Race discrimination has long been a focus of research in sociology. Sociologists generally understand racial discrimination as differential treatment on the basis of race that may or may not result from prejudice or animus and may or may not be intentional in nature. This understanding of discrimination has produced a rich and diverse research body of work with both similarities to and differences from traditional research on the topic in economics.

Much of the sociological research on race discrimination will be familiar to economists. As in economics, much of it has focused on discrimination in employment, housing, and credit markets (for example, Pager and Shepherd 2008; Fernandez-Mateo 2009; Gaddis 2015). As in economics, some sociological studies are based on observational data, with statistical models where the outcome of interest, such as wages or employment, is regressed on a race indicator variable and on other variables that could account for the effect of race. As economists have, sociologists have noted that this “residual race gap” approach may be vulnerable to the consequences of unobserved heterogeneity (Cancio, Evans, and Maume 1996; Farkas and Vicknair 1996). As in economics, many studies in sociology are based on field experiments, such as audit or correspondence studies (for reviews by sociologists, see Pager and Shepherd 2008; Quillian et al. 2017). Sociologists

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have also noted the problems with experimental studies, including that they are often based on data not representative of the national population and that they may not indicate how much discrimination there is in actual markets. And as in economics, quite a few researchers have used the study of discrimination to examine larger methodological questions (Pager 2007).

However, much of the sociological work on discrimination is more distinctive to the discipline. Part of the reason is the discipline’s methodological heterogeneity. Sociology includes researchers who analyze large-\(n\) observational data (as demographers do); who observe organizations, neighborhoods, and villages ethnographically (as anthropologists do); who conduct either laboratory or field experiments (as psychologists do); and who examine historical documents through close readings (as historians do) (Small 2011). This heterogeneity shapes how researchers think about and assess evidence, such that sociologists differ among themselves in what they take to be most important in an empirical study. Many sociologists, influenced by the causal revolution across the social sciences, prioritize the ability to make convincing causal claims (Morgan and Winship 2015). Other sociologists are comfortable analyzing data that do not permit bulletproof causal claims when the data have other critical advantages, such as allowing generalizability about a national population or providing access to a process otherwise difficult to observe (for example, Hultin and Szulkin 1999; Turco 2010). To their point, some of the sociological research most impactful across the social sciences, including economics, has been associational in nature, such as Wilson’s (1987, 1996) highly insightful work on how joblessness affects the social fabric in urban neighborhoods.

In fact, many questions important to understanding discrimination are purely descriptive, such as how much discrimination people anticipate in job or real estate markets; how employers perceive black job applicants; or how landlords, bankers, or others gatekeepers understand their behavior (for example, Pager and Karafin 2009; Light, Roscigno, and Kalev 2011; Kang et al. 2016). Thus, the sociology of discrimination involves both descriptive and causal research, and our discussion does not prioritize one over the other. Being cognizant of this heterogeneity in sociology with respect to methods and perspectives will be useful in assessing our discussion.

In what follows, we offer six propositions from the sociology of racial discrimination that we believe are worth noting by economists. We do not consider these to be the six ideas most central to the sociology of discrimination, or even the six most often studied. Instead, it is a list of propositions we consider to be particularly sociological in perspective, notably different from traditional research in the economics of discrimination, and worth greater attention by researchers in both disciplines. Some of these propositions are reflected in recent research in economics and may represent a bridge between the disciplines. Readers seeking comprehensive reviews of the sociology of discrimination might begin with National Research Council (2004), Lucas (2008), and Pager and Shepherd (2008).
Taste and Statistical Discrimination Do Not Capture All Reasons behind Differential Treatment by Race

Research on discrimination in economics has traditionally adopted one of two perspectives. One is the “taste for discrimination” perspective, which posits that people discriminate when they are willing to pay a price of some kind to reduce their association or interaction with a given group (Becker 1971, 14). Becker, who developed this perspective in the 1950s, examined the dynamics likely to evolve as a result of discrimination among employers, other employees, and customers; the many researchers who followed applied the perspective to a broad range of actors, including realtors, employers, and bankers.

The other common approach in economics is the “statistical discrimination” perspective, which posits that employers, facing limited information about a given potential employee, use group characteristics to make inferences about those of the individual (Arrow 1972a, 1972b; Phelps 1972). As Phelps (1972, 659) put it: “[T]he employer who seeks to maximize expected profit will discriminate against blacks or women if he believes them to be less qualified, reliable, long-term, etc., on the average than whites and men, respectively, and if the cost of gaining information about the individual applicants is excessive. Skin color or sex is taken as a proxy for relevant data not sampled.” This perspective does not require employers to hold racial animus. Though the two perspectives differ in many important ways, the core difference for our purposes is on why people discriminate: either because they are hoping to reduce contact with a member of a different group, or because they are behaving as would a rational actor who is either unable or unwilling to acquire additional information.

For many years, economists tended to adopt either one or the other perspective, and as Guryan and Charles (2013, F417) report, economists recently have “returned to the question of whether taste-based or statistical discrimination is a more appropriate description of the phenomenon.”¹ This focus represents an important contrast to sociology. Many sociologists have studied racial prejudice (for reviews, see Reskin 2000; Bobo et al. 2012). But very few sociologists have adopted a statistical discrimination perspective and probably fewer have attempted to determine whether what looks like prejudice-based discrimination may in fact be statistical discrimination. Since sociology has never had a de facto, agreed-upon view of decision-making in which actors are rational, demonstrating that an act of discrimination can be shown to be accounted for by reasonable guesses based on group characteristics given available information would not offer much sociological insight (see also Pager and Karafin 2009).

¹The research on taste-based and statistical discrimination is naturally far more sophisticated than the views we sketch here. For example, a researcher adopting the statistical discrimination perspective may assume that differences in groups’ characteristics observed by employers partly reflect prior discrimination. This idea would not be inconsistent with some of the forms of discrimination we discuss below.
In addition, many sociologists would offer a critique applying to both perspectives—both assume, or appear to assume, that actors are making decisions to discriminate deliberately. Long-standing research in psychology, specifically on implicit bias, would question this assumption. In fact, a group of economists informed by this work has recently proposed a third perspective. “Under both [conventional] models,” they write, “individuals consciously discriminate, either for a variety of personal reasons or because group membership provides information about a relevant characteristic, such as productivity. Motivated by a growing body of psychological evidence, we put forward a third interpretation: implicit discrimination. Sometimes, we argue, discrimination may be unintentional and outside of the discriminator’s awareness” (Bertrand, Chugh, and Mullainathan 2005, 94). While the implicit bias perspective shares with Becker’s taste model the idea that discrimination happens when individuals are racially prejudiced, it does not view individuals as rationally balancing their taste for discrimination against the price they pay for exercising that taste.

The questions of intention in and consciousness about decision-making are largely a domain of psychology, rather than sociology, and we refer readers to Bertrand, Chugh, and Mullainathan (2005) for a review of that work in the context of economic research. Nonetheless, the core critique is worth noting. Discrimination from implicit biases does not require people to be making the conscious decisions that both conventional approaches would seem to presume.

We would go further. Though the perspectives of taste for discrimination, statistical discrimination, and implicit bias make different assumptions about why discrimination happens, they all agree on a core issue: for discrimination to happen, an individual must decide to treat people of different backgrounds differently (even if the decision is driven by an unconscious bias). As a result, they miss what sociologists and others have called “institutional discrimination,” “structural discrimination,” and “institutional racism,” which are all terms used to refer to the idea that something other than individuals may discriminate by race (Feagin and Eckberg 1980; Massey and Denton 1993; Oliver and Shapiro 2006; Pager and Shepherd 2008; Reskin 2012). Unfortunately, these terms are not used consistently across the social sciences; moreover, they are often used even more ambiguously among lay writers and commentators. Nevertheless, a substantial body of evidence suggests that limiting the study of discrimination to the actions of potentially prejudiced individuals dramatically understates the extent to which people experience discrimination; understates the extent to which discrimination may account for social inequality; and understates the extent to which discrimination may play a role in markets for labor, credit, and housing, as well as in other contexts.

In this essay, we define “institutional discrimination” as differential treatment by race that is either perpetrated by organizations or codified into law. Because discrimination may be caused by organizational rules or by people following the law, it need not result from personal prejudice, from rational guesses on the basis of group characteristics, or from implicit racism. Institutional discrimination can take different forms, and we cannot hope to cover either all of them or their relation
Organizations Can Discriminate Irrespective of the Intentions of Their Members

We define an organization as a loosely coupled set of people and institutional practices formally organized around a global purpose (Small 2009; Scott 2013). Examples include banks, universities, churches, childcare centers, real estate agencies, unions, and country clubs. Note that an organization is not just its people but also its institutional practices. A practice can be “institutional” either normatively or cognitively, in the sense that it can be shaped by either norms or “cognitions” (Small 2009; Small, Harding, and Lamont 2010).

A norm is a formal or informal expectation of behavior that people in the organization feel compelled to follow. For example, a university’s requirement that tenure cases include external evaluations is a formal norm (a rule); its expectation that faculty be polite to their students, an informal one. In both cases, people generally feel some compulsion to follow the norm (though they may of course choose to violate it). A cognition—sometimes referred to as “frames” or “cognitive understandings” in sociology—is not a mandate of any kind; instead, it is a way of understanding one’s predicament in the organization. For example, whether students believe the economics major is prestigious is a cognitive understanding, not a formal or informal mandate. Institutional practices, whether normative or cognitive, are generally understood by members of the organization. However, an organization’s institutional practices generally do not depend on any particular individual, in the sense that they may be stable even as people enter and leave the organization. This independence is part of the reason sociologists of organizations take pains to distinguish individuals from the normative expectations or cognitive understandings that shape their behavior.

Organizations can discriminate when they have instituted practices, formally or informally, that treat people of different races differently, regardless of whether the practices were driven by prejudice and regardless of whether the managers, directors, or employees following the norms are themselves racially prejudiced. One example is a hiring norm common among US employers. Researchers have documented that many companies fill job vacancies through referral networks, wherein employees are formally or informally asked to recommend candidates for positions (for example, Mouw 2002; Waldinger and Lichter 2003; also Arrow 1998). Sociologists have also documented repeatedly that social networks are racially homophilous, in the sense that people tend strongly to have friends of their own race (McPherson, Smith-Lovin, and Cook 2001). If so, then a racially homogeneous organization composed of non-prejudiced actors that has instituted referral-based
employment will tend to hire relatively few people of a different race. In this sense, the organization is institutionally discriminating, because people of a different race have little chance of landing a job there.

Of course, in practice, this process is far more complicated; for example, empirical research suggests that whether referral-based hiring produces this result depends on many other factors, including how racially diverse the local region is and how jobholders decide to share information about openings (Fernandez and Fernandez-Mateo 2006; Rubineau and Fernandez 2013). But the process makes clear that an organization may discriminate independent of a manager’s explicit decision to hire candidates of a given race (whether statistically or from prejudice).

Many organizational processes with discriminatory consequences have a similar form: an institutional practice that is in theory race-neutral affects racial minorities because it is applied in a context with a preexisting racial difference, gradient, or level of segregation. Consider downsizing and layoffs. Many companies in the process of downsizing seek to reduce exposure to liability by instituting formal processes that are presumably designed to avoid bias, such as laying off managers based on their tenure with the organization or on the importance of their position. But the managerial ranks of many organizations have only recently, in historical terms, included large numbers of minorities and women. Furthermore, in many companies, racial minorities are less likely to hold the more important managerial positions (Elliott and Smith 2004)—for example, racial minorities are more likely to be managers in benefits or community outreach units than in critical operations.

In this context, a formal rule that layoffs are based on years of employment or on the importance of the position will reduce the number of minority and women managers. It is not surprising that a national study of 327 establishments that downsized between 1971 and 2002 found that downsizing reduced the diversity of the firm’s managers—female and minority managers tended to be laid off first. But what is perhaps more surprising is that those companies whose layoffs were based formally on tenure or position saw a greater decline in the diversity of their managers; net of establishment characteristics such as size, personnel structures, unionization, programs targeting minorities for management, and many others; and of industry characteristics such as racial composition of industry and state labor force, proportion of government contractors, and others (Kalev 2014). In contrast, those companies whose layoffs were based formally on individual performance evaluations did not see greater declines in managerial diversity (Kalev 2014). Patterns of this kind help to explain why sociologists have paid increasing attention to institutional practices when studying the racial composition of staff in organizations (Dobbin 2009; Kalev 2014; Dobbin, Schrage, and Kalev 2015; also Bielby 2000).

2 Readers may note a similarity between our discussion of institutional discrimination by organizations and “disparate impact” discrimination in US law, wherein a violation of Title VII of the Civil Rights Act of 1964 may be found if employers use a practice that is race-neutral on its face but disproportionally affects a racial group adversely. Our discussion, entirely sociological in intent, is informed by organizational and institutional theory in sociology, not by legal scholarship. We leave to legal scholars whether and how our discussion relates to the scholarship on disparate impact.
Institutional practices are powerful. Much of their power stems from their stability or inertia, as illustrated by the fact that they regularly endure the departure of old leaders and the arrival of new ones. Consider a university that, as most probably do, requires the tenure process to include external evaluations by experts. A new university president is unlikely to want to do away with this practice; even if she tried, she would likely meet resistance; and if she succeeded, she would likely face lingering questions about her legitimacy as a leader. A rational university president would probably not bother spending time and energy in an attempt to change this rule, even if that new president believed external evaluations slowed the tenure process, were not reliable because of favoritism or other biases, or did not provide useful information not already contained in the publication record.

Not all practices are as firmly institutionalized in organizations as external review in universities. But many practices such as hiring based on referral, layoffs based on length of service, blanket background checks, and many others that potentially lead to a pattern of differential treatment by race are deeply institutionalized across organizations. These practices are long-established, taken for granted, and subject to inertia, and managers are unlikely to think of them as open to change. In fact, they routinely survive the 100 percent staff turnover that long-lasting organizations eventually experience. As a result, a research program focused only on the potential decisions of a contemporaneous manager or gatekeeper will likely miss a lot of what shapes the potentially discriminatory actions of organizations.

Historic Discrimination Has Contemporary Consequences (via Organizations)

Institutional factors can also matter via the contemporary consequences of past discrimination (Wilson 1978). Some kinds of discrimination in the past were so widespread that they resulted in major differences across racial groups whose consequences can still be detected. Furthermore, because many forms of discrimination in the past were institutional in nature, their consequences may still be observed in the practices of organizations or in the laws in place today (in a way, analogous to the case of external review letters in universities). As a result, even if all forms of discrimination, individual or institutional, taste-based or statistical, were to suddenly cease, there would still be multiple reasons to examine discrimination in the past to understand the present. This topic is complex and wide-ranging, and it includes a lot of research done not by sociologists but by historians (for example, Jackson 1985; Sugrue 1996; Hillier 2003). But two cases, discussed in this section and the next one, will illustrate its significance.

One well-documented case is the institutionalization of redlining in real estate. In this case, both changes in federal law and the organizations created to implement them, particularly the Home Owners Loan Corporation (HOLC) and the Federal Housing Administration (FHA), were important. (The discussion that follows is based on Jackson 1980; Massey and Denton 1993; and Hillier 2003, 2005; see also Crossney
and Bartelt 2005.) The HOLC was created in 1933 to reduce foreclosures during the Great Depression. One of its most important creations was self-amortizing loans with uniform payments that extended to 20 years, rather than the typical shorter loans for which payments might still be due after their terms expired. This innovation would be essential for the later accessibility of homeownership to millions of Americans. The FHA was created in 1934 to help stabilize mortgage markets and to encourage home building so as to expand jobs in construction (Jackson 1980). The FHA insured home loans issued by banks, and at the majority of the assessed value of the property, so that the down payments homeowners needed to produce were reduced from about half to about 10 percent of the value. The FHA adopted the self-amortizing loans approach and extended the amortization rate by another five to ten years. The institutionalization of these new mortgage practices dramatically expanded homeownership among Americans.

However, the Home Owners Loan Corporation and Federal Housing Administration were also responsible for the spread of redlining. As part of its evaluation of whom to help, the HOLC created a formalized appraisal system, which included the characteristics of the neighborhood in which the property was located. Neighborhoods were graded from A to D, and those with the bottom two grades or rankings were deemed too risky for investment. Color-coded maps helped assess neighborhoods easily, and the riskiest (grade D) neighborhoods were marked in red. These assessments openly examined a neighborhood’s racial characteristics, as “% Negro” was one of the variables standard HOLC forms required field assessors to record (for example, Aaronson, Hartley, and Mazumder 2019, 53; Norris and Baek 2016, 43). Redlined neighborhoods invariably had a high proportion of African-Americans. Similarly, an absence of African-Americans dramatically helped scores. For example, a 1940 appraisal of neighborhoods in St. Louis by the Home Owners Loan Corporation gave its highest rating, A, to Ladue, an area at the time largely undeveloped, described as “occupied by ‘capitalists and other wealthy families’” and as a place that was “not the home of ‘a single foreigner or Negro’” (Jackson 1980, 425). In fact, among the primary considerations for designating a neighborhood’s stability were, explicitly, its “protection from adverse influences,” “infiltration of inharmonious racial or nationality groups,” and presence of an “undesirable population” (as quoted in Hillier 2003, 403; Hillier 2005, 217).

The Federal Housing Administration required a mandatory appraisal of the neighborhood as part of its guarantee and, through this and other means, disseminated redlining as a lending practice. Building on the systems and maps of the Home Owners Loan Corporation, the FHA fielded its own surveys, created some of its own maps, and developed its own analyses. It also disseminated its ideas about neighborhood risk through its widely distributed Underwriting Manual (Hillier 2003, 403). Consistent with racial attitudes of the time, the FHA, as historian Kenneth Jackson writes, “was extraordinarily concerned with ‘inharmonious racial or nationality groups.’” Homeowners and financial institutions alike feared that an entire area could lose its investment value if rigid white-black separation was not maintained. The Underwriting Manual bluntly warned, “If a neighborhood is to retain
stability, it is necessary that properties shall continue to be occupied by the same social and racial classes,” and openly recommended “enforced zoning, subdivision regulations, and suitable restrictive covenants . . .” (Jackson 1980, 436). The restriction described in these covenants was the exclusion of Jews, blacks, and others from neighborhoods through formal agreements among neighbors (Massey and Denton 1993). In short, the FHA was informing lenders explicitly that its insurance program opposed racial integration. Just as the redlined maps made it difficult for blacks to receive favorable loans in predominantly black neighborhoods, the restrictions on racial integration made it hard for them to move to white or racially mixed ones.

Of course, these racial attitudes—both the negative perception of African-Americans and the preference for racially segregated neighborhoods—were not invented by the Home Owners Loan Corporation or the Federal Housing Administration; such attitudes were common at the time, including among lenders, realtors, and white home purchasers. What the HOLC and then the FHA did was institutionalize these attitudes through several specific mechanisms: creating a formal system of risk assessment, requiring the assessment in order to insure loans, adding neighborhood characteristics to the assessment, tying lower neighborhood grades to the presence of African-Americans, ensuring less favorable rates to lower neighborhood grades, discouraging racial integration, and spreading this particular bundle of cognitive understandings and normative expectations to lenders throughout the country via formal underwriting guidelines.

Moreover, by insuring millions of homes and multi-family projects worth billions of dollars, the federal agencies held enormous power over how lenders did their work. Banks that wanted to participate in the federal largesse would follow the guidelines of the Federal Housing Administration, resulting, inevitably, in fewer and less favorable loans to African-Americans—via the same mechanism through which the federal government was making home purchasing and wealth accumulation easier for others. Black purchasers hoping to secure mortgages from participating lenders would either have difficulty or face less favorable rates, because predominantly black neighborhoods were invariably rated D or redlined, and their move to predominantly white neighborhoods would clash with early restrictions against “inharmonious racial groups.”

The assignment of lower scores to predominantly black neighborhoods by the Home Owners Loan Corporation and the Federal Housing Administration may well have reflected the realities of the market at that time. Whites were a substantial majority of home purchasers, and we know that whites at the time expressed extremely strong preferences not to live near African-Americans, a preference likely to be reflected in home values in the neighborhood. Indeed, the strong preference of whites not to live near African-Americans has by no means disappeared (Charles 2003; Bobo et al. 2012). The issue is whether the institutionalization of these preferences into a mortgage system by HOLC/FHA causally worsened racial segregation or lowered homeownership rates among African-Americans. Recent evidence suggests a positive answer to both questions.
In a working paper, economists from the Federal Reserve Bank of Chicago examine the causal impact of the Home Owners Loan Corporation redline maps by employing a number of identification strategies: they study changes over time in outcomes between neighbors living close to one another but at either side of an HOLC boundary; they examine separately those HOLC borders least likely to have been drawn endogenously; and they exploit the fact that the HOLC limited its maps to cities with a population of at least 40,000 by comparing findings in cities just below and just above that threshold (Aaronson, Hartley, and Mazumder 2019). The results are consistent with the HOLC boundaries having a causal impact on both racial segregation and lower outcomes for predominantly black neighborhoods. As the authors write, “areas graded ‘D’ become more heavily African-American than nearby C-rated areas over the 20th century, [a] . . . segregation gap [that] rises steadily from 1930 until about 1970 or 1980 before declining thereafter” (p. 3). They find a similar pattern when comparing C and B neighborhoods, even though “there were virtually no black residents in either C or B neighborhoods prior to the maps” (p. 3). Furthermore, the authors find “an economically important negative effect on homeownership, house values, rents, and vacancy rates with analogous time patterns to share African-American, suggesting economically significant housing disinvestment in the wake of restricted credit access” (pp. 2–3).

Though redlining eventually became illegal, the long-term consequences of these and other obstacles to homeownership for the black-white wealth gap, and for socioeconomic inequality more generally, surely lasted much longer, as the work of Aaronson, Hartley, and Mazumder (2019) makes clear. Because wealth accumulation among average Americans during the second half of the twentieth century resulted in a large measure from real estate appreciation, groups with greater access to housing credit in earlier periods accumulated more wealth. Furthermore, those homes could be used as collateral for educational loans or else passed onto children, further contributing to the racial wealth gap. As a result, over that period, white homeowners and their children experienced the substantial head start of cheap, government-funded loans that were effectively either unavailable to African-Americans or available only under less favorable terms.

Historic Discrimination Has Contemporary Consequences (via Laws)

The federal laws that created the Home Owners Loan Corporation and the Federal Housing Administration were important to both current and past racial disparities in wealth, because of the institutional practices that these particular organizations developed, enforced, and disseminated. But laws can also have a direct institutional impact independent of the creation of any organization, an impact that, again, can last multiple generations. The contemporary consequences of past discrimination can also be institutional in nature in this different way, directly through the law.
A notable case occurs when a law had explicit racial intent originally—that is, when it emerged from taste- or prejudice-based discrimination—but remains on the books as a race-neutral law that largely affects the same population. Though overt discrimination has been outlawed in many contexts over the years, including by several constitutional amendments and by the Civil Rights Act of 1964, laws that were explicitly and openly animated by racial prejudice in the past remain on the books. One of the most important cases relates to voting rights.

Many state laws currently disenfranchise imprisoned felons or people who have ever been convicted of a felony. Felon disenfranchisement laws today disproportionately affect African-Americans. These laws do not mention race and, in fact, are consistent with the US Constitution—abridgment of the right to vote as a result of “participation in rebellion, or other crime” was part of the Fourteenth Amendment. However, these laws rose dramatically in number and scope after the Civil War, following Reconstruction and the ratification of the Fifteenth Amendment, which gave African-Americans the right to vote (Holloway 2009, 2013).

At the time, many white politicians openly debated ways of countering what they considered the threat of the rising political power of African-Americans. Strategies included poll taxes, intimidation, illiteracy tests, and many others. In state constitutional conventions, for example, a frequent topic of debate was how to restrict the black vote legally. As a Mississippi political leader would recall in 1905 Congressional testimony: “When I was a rather young man Mississippi was trying to get up some sort of constitution that would get rid of the ignorant negro vote. Of course they had to get up something entirely fair on all hands . . .” (as quoted in Holloway 2013, 84). A 1894 editorial in a South Carolina newspaper made the point explicitly in its support for a state constitutional convention: “Fortunately, the opportunity is offered the white people of the State in the coming election to obviate all future danger and fortify the Anglo-Saxon civilization against every assault from within and without, and that is the calling of a constitutional convention to deal with the all important question of suffrage” (as quoted in Behrens, Uggen, and Manza 2003, 570).

Among the strategies for restricting the black vote, focusing on the voting rights of those convicted of crimes would have strong odds of surviving legal challenges because of the mention of “crime” in the Fourteenth Amendment. Changing the classification of crimes with an eye to the racial composition of common perpetrators was a common strategy. For example, the 1901 Alabama constitutional convention, as Behrens, Uggen, and Manza (2003, 569) explain, “altered that state’s felon disenfranchisement law to include all crimes of ‘moral turpitude,’ applying to misdemeanors and even to acts not punishable by law.” At the time, though the laws themselves could not mention race, those debating them certainly could, and again they did so, often with remarkable lack of ambiguity. In his opening, presidential address to that Alabama convention, John B. Knox made the objectives clear: “[In

\[\text{Readers may note contemporary parallels in the disparities in punishments for crimes involving crack cocaine versus powdered cocaine.}\]
1861], as now, the negro was the prominent factor in the issue. . . . And what is it that we want to do? Why it is within the limits imposed by the Federal Constitution, to establish white supremacy in this State. . . . The justification for whatever manipulation of the ballot that has occurred in this State has been the menace of negro domination . . .” (as quoted in Behrens, Uggen, and Manza 2003, 571).

To be clear, the full set of historical causes behind felon disenfranchisement is a large and complex topic, and we do not pretend to do it justice here (for a historical account, see Holloway 2013). However, as the first-hand accounts from Mississippi, South Carolina, and Alabama make clear, even if other factors were at play, the intent of many such laws was at least in large part expressly racial—to counter the threat that many whites saw from black political empowerment.

These first-hand accounts from a handful of states are also consistent with the national patterns over time in the institution of laws restricting the vote. Behrens, Uggen, and Manza (2003) examined the occurrence and timing of all felon disenfranchisement laws from post-Civil War Reconstruction to the present. Racially motivated legislators will be more likely to pass felon disenfranchisement laws if such laws are disproportionately likely to affect blacks. In a careful examination of the trends, Behrens, Uggen, and Manza (2003) found that, net of other factors, the probability of a first disenfranchisement law increased as the black prison population (their proxy for the black felon population) increased: “Each 1% increase in the percentage of prisoners who are nonwhite increases the odds by about 10% that a state will pass its first felon disenfranchisement law” (p. 586). They observed a similar pattern in the disenfranchisement of ex-felons; in their preferred model, net of other factors, “a 10% increase in a state’s nonwhite prison population raises the odds of passing an ex-felon disenfranchisement law by almost 50% . . .” (p. 588).

The case of felon disenfranchisement illustrates that institutional discrimination can be perpetrated not only by organizations such as employers or real estate agencies, but also by the law. In many states, such laws remain in place. Behrens, Uggen, and Manza (2003) note that states slowly liberalized such laws beginning in the second half of the twentieth century by, for example, reinstating voting rights one or two years after an offender has served the term or eliminating felon or ex-felon voting prohibitions altogether. Still, as late as 2016, 48 states disenfranchised felons currently in prison, and many of these states also disenfranchised inmates, parolees, or probationers (Uggen, Larson, and Shannon 2016).

Two final points are worth noting. First, the pattern of voting-rights reinstatement is also consistent with the racial threat hypothesis: net of other factors, the proportion black in the prison population varies negatively with reinstatement of ex-felon voting rights (Behrens, Uggen, and Manza 2003). (However, the proportion black in the state is positively associated with reinstatement of ex-felon voting rights.) Second, such voting rights can affect not only African-Americans but also the nation as a whole. For example, in the year 2000, given Florida’s disenfranchisement laws and high numbers of felons—more than 800,000 disenfranchised felons and ex-felons in the state at the time—in the absence of those laws it is possible that
Al Gore would have carried the state and, thus, won the presidency (Uggen and Manza 2002; for a contrasting view, see Burch 2012).

Ostensibly Minor Forms of Discrimination Can Have Important Consequences

Clearly, sociologists tend to approach the study of discrimination expansively. This expansiveness affects both the domains in which sociologists study discrimination and the way they think about its consequences. The domains have varied widely. Although sociologists have studied discrimination in job, housing, consumer, and credit markets, they have also examined it in contexts where the economic consequences are less clear or direct, such as dating and marriage markets, or in contexts of ordinary social interaction, such as entertainment venues, social clubs, and schools. These studies have used audit, survey, and ethnographic methods to examine questions as varied as whether black patrons are more likely to be denied entry to nightclubs, which behavior by black students is likely to be categorized as problematic by teachers, how black customers are treated in retail shops, and how black women fare in comparison to others in online dating sites (for example, Feagin and Sikes 1994; Lin and Lundquist 2013; May and Goldsmith 2018).

It is not difficult to see that some of these forms of discrimination can have consequences for economic inequality. For example, both the act of getting married and the socioeconomic status of one’s spouse will affect income and wealth accumulation. Moreover, online dating sites today are responsible for an increasing proportion of marriages.

But not all forms of discrimination can be easily and directly traced to an important economic outcome. Sociologists continue to study such questions in part because discrimination is consequential not merely episodically but also cumulatively, not just at critical junctures but also over the slow, lifelong buildup of its everyday stings (National Research Council 2004). Researchers have argued that everyday discrimination can happen so repeatedly that such events eventually come to have a cumulative effect. Being repeatedly followed by a security guard at a store, repeatedly seated in an undesirable part of a restaurant, repeatedly confronted with racial slights at work, and other forms of discrimination that may seem trivial when considered individually constitute what psychiatrists have called “micro-aggressions” (Pierce 1970, 263; Sue et al. 2007; see also Feagin and Sikes 1994; Lacy 2007). Repeatedly experiencing these slights, insults, and individually minor conflicts is expected to eventually affect mental health and physical well-being.

Although episodic discrimination in contexts such as looking for a job is probably more important for economic outcomes, cumulative discrimination in everyday contexts might be more important for health outcomes. An associational public health study based on the 1995 Detroit Area Survey suggests this possibility. Williams et al. (1997) examined four standard measures of health: self-reported health,
overall well-being, psychological distress, and number of days in the previous month incapacitated for health reasons. They asked whether these measures of health were associated with two measures of race-related stress: “discrimination,” which referred to major experiences of unfair treatment during hiring, promotion, or interactions with the police; and “everyday discrimination,” which, via a nine-item measure, captured “chronic, routine, and relatively minor experiences of unfair treatment.” The everyday discrimination measure captured the frequency of experiences, such as “receiving poorer service than others in restaurants or stores” and “people acting as if you are not smart” (p. 340). After adjusting for demographic, socioeconomic, and health-related factors, the first measure—of major experiences of discrimination—was not significantly related to any of the four health outcomes, but the everyday discrimination measure was significantly associated with all of them. Moreover, it fully accounted for the difference between blacks and others in all of the measures except for psychological distress.

Of course, results of this kind are not dispositive. However, they make clear that everyday discrimination is distinct from what a job seeker might face before an employer; that minor but chronic experiences deserve attention in their own right; and that when studying the consequences of discrimination the focus should be expansive, including not only economic but also physical and mental health outcomes. In fact, multiple studies have uncovered associations between the experience of race discrimination and psychological distress, happiness and life satisfaction, self-esteem, and depression, among other outcomes (for reviews, see Williams, Neighbors, and Jackson 2003; Pascoe and Smart Richman 2009). Several studies have also found associations with physiological outcomes, such as high blood pressure (Krieger and Sidney 1996; Williams, Neighbors, and Jackson 2003, 200–201). There is clearly space for stronger work in this area, not only to determine better ways of modeling and testing for the effects of everyday discrimination, but also to uncover the mechanisms through which it matters.

Perceived Discrimination Is Important

The Williams et al. (1997) associational study of public health, like many in public health and sociology that assess the consequences of discrimination, focused on perceived discrimination. Such studies are concerned not with confirming whether discrimination has happened but with assessing how perceiving that it did matters. Economists are known for their healthy skepticism of studies that rely on what people say; actions, not words, many insist, are what matter. For many kinds of questions, we are inclined to agree. But the study of perceived discrimination is not a poor analytical substitute for that of perpetrated discrimination; it is the study of an entirely different question, the pursuit of which may reflect a difference between economics and other disciplines.

It would certainly be inappropriate to infer much about perpetrated discrimination from perceived discrimination. For example, researchers should not use
changes in measures of perceived discrimination to assess whether discrimination has declined or risen. Sometimes, people perceive discrimination when it did not happen. Conversely, many victims of discrimination cannot have perceived that it took place. For example, a minority homeseeker cannot know either what units she would have been shown by the realtor or what terms she would have been offered by the banker had she been white.

Instead, the study of perceived discrimination is animated by a different set of concerns. For a potential victim’s wages, odds of getting a job, mortgage rates, and other standard economic outcomes, perceiving whether discrimination happened is often immaterial—whether it actually took place is what matters. For a potential victim’s mental health, depression, stress, and related health outcomes, perceiving that it happened is everything. Perceptions of discrimination can have an effect regardless of whether the perpetrator discriminated or instead seemed to discriminate but did not actually do so. If discrimination actually did happen but the potential victim did not perceive it, there may be little or no consequence for mental health and related outcomes.

To be clear, our point is not that economic outcomes and health outcomes inherently require one or the other perspective. For some economic outcomes, perception alone can matter, too. If people perceive discrimination and therefore withdraw from the job market, perception itself matters independent of actual discrimination. Conversely, if doctors treat black patients less attentively than white ones, then the health of black patients may suffer, regardless of whether the patients perceive the discriminatory difference in treatment. Our point is that studying perception is important entirely independently of studying actually perpetrated discrimination.

Note the implication of our discussion: whether people are right that they experienced discrimination will not matter at the two extremes—when actual discrimination is the sole concern, and when perception alone is. However, whether people are accurate in their perception of discrimination can also matter a great deal for two different kinds of questions. First, it can be important to understand why people perceive discrimination in spite of substantial evidence to the contrary. For example, some proportion of whites believe whites to be the racial group most discriminated against in the United States, a belief often accompanied by high levels of resentment. Investigating beliefs of this kind can be important in understanding people’s political and social behavior. Two, it can be important to understand, particularly for health-related outcomes, how people respond to ambiguity—in this context, when potential victims are uncertain whether they have actually experienced discrimination. There are times when people do not know, but still wonder, whether they have been treated poorly because of the color of their skin. This possibility, if it happens repeatedly or in a consequential context, can cause a kind of rumination whose emotional strain can be taxing (Feagin and Sikes 1994; Lacy 2007). Efforts to measure the incidence and consequences of these everyday forms of discrimination more systematically would represent a particularly useful path forward.
Conclusion

We have argued that in addition to taste and statistical discrimination (and the possibility of implicit discrimination), economists should examine—or continue to examine—institutional discrimination. We have shown that institutional discrimination can take at least two forms, organizational and legal, and that in both forms the decisions of a contemporary actor to discriminate, whether out of animus or statistical averaging, can be immaterial. We have suggested that institutional discrimination is a vehicle through which past discrimination (intentional or not) has contemporary consequences. We have proposed that the minor forms of everyday discrimination people may experience deserve attention, because discrimination can matter cumulatively, not just episodically. And we have posited that the perception of discrimination is an important, independent topic deserving serious attention.

We stress that ours is not a comprehensive review of sociological perspectives on discrimination. We have ignored questions that researchers in that field may consider important. And not all sociologists would discuss the topics we have covered here as we have. However, we believe the topics discussed here deserve attention, and we are convinced that greater interaction between the two disciplines on these questions will benefit both.

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