The Economics of Race in the United States

Brendan O’Flaherty

“A terrific contribution to the literature on race and economics.”
—Ingrid Gould Ellen, New York University

“An amazing book that should become a standard reference and must-read text for economists and other social scientists who study race and racial inequality. It is both deep and comprehensive, and has several blinding insights relating racial inequality to the fundamental workings of society.”
—Steven Raphael, University of California, Berkeley

Brendan O’Flaherty brings the tools of economic analysis—incentives, equilibrium, optimization, and more—to bear on contentious issues of race in the United States. In areas ranging from quality of health care and education, to employment opportunities and housing, to levels of wealth and crime, he shows how racial differences among blacks, whites, Hispanics, and Asian Americans remain a powerful determinant in the lives of twenty-first-century Americans. More capacious than standard texts, The Economics of Race in the United States discusses important aspects of history and culture and explores race as a social and biological construct to make a compelling argument for why race must play a major role in economic and public policy. People are not color-blind, and so policies cannot be color-blind either.

Because his book addresses many topics, not just a single area such as labor or housing, surprising threads of connection emerge in the course of O’Flaherty’s analysis. For example, eliminating discrimination in the workplace will not equalize earnings as long as educational achievement varies by race—and educational achievement will vary by race as long as housing and marriage markets vary by race. No single engine of racial equality in one area of social and economic life is strong enough to pull the entire train by itself. Progress in one place is often constrained by diminishing marginal returns in another. Good policies can make a difference, and only careful analysis can figure out which policies those are.

Brendan O’Flaherty is Professor of Economics at Columbia University.