adversely affect a person's opportunities to develop his or her skills. In this second point, I am stressing that "race" symbols have meaning. Specifically in the US context, "blackness" has meanings associated with it that are stigmatizing. This stigma inclines people to a presumption against the merits of persons bearing the mark. It causes people to start out doubting the assumption that the stigmatized one is "like us." It leads an observer to be reticent to engage intimately with such a person. This social allocation of developmental resources, on my account, is very different from a market-mediated allocation.

I hold that people don't make social judgments by means of straight-forward benefit-cost calculations. They often act on identity considerations. They ask such questions as: Who am I? Who is like me? How, then, ought I to live? With whom should I associate? And, when ought I to extend to this 'other' the benefit of the doubt? What is more, I am generalizing the second point to an observation about the "culture vs. structure" debate, saying that one makes a cognitive error if one

takes racial inequality in development to be a reflection of cultural differences between insular groups when, as a matter of fact, such inequality is the outcome of a system of social interactions that entails us all, who are knitted together in a seamless web.

Consider, therefore, two extended examples which illustrate this basic point:

Race, Marriage and the Family. I mentioned the astronomical out-of-wedlock birthrates among blacks. This issue actually illuminates how we can take “culture” as if it were simply there when it is, in fact, something that we're producing, all of us. So let us talk about marriage, the family, and childbearing. A person looking at gender relations among black people in the United States – at divorce, out-of-wedlock childbearing, abortion and so forth – might be inclined to comment: “Ah, just look at how they are living.” But, I would urge us to consider intermarriage rates between the races in the United States. They remain quite low, though they have risen in recent decades.¹³ Now I cast no aspersions. It might be that black women are getting propositions from white men and are turning them down. I don't know. But I do know that in the equilibrium there's a low rate of cross-boundary mating between these two groups, and I strongly suspect that this fact must have implications for human development, for resources available to

¹³ See, e.g., Renee Romano, *Race Mixing: Black-White Marriage in Post-War America*, Harvard Univ. Press, 2003

children, and for the generation and transmission of wealth. Moreover, it has implications for the dating and mating market among African Americans, because blacks are a small minority of a population – roughly one in eight Americans. So, if white men and black women were marrying at as slightly higher rate, black men and black women might be interacting in a significantly different way. How? I don't know exactly. That's not my point. That would be a study. Mine is a higher-level insight, to wit: Observing a social equilibrium in which black and white subpopulations exhibit different out of wedlock birth rates, and, on the basis of that observation, imputing the difference to something called 'black culture,' reflects a failure to see how the intra-racial “marriage market” is nested within a larger context, where a higher rate of cross-racial mating could – by enhancing the bargaining power of black women – substantially alter intra-racial behavior. So, what one could take to be 'culture' just might turn out to be 'structure' after all. What was seen to be a characteristic of 'those people' – "Why don't they marry?"; "Why do they bear their children in such a disorderly manner?" – just might turn out to be a question about "US," namely: Why do WE avoid intimacy with THEM?”

Race and The War on Drugs: For my second example, consider the War on Drugs in the United States.¹⁴ The fact is that the number of people locked up in prisons and jails in the America went from 500,000 in 1980 to 2 million by the year 2000. It quadrupled in 20 years. Blacks are one in eight, or so, Americans, but we are nearly one in two prisoners in the United States. There are more black people in prison in the United States than there are people in prison in some pretty good size countries, like Germany, France, and England, e.g. The war on drugs very clearly was a policy choice that had a lot to do with this. It was an expression of public sentiment. Political campaigns were run on this issue. Growth in imprisonment in America has been partly due to explicit efforts to curtail narcotics trafficking.

You do not have to be a social theorist like Pierre Bourdieu to see the drama that has been enacted in US society around “punishment”: a massive mobilization of resources has been undertaken, attended by the corralling and physical control over the bodies of a largely non-white and poor population. The political rhetoric around it is: “protect our children, keep ourselves safe from the – well, the ‘scum’ or the ‘rabble’ are terms that come to mind – keep us safe from the element that threatens our civilization.” You don't have to be a social philosopher like Jurgen

¹⁴ See my discussion of this issue in my 2007 Tanner Lectures, published as *Race, Incarceration and American Values*, M.I.T. Press, 2008 (A *Boston Review* book.)

Habermas to see that something really profound is being enacted in such a society. This is not just about policy. Policies signify, and the racially disparate incidence of a massively punitive policy like the “War on Drugs” signifies massively. In doing so it both engenders and draws upon a wealth of social meanings that are harmful to the developmental prospects of blacks.

But here is what I really want to say about Wars on Drugs: Everybody does drugs! (Present company excepted, of course!) The data – on drug consumption, admissions to hospitals for emergencies from drug overdoses, treatment facility enrollments, and recent reporting about the much-touted opioid epidemic – reveal that all classes, races and regions in America are in the game. Drugs are a massive \$100 billion/yr. consumer market involving everybody. Everybody. Small wonder that such a "black" commerce would disproportionately enlist into its employ those at the margin of society. That can be no surprise.

So, too, with the violence that attends the illegal traffic in drugs. If one cannot write an enforceable contract, then one is in a state of nature and disputes will get resolved through violence. That has been the truth of the world since the dawn of time. So it is that there is violent trafficking in drugs in inner city communities in the United States which are heavily black, and so it is that the persons participating in that commerce have come to be incarcerated. I make no excuses for them. But there can be no doubt that institutional structures involving

people of all races and classes – complex structures – and a massive discretionary mobilization of punitive resources, have worked to promote a racially disparate incidence of incarceration. One result of corralling so many black bodies has been the symbolic degradation of black people, thereby fostering an interpretative pose that ends-up absolving the larger society of any responsibility to consider reforms. A super-structure of ideas –an ideology– reinforces and legitimates the status quo, removing any ethical doubts that might be lingering about who is to blame for this mess. Here, again, we can see how questions about THEM necessarily entail critical, unexamined questions about US.

5. Conclusion: Who are “We” in America?

To this point I have been talking about which positive, causal model is best suited to account for persisting racial economic disparities. I would like to close with an explicitly normative argument, as follows: How any society answers the question “Who are WE?” is very significant. It is certainly an important question in the United States today. Who are WE? Whose country is it? When talking about crime, violence, school failure, urban decay, prisons, etc., are these matters that, in the back of our minds, that can be understood as US against THEM? Because if it is US against THEM, anything is possible. It becomes possible to say

about those people languishing in the ghettos of our great cities: "That's not my country. That's some third world thing."

But that is a lie. Black people are not aliens in America. We're as American as you can get, as American as anybody can be. All of these problems of poverty, violence, school failure, broken black families are thoroughly American affairs. They are not simply measures of the inadequacy of "black culture." They reflect on OUR social inadequacies I wish to argue – all of us. I buttress that argument by observing the incompleteness of human capital theory – insisting that human developmental processes are socially contextualized – and stressing that “race” plays an elemental part in all of this. That is what I mean when I, as an economist, nevertheless insist on placing relations before transactions!

Thinking in this way helps to account for the durable racial inequality with which America is still encumbered. Consider the poor central-city dwellers who make up a sizeable minority of the black American population. My controversial claim has been that some dysfunctional behavioral patterns in this population are a big part of the problem. So, urging greater personal responsibility in these quarters is, in my view, both necessary and proper. But I am not a moral infant. That can hardly be the end of the story. Any morally astute response to the “social pathology” of American history’s losers would conclude that, while we cannot change our ignoble past, we need not and must not be indifferent to the

contemporary consequences issuing directly from that past, for which we bear collective responsibility.

I can put this conclusion even more pointedly: The self-limiting patterns of behavior among poor blacks in the central cities of America are not the product of an alien cultural imposition on an otherwise pristine canvas. Rather, this allegedly “pathological” behavior of these most marginal of Americans is deeply rooted in the country’s history. It has evolved in tandem with our political and economic institutions, and with the cultural practices that support and legitimate those institutions—practices that have been deeply biased against black people. So, while we must not ignore the behavioral problems of a so-called underclass, we should discuss and react to them as if we were talking about our own children, neighbors, and friends. This is an American tragedy. *It is a national, not merely a communal disgrace.* We should respond to it as we might to an epidemic of teen suicide – by embracing, not demonizing, the perpetrators, who, often enough, are also the victims.

Doing so would fully vindicate the intuition of that young black economist mentioned in my opening Dialogue by placing relations before transactions when accounting for persistent racial inequality in America. It would complete the *civic* revolution that was begun with the civil rights movement, to free us Americans who descend from slaves from the burden of racial domination. But there’s more to

this story. For black freedom is one thing. Full equality quite another. The former is a necessary but not a sufficient condition for the latter. To achieve full equality, the civic and the communal arenas are complements not substitutes. As such, it is futile and dangerous for us black Americans to rely on others to shoulder our *communal* responsibilities. If we black Americans want to walk with dignity – to enjoy truly equal standing within our diverse, prosperous, and dynamic society – then we must accept the fact that “white America” can never give us what we seek in response to our protests and remonstrations. Rather, and notwithstanding all that I have already said here, we must earn equal status by dint of our own efforts.

I take no pleasure in doing so but am obliged in closing to report this reality: equality of dignity, of standing, of honor, of security in our position within society, an equal ability to command the respect of others – these things cannot simply be handed over. They will not be the fruit of insurrection, uprising or rebellion. This kind of equality is something we black Americans must wrest with our bare hands from a cruel and indifferent world by means of our own effort. Inspired by the example of our freedom-fighting ancestors, we must make ourselves equal. No one can do that for us. Until we black Americans recognize and accept this unlovely but inexorable fact about the human condition – until we eschew the victimization rhetoric and embrace the existential imperatives of our freedom; until we redress the self-destructive behavior patterns that plague our poorest communities – until

then, the racial disparities that so trouble America's politics, and that so threaten our domestic tranquility, will continue to persist.

Thank you.