**American Economic Association Committee on Economic Statistics and National Economic Association Joint Session on Measuring the Economic Effects of Systemic Racism and Discrimination: A Summary**

**February 2021**

> *"A universal way of measuring structural racism does not exist. We urgently need valid, replicable and theoretically sound measures of structural racism to expose evidence of its harm… and to identify pathways for intervention."*
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> Rachel Hardeman, with reference to Groos, Wallace, Hardeman, and Theall (2018) "Measuring inequity: a systematic review of methods used to quantify structural racism," *Journal of Health Disparities Research and Practice*: (11) 2.

A working definition of systemic racism submits it as a concept that refers to patterns of behavior, policies or practices that are part of the structures of organizations or cultures and creates or perpetuates disadvantages for people of color. A robust body of research establishes that race is a factor associated with unequal outcomes in employment, housing, education, finance, health, and criminal justice, among other areas. The conceptualization of systemic racism postulates that race is a factor associated with unequal outcomes because race enables those with the power to cause unequal outcomes to do so based on the race of others, as opposed to race being a direct causal factor in unequal outcomes. Race is a distal rather than a proximate factor in the unequal outcomes. Further analysis of causes, consequences and policy options will likely require changes in data collection and measurement to provide improved or new statistical measures that can be used to track racially affected outcomes over space and time.

The American Economic Association Committee on Economic Statistics (AEAStat) and the National Economic Association (NEA) organized a special working session to address these issues. The session took place on January 4, 2021, at the (virtual) 2021 Allied Social Science Association meetings.

The objectives of this working session were to: (a) assess whether adequate cross-sectional and longitudinal federal statistical data exist to document cumulative and long-term disparities in outcomes by race; (b) identify the challenges in designing, implementing, amending, or cross-linking surveys to accomplish this goal; and (c) develop a plan of action to improve data resources for statistical measurement of systemic racism and discrimination. A total of 27 individuals (listed in the appendix) were direct participants, and about 150 others viewed the discussion and offered input via the "Chat" function of Zoom.

In addition to academic researchers and interest group leaders with experience tackling racial bias and discrimination with statistics, a number of representatives of U.S principal statistical agencies (https://nces.ed.gov/fcsm/agencies.asp) attended the session. This was important since the results of the session should have special applicability to statistical agencies and to agencies that collect and hold administrative data such as SSA, Medicare and Medicaid.

What follows is a record of comments made by participants and observers, organized around prominent themes. This summary is not intended to be either a comprehensive discussion of the issue, nor a reconciliation of diverse opinions. Rather this summary of comments is intended to provide perspective

on the range of opportunities and challenges for improving economics measurement and analysis in this context.

## Theme 1: **A lack of consensus on operational conceptual paradigms, theory, and definitions of systemic racism limits opportunities to use traditional approaches to data collection for measurement.**

a. We should not attempt measurement without theory, and we should not attempt theory without conceptual validity. We need to think deeply about what theoretical models we need to understand systemic racism, and about how we define our concepts, including the concept of systemic racism. We do not have mainstream economic theories or conceptualizations of systemic racism for use in economic measurement.

*b.* We must also identify the standards that a measure of systemic racism would need to meet so that the profession would deem the measure credible, valid, reliable, falsifiable and suitable to register ex-ante in studies.

c. Some thoughts on a precise (and measurable) definition of systemic racism that would allow us to track progress were mentioned:

   i. One option might derive from outcomes notation in the Treatment Effects literature. For example, a measure of the effect of systemic racism on income would be the difference in lifetime income (or other outcome) if the same individual (with the same observable and unobservable qualities) were to grow up black versus white. This definition has the advantage of precision, but because of the long-time frame is difficult to measure and will surely require full use of the machinery of the Treatment Effects literature to analyze. The view was also expressed that this approach is often flawed in this context. Systemic racism is so pervasive that all of the controls are impacted. Randomized control trials are an obvious challenge.

   ii. Related to the above, systemic racism is not just about unequal outcomes in lifetime income but also about unequal outcomes and cumulative impacts on wealth, health outcomes, educational attainment, social capital, human capital, neighborhood and peer effects, etc.

   iii. Thinking that appropriate economic analysis of systematic racism can inform us about discrimination is quite limiting. Race is relational, so an appropriate analysis must account for the unearned benefits that systematic racism bestows on some in addition to the earned benefits it deprives others.

   iv. In defining systemic racism, we also try to measure behavior/perception, not just outcomes. For example, measuring the problem at its roots would require

data on racial animus that leads to intentional behavior that leads to unequal outcomes.

v. The unobserved components of systemic racism are pernicious. For example, detailed information may be available about the stated hiring and promotion practices of firms and the associated outcomes. However, the discussions and decisions "behind closed doors" whether it be the boardroom, the manager's office or in exclusive social settings are unobservable.

**Theme 2: Standard, large population household and business surveys have limited usefulness in measuring systemic racism and discrimination. Low response rates, lack of coverage, small sample, and inadequate scope of inquiry are major reasons.**

a. Some specific population groups cannot be identified in existing data sets. This comes from the lack of a large enough number of observations for certain race, ethic or immigrant groups. An example concerns the Survey of Consumer Finance, a great data set for identifying wealth holdings. However, the sample size is not large enough to conduct meaningful analysis for American Indians/Alaska Natives, Native Hawaiian/ Pacific Islanders, or Asians.

b. Existing survey sample size, design, and/or response rates preclude needed examination of within-group differences.

   i. Some population subgroups have been lumped together despite great within-group differences. For example, "Asian" is a large group that as aggregated masks very different experiences for the smaller groups within it. The same holds for the ethnic group "Hispanic." Collecting data to disaggregate at those levels is a large task, but it is something that has to be acknowledged going forward.
   ii. To identify systemic racism effects on Latinxs, it is necessary to understand how Latinxs are racialized and collect data accordingly. This has to do with skin tone, but it can also have to do with other factors that are location-specific, such as white Cuban Americans in Miami.

c. We need more geographically specific and nuanced data from federal surveys; In particular, federal statistical agencies need to be able to capture localized data on wealth.

d. We need to ask questions more suited to the task of measuring racism and discrimination.

iii. On the wealth and income question, we could use more data on inter-household transfers and support. For example, a question like "if you experience an unanticipated drop in income or get evicted, do you have a someone who would take you in?" And/Or "do you have family members outside your household who would rely on you in an emergency?"

iv. We have much more data on income and earnings than on wealth. Yet we know that wealth disparities between races are much larger than earnings disparities and have continued despite narrowing of wage differences. So, we need data that helps explore why progress on pay differences do not translate into more progress in reducing wealth differences. At a minimum, that requires more data on wealth.

v. We need to be able to track interactions, transactions, and transformations in which discrimination may be realized. For example, business surveys don't ask for details on such things as loan request history.

vi. There is a need to collect information about what the valid "choice sets" are for different subpopulations, knowing that the choice sets are much narrower for certain subpopulations.

vii. Response rates on surveys are declining overall but especially for disadvantaged groups. This yields greater reliance on imputation and reweighting the data for both unit and item non-response.

e. It is difficult or impossible to estimate critical relationships among factors from existing surveys' results.

i. We need to be able to track the influences of barriers/hidden obstructions to entry, inclusion, employment, etc., and standard survey data cannot be used to do that.

ii. We do not know how disparate outcomes are related to differences in background. We are blind to how decisions are made.

iii. What are relationships between factors like incarceration and labor market outcome by race, for example.

iv. We need to address the "miscounting" that happens with our current definition of unemployment and the lack of in-depth analysis of under employment and lack of employment.

v. It would be helpful to have data that are longitudinal and cover multiple areas: income, wealth, education, health, labor market. A holistic view would help us see how the barriers that we cannot easily measure directly can be measured indirectly.

f. Data linkage opportunities are limited, owing, to some degree, to the lack of consistent data definitions across surveys. For example, getting consistency on occupation and industry over time would be of benefit to everyone to have a definitive, agreed upon cross-walk of occupation and industry.

## **Theme 3**: A variety of potential actions/approaches may address identified issues

a. Traditional remedies fall into general categories that include:
    i. Adding supplements to existing surveys
    ii. Adding new questions to existing surveys
    iii. Increasing survey sample sizes
    iv. Raising survey response rates
    v. Developing new survey programs
    vi. Developing new programs using non-survey data
    vii. Conducting cognitive and other research to design new measures, methodologies and algorithms to study choice sets, relational influences, business practices, etc...
    viii. Creating better access and linking opportunities

Beyond that, and more specifically…

b. It may be important to more fully incorporate people of various races/backgrounds into the survey design and data collection processes. The questions we ask are typically informed by experiences, and major survey designers/reviewers do not necessarily represent a racially diverse group.

c. Likewise, diversity in the research community would improve the ability to formulate appropriate research questions and interpret results.

d. Investigate whether data from sociological and social psychological surveys including behaviors and beliefs on racism can be linked with surveys collecting economic data.

e. Alternatively, racist sentiments, collection of statements on social media, tweets, etc. have been used to track degree of animus statically, and over time. Might we formalize the collection and interpretation of these data?

f. The idea of equity audits of policy proposals is increasing in popularity. This should be another consideration as we think about what questions to ask and how statistical agencies can be used to gather that data.

g. Reform data sharing agreements and democratize the ability to link data, in particular across restricted access survey and administrative data.

h. A potential step forward would be to make it a priority of the federal Interagency Council on Statistical Policy to review federal surveys to identify low-hanging fruit to add relevant questions/improve survey coverage/add subsamples, et al.

i. Another potential step may be to encourage the National Science Foundation to set up a grant program within its Directorate for Social, Behavioral and Economic Sciences to support innovative research and data collection to further measurement of systemic racism and discrimination.

j. Obtain concentrated support from private foundations to build and sustain a community of data providers and users to make progress on resolving identified challenges.

**Wrapping Up**

It is clear from this summary of comments by experienced analysts that much work remains to be done to sufficiently capture factors that could statistically measure systemic racism and discrimination. Several observers of the session remarked, upon its conclusion, that they had learned new and important things in thinking about how to measure and track systemic racism. And several representatives of federal statistical agencies expressed the intent to rethink how they are collecting some of their data. It is hard to project what changes, if any, will come about as a result of this frank and enlightening discussion. But we hope that getting the words down on paper (and you can also listen to the session on line as of March 1, 2021) and broadly disseminating this Summary will at the very least be helpful in furthering the conversation.

**Planning committee for Session:**

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# Appendix:

### Direct Participants in the AEAStat/NEA Joint Session on Measuring the Economic Consequences of Systemic Racism and Discrimination

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