

“The Bias Narrative vs. the Development Narrative”
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I appreciate the opportunity to address this crucially important subject matter before this august assemblage. In these remarks I will speak to the fact of African American economic subordination, and its implications for the nature of American democracy. I draw on my many years of study as economist and public intellectual to briefly make two observations – about the dynamics of human development, and about the foundations of racial identity. I conclude with some reservations about the program of pursuing “racial equity” in a multi-racial, multi-ethnic society. (Here I take “equity” to mean not just equal opportunity for all, but equal results as between designated racial groups.)

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 intractable problem requires one to distinguish the role played by discrimination against blacks – past and present – from the role of behavior patterns to be found among some blacks. This, I admit, puts what is a very sensitive issue rather starkly. Many vocal advocates for racial equality refuse even to consider the possibility that behavior could be an important factor contributing to our persisting disadvantaged status. At the same time, some critics – mostly on the right of American politics – insist that racial discrimination is not an important determinant of these unequal social outcomes. I will chart a middle course – acknowledging that anti-black biases have existed, still exist to some degree, and should be remedied; but insisting on the imperative of identifying and reversing those behavior patterns that prevent some of our people from seizing newly opened opportunities.

These two positions can be recast as causal narratives. Under the “bias narrative,” one argues that the root cause of persisting disparity is racism and white supremacy; we cannot get ahead until they relent. So, since discrimination is the cause of racial inequality, we must continue to urge reform of American society toward that end. This, I hold, is necessary but not sufficient. Under the “development narrative,” by contrast, one emphasizes the need to consider how people acquire the skills, traits, habits, and orientations that foster an individual’s successful participation in American society. If black youngsters do not have the experiences, are not exposed to the influences, and do not benefit from the resources that foster and facilitate their human development – to that extent, they may fail to achieve their full potential. On this view, it is a lack of development that ultimately causes the stark racial disparities in income, wealth, education, family structure, and much else.

These two narratives – bias versus development – need not be mutually exclusive, of course. What is clear, however, is that, in terms of prescribing intervention and remedy, they point in very different directions. The bias narrative urges us to demand an end to racism and to undertake resource transfers to and from people, based on their racial identities, aimed at reducing wealth and income gaps. By contrast, the development narrative puts more onus on the responsibilities of African Americans to act in ways that realize our full human potential.

So, what are my two observations? Over four decades ago, in my doctoral dissertation at M.I.T., I had the good fortune to coin the term "social capital."¹ I did so by way of contrasting my concept, "social capital," with what economists called "human capital." Human capital theory imports into the study of human inequality an intellectual framework which had been developed primarily to explain the investment decisions by firms – a framework that focuses on the analysis of formal economic transactions. In my thesis I argued that this framework was inadequate to the problem of accounting for racial economic disparities. Allow me to explain.

My fundamental point was that associating business with human investments is merely an analogy, not an identity – particularly if one seeks to explain persistent racial disparities. Business investments are transactional. Human investments are essentially relational. So, important things are overlooked in the human capital approach, things having to do with informal social relations. My view was, and is, that the conventional economic theory is incomplete when it comes to explaining racial disparities. There were two central aspects of this incompleteness. Thus, my two observations about the dynamics of human development and the nature of racial identity.

Observation #1

First, I stressed that ***all human development is socially situated and mediated.*** That is, I argued that the development of human beings occurs inside of social institutions. It takes place as between people, by way of human interactions. The family, community, school, peer group – these *cultural institutions* of human association are where development is achieved. Resources essential to human development – the attention that a parent gives to her child for instance – are not *alienable*. Developmental resources, for the most part, are not "commodities." The development of human beings is not up for sale. Rather, structured connections between individuals create the context within which developmental resources come to be allocated to individual persons. Opportunity travels along the synapses of these social networks. People are not machines. Their "productivities" – that is to say, the behavioral and cognitive capacities bearing on their social and economic functioning – are not merely the result of a mechanical infusion of material resources. Rather, these capacities are the byproducts of social processes mediated by networks of human affiliation and connectivity. This was fundamentally important, I thought and still think, for understanding persistent racial disparities in America. That was the first point I wanted to make, all those years ago, about the incompleteness of human capital theory.

Observation #2

My second observation was that ***what we are calling "race" in America 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 indirect evidence of a profound separation between the racially defined networks of social affiliation within that society. Put directly: ***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.***

¹ "Essays in the Theory of the Distribution of Income," Ph.D. Thesis, Department of Economics, Massachusetts Institute of Technology, 1976

Over time "race" would cease to exist unless people chose to act in a manner so as biologically to reproduce the variety of phenotypic expression that constitutes the substance of racial distinction.

I cannot over-emphasize this point. We speak casually about "racial equality" and "racial justice." Yet, "race" is not something simply given in nature. Rather, it is socially produced; it is an equilibrium outcome; it is something we are making; it is endogenous. It follows that, if the goal is to understand the roots of durable racial inequalities, we will need to attend in some detail to the processes that cause "race" to persist as a fact in the society under study, because such processes almost certainly will not be unrelated to the allocation of developmental resources in that society.

Here, then, is my second observation, in a nutshell: The creation and reproduction of racial inequality as a social reality in any society rests on *cultural* conceptions about identity that are embraced by people – blacks and whites alike – in that society. These are the convictions people affirm about who they are and about the legitimacy of conducting intimate relations with racially distinct others. (Here I do not only mean sexual relations.) That is, racial inequality is inescapably a cultural phenomenon. It implicates not only the transfer of resources, but more fundamentally, the decisions we make daily about with whom to associate and identify. The contrast I drew between *human* and *social* capital all those years ago was rooted in my conviction that beliefs of this kind ultimately determine the access that people enjoy to the informal resources required to develop their human potential. What I called "social capital" when I coined that term in 1976 is, on this view, a critical prerequisite for creating what economists refer to as "human capital." And such human capital – skills, education, work experience and social aptitudes – is a key determinant of an individual's earnings power and capacity to generate and accumulate wealth. This point is crucial, I believe, if we are to understand the persistence of racial inequality in America.

The basic fact is that whites have more wealth than Blacks, however you measure. Now, partly that's a consequence of history and partly that's a consequence of ongoing dynamics. People inherit wealth from their forebears, from their parents, and so on. So, part of that is a reflection of the past, but part of it is also a reflection of what's going on in terms of the creation of wealth. Wealth does not simply fall from the sky. Rather, it must be created. Many people will have created the wealth that they possess through years of effort and entrepreneurship and so on.

Moreover, I would question whether narrowing the racial wealth gap is the right objective for public policy. The issues of low wealth holdings that should concern us, I think, are largely issues that transcend the racial categorization. I would be thinking about people who lack wealth, not about people who are black with low wealth holdings. And, to the extent that I thought wealth inequality to be a problem, I would address that problem across the board and not frame it in racial terms.

There's looking backwards and there's looking forwards. I am, of course, aware of the history of racial discrimination in this country. That history is implicated, of course, in the gaps we observe today. So, we can look backward as many have done and attempt to calculate and calibrate what were the impact of redlining, of Jim Crow segregation, of slavery, of the failure to distribute 40 acres and a mule to the

freedmen and so on, and we could try to do an estimate of what would wealth be but for that historical thing.

But the other thing is looking forward. Wealth is a stock. Income is a flow. So, the stock evolves over time under influence from the flow. We can shift wealth around at a point in time. But we may not change the steady-state wealth holdings if we don't deal with the flow. So, that's why I want to say the creation of wealth deserves to be a part of this conversation. Because, thinking simplistically, but I think the arithmetic works out, if I don't change the flows, I'm going to end up back in the same situation after a while, no matter what I do. That is, unless we address ourselves to enhancing the capacity of all of our people to create wealth, to develop their productive capacities and to acquire skills, we will not be addressing the root causes of the inequalities we can see all around us.

The first unspeakable truth: Downplaying behavioral disparities by race is actually a “bluff”

Socially mediated behavioral issues lie at the root of today's racial inequality problem. They are real and must be faced squarely if we are to grasp why racial disparities persist. This is a painful necessity. Activists on the Left of American politics claim that “white supremacy,” “implicit bias,” and old-fashioned “anti-black racism” are sufficient to account for black disadvantage. But this is a bluff that relies on “cancel culture” to be sustained. Those making such arguments are, in effect, daring you to disagree with them. They are threatening to “cancel” you if you do not accept their account: You must be a “racist”; you must believe something is intrinsically wrong with black people if you do not attribute pathological behavior among them to systemic injustice. You must think blacks are inferior, for how else could one explain the disparities? “Blaming the victim” is the offense they will convict you of, if you're lucky.

I claim this is a dare; a debater's trick. Because, at the end of the day, what are those folks saying when they declare that “mass incarceration” is “racism”—that the high number of blacks in jails is, self-evidently, a sign of racial antipathy? To respond, “No. It's mainly a sign of anti-social behavior by criminals who happen to be black,” one risks being dismissed as a moral reprobate. This is so, even if the speaker is black. Just ask Justice Clarence Thomas. Nobody wants to be cancelled.

But we should all want to stay in touch with reality. Common sense and much evidence suggest that, on the whole, people are not being arrested, convicted, and sentenced because of their race. Those in prison are, in the main, those who have broken the law—who have hurt others, or stolen things, or otherwise violated the basic behavioral norms which make civil society possible. Seeing prisons as a racist conspiracy to confine black people is an absurd proposition. No serious person could believe it. Not really. Indeed, it is self-evident that those taking lives on the streets of St. Louis, Baltimore, Philadelphia, and Chicago are, to a man, behaving despicably. Moreover, those bearing the cost of such pathology, almost exclusively, are other blacks. An ideology that ascribes this violent behavior to racism

is laughable. Of course, this is an unspeakable truth—but no writer or social critic, of whatever race, should be cancelled for saying so.

Or, consider the educational achievement gap. Anti-racism advocates, in effect, are daring you to notice that some groups send their children to elite colleges and universities in outsized numbers compared to other groups due to the fact that their academic preparation is magnitudes higher and better and finer. They are daring you to declare such excellence to be an admirable achievement. One isn't born knowing these things. One acquires such intellectual mastery through effort. Why are some youngsters acquiring these skills and others not? That is a very deep and interesting question, one which I am quite prepared to entertain. But the simple retort, "racism", is laughable—as if such disparities have nothing to do with behavior, with cultural patterns, with what peer groups value, with how people spend their time, with what they identify as being critical to their own self-respect. Anyone actually believing such nonsense is a fool, I maintain.

Asians are said, sardonically, according to the politically correct script, to be a "model minority." Well, as a matter of fact, a pretty compelling case can be made that "culture" is critical to their success. Read Jennifer Lee and Min Zhou's book, [The Asian American Achievement Paradox](#). They have interviewed Asian families in Southern California, trying to learn how these kids get into Dartmouth and Columbia and Cornell with such high rates. They find that these families exhibit cultural patterns, embrace values, adopt practices, engage in behavior, and follow disciplines that orient them in such a way as to facilitate the achievements of their children. It defies common sense, as well as the evidence, to assert that they do not or, conversely, to assert that the paucity of African Americans performing near the top of the intellectual spectrum—I am talking here about academic excellence, and about the low relative numbers of blacks who exhibit it—has nothing to do with the behavior of black people; that this outcome is due to institutional forces alone. That, quite frankly, is an absurdity. No serious person could believe it.

Nor does anybody actually believe that 70 percent of African American babies being born to a woman without a husband is (1) a good thing or (2) due to anti-black racism. People say this, but they don't believe it. They are bluffing—daring you to observe that the 21st-century failures of African Americans to take full advantage of the opportunities created by the 20th century's revolution of civil rights are palpable and damning. These failures are being denied at every turn, and these denials are sustained by a threat to "cancel" dissenters for being "racists." This position is simply not tenable. The end of Jim Crow segregation and the advent of the era of equal rights was transformative for blacks. And now—a half-century down the line—we still have these disparities. This is a shameful blight on our society, I agree. But the plain fact of the matter is that some considerable responsibility for this sorry state of affairs lies with black people ourselves. Dare we Americans acknowledge this?

Leftist critics tout the racial wealth gap. They act as if pointing to the absence of wealth in the African American community is, *ipso facto*, an indictment of the system—even as black Caribbean and African immigrants are starting businesses, penetrating the professions, presenting themselves at Ivy League institutions in outsize numbers, and so forth. In doing so, they behave like other immigrant groups in our nation's past. Yes, they are immigrants, not natives. And yes, immigration can be positively selective. I acknowledge that. Still, something is dreadfully wrong when adverse patterns of behavior readily visible in the native-born black American population go without being adequately discussed—to the point that anybody daring to mention them risks being cancelled as a racist. This bluff can't be sustained indefinitely. Despite the outcome of the recent election, I believe we are already beginning to see the collapse of this house of cards.

A second unspeakable truth: “Structural racism” isn't an explanation, it's an empty category

The invocation of “structural racism” in political argument is both a bluff and a bludgeon. It is a bluff in the sense that it offers an “explanation” that is not an explanation at all and, in effect, dares the listener to come back. So, for example, if someone says, “There are too many blacks in prison in the US and that's due to structural racism,” what you're being dared to say is, “No. Blacks are so many among criminals, and that's why there are so many in prison. It's their fault, not the system's fault.” And it is a bludgeon in the sense that use of the phrase is mainly a rhetorical move. Users don't even pretend to offer evidence-based arguments beyond citing the fact of the racial disparity itself. The “structural racism” argument seldom goes into cause and effect. Rather, it asserts shadowy causes that are never fully specified, let alone demonstrated. We are all just supposed to know that it's the fault of something called “structural racism,” abetted by an environment of “white privilege,” furthered by an ideology of “white supremacy” that purportedly characterizes our society. It explains everything. Confronted with any racial disparity, the cause is, “structural racism.”

History, I would argue, is rather more complicated than such “just so” stories would suggest. These racial disparities have multiple interwoven and interacting causes, from culture to politics to economics, to historical accident to environmental influence and, yes, also to the nefarious doings of particular actors who may or may not be “racists,” as well as systems of law and policy that disadvantage some groups without having been so intended. I want to know what they are talking about when they say “structural racism.” In effect, use of the term expresses a disposition. It calls me to solidarity. It asks for my fealty, for my affirmation of a system of belief. It's a very mischievous way of talking, especially in a university, although I can certainly understand why it might work well on Twitter.

Historically oppressed groups, time and again, have evolved notions of identity that cut against the grain of their society's mainstream. A culture can develop among them that inhibits talented youngsters from taking the actions needed to develop that talent. Now, given such a situation, I wish to ask: Do kids in a racially segregated dysfunctional peer group simply have the wrong utility functions? **It is a mistake to attribute the dysfunctional behavior of an historically oppressed group of people to their simply having the wrong preferences when those their “preferences” have emerged from a set of historical experiences that reflect the larger society's social structures and activities.** Another way of saying this is that when thinking about group disparities social relations come before economic transactions. When ethnic communities and their local cultures are not integrated across boundaries of race in a society –

then racial inequalities can persist. The persistence of racial disparities derives not simply from discrimination, but more fundamentally from the complex, morally ambiguous and difficult-to-regulate phenomena that embody and reflect what people see as the *meanings* giving significance to their lives, and from the structure of the social connectivity to which those meanings give rise.

All of this leads me to an important conclusion: How a diverse society answers the question, “Who are WE?” is a fundamentally significant issue. It is certainly an important question in the United States today. Who are WE? Whose country is it? When we talk about crime, violence, school failure, urban decay, etc., are these matters, in the back of our minds, that we understand 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.” (This was actually said during the flood of New Orleans after Hurricane Katrina in 2005. But it’s a lie. Black people in New Orleans had been there for 250 years. They were not aliens. They were and are as American as you can get, as American as anybody can be. That was US down there crawling up on the rooftops. That was US huddled in the Superdome. That was US.) My point is that these problems are a quintessentially American affair, not simply a measure of the inadequacy of “black culture.” They reflect upon OUR social inadequacy, I wish to argue. And I buttress that argument by observing the incompleteness of human capital theory, by insisting that human developmental processes are socially contextualized, and by stressing the foundational role “race” plays in all of this. This is what I mean when I, being an economist, nevertheless insist on placing relations before transactions!

Consider the poor central-city dwellers who make up a quarter or so of the black American population. Dysfunctional behaviors of many in this population is certainly part of the problem here. Conservatives’ demand for greater personal responsibility in these quarters is, in my view, both necessary and proper. And yet, confronted with the despair, violence, and self-destructive folly of so many people, it is morally and intellectually superficial in the extreme to argue, as many have done, that “those people should just get their acts together like many of the poor immigrants. If they did we would not have such a horrific problem in our cities.” To the contrary, any morally astute response to the “social pathology” of American history’s losers should conclude that, while we cannot change our ignoble past, we need not and must not be indifferent to contemporary suffering issuing directly from that past. THEIR culture may be implicated in their difficulties, but then so too is OUR culture complicit in their troubles: We bear collective responsibility for the form and texture of our social relations.

Thus, while we can’t ignore the behavioral problems of this so-called underclass we should discuss and react to them as if we were talking about our own children, neighbors, and friends, which is to say: *This persisting black disadvantage is an **American** tragedy. It is a national, not merely a communal disgrace.* Changing the definition of the American “we” is a first step toward fixing the racial inequality problem that afflicts our society. That requires seeing ourselves as all being in the same boat, sharing a common citizenship and a common humanity. It means fashioning American solutions to American problems – not partitioning ourselves into rival racial populations among whom must be brokered some kind of quid pro quo. This requires adjusting ways of thinking on all sides of the racial divide. Ultimately, we need to get beyond race and, as Dr. King prophetically envisioned, to ground civic discourse in an unwavering commitment to trans-racial humanism. That sounds like a pipedream in today’s hyper-racially-charged environment. But I actually believe it is the only way forward. Achieving a society where all individuals regardless of race are thought of as being among US, should be the goal. If inequality is a problem, then

let us address it forthrightly. But we should do so on behalf of a program of human decency, not one of racial equity

There is a fatal contradiction at the heart of the argument for group equality of social outcomes. In my considered opinion we ought not to expect this as an outcome, and we ought not to make achieving it our goal. Equality of opportunity, not equality of results, is the only defensible public policy goal in my view. The dogged pursuit of equal results between racial groups across all venues of human endeavor is a formula for tyranny and yet more racism. Here is why.

Identitarian arguments for group equality posit that we have different groups -- Jews, South Asians, East Asians, Blacks, Latinos, etc. -- and that these groups have identities which deserve to be acknowledged and respected. When someone tells me, "I identify as a member of group X," I am given to understand that this is a part of their personhood which warrants to be respected and given credence. So, groups are fundamental building blocks of society in this identity-focused view of the world. It is not a matter of indifference. We are in these various boxes. Groups matter. A group's culture and heritage matter to its members -- the music they listen to, the food they eat, the literature they read, the stories they tell their children -- all these things for the identitarians are important and they all vary across groups.

On the other hand, group-egalitarians presuppose that -- absent injustice -- there would be equality of groups across every human enterprise. But how can that be? Because if groups matter, some people are going to bounce a basketball 100,000 times a month and other people are going to bounce it 10,000 times a month. Some people are going to be drawn to books as a way of experiencing human culture and other people are going to be more verbal or more spontaneous or whatever it might be. There are differences between groups. Groups matter after all. They're not all the same. They don't do the same things, they don't believe the same things, they don't think the same things, they don't spend their time in the same ways. So now I have population groups that have their own integrity, expressing themselves in how they live their lives, how they raise their children, how they spend their time. This will inevitably result in different representations of the groups' members across various human activities. The various groups' members will not all be involved in academic pursuits, in the business world, in the professions, or in sports and entertainment to the same extent. They will not all have the same occupational or professional profiles.

Now I look out at society and I see a difference between groups in the proportion who are members of the National Academy of Sciences, who are tenured faculty members, who are tech entrepreneurs or hedge fund managers or traders on the floor of the stock exchange. I see differences in the proportion who are getting PhDs in English literature, who are small shopkeepers, single parents, or petty criminals, etc. Groups mattered after all for the identitarians. This groupness reflects itself to some degree in how people choose to live their lives. And yet, the egalitarians insist that the society is unfair unless it yields an equal proportionate representation of these groups in every human enterprise? ***That is simply a logical contradiction. Acting in a determined way on that contradiction can only lead to tyranny, to disappointment and to more racism.***

For, if we try to flatten the cultural and behavioral distinctions that are the substance of groupness -- if we put everybody into one social milieu, override parental autonomy and socialize the raising of our kids -- we might be able to flatten the social terrain enough to achieve equality. But this would be tyrannical. It would extinguish our autonomy as individual human beings to associate with each other, to believe and to live as we please. And should such a draconian policy fail to produce group equality -- as seems

more likely – we would end-up with the question: How come there are so many Jews (or Asians, or “whites” or whatever) in medical school, with PhDs in electrical engineering, in the top 1% of the income distribution? That is ultimately where identity-based group egalitarianism leads. There will be no end to the quest for group equality if, indeed, group identities are meaningful and persist. The presumption of group equality in the face of group distinctions of social organization and culture leads either to the tyrannical imposition of uniform standards in an attempt to tamp down the authentic expression of groupness, or to finger-pointing and suspicion every time some group of people moves ahead of or falls behind the pack in this or that arena of achievement. A treacherous presumption will haunt society: that any group disparity must reflect some intrinsic unfairness that is built into the system. That is a formula for perpetual conflict, not for “social justice”. And it is a temptation which should be resisted.

Thank you.