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## **Report**      **December 2000**

Volume 10, Number 4

### **CONFERENCE** **Multiraciality: How Will the New Census Data Be Used?**

*Scholars gathered at Blithewood September 22 and 23 to discuss the new racial classifications unveiled in the 2000 Census. The conference was organized by Senior Scholar Joel Perlmann and Mary Waters, professor of sociology at Harvard University. Brief notes on the participants' remarks are given here. An audio webcast of the conference is available and can be heard by visiting the webcasts page in the [What's New](#) section.*

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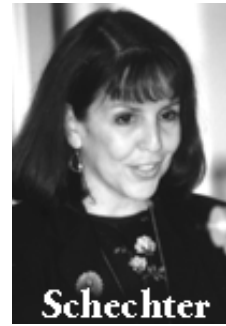
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## **Multiraciality: How Will the New Census Data Be Used?**

### **SPEAKER: SUSAN SCHECHTER**

Susan Schechter, a senior statistician in the Statistical Policy Office, Office of

Management and Budget (OMB), spoke about the guidelines issued by the OMB for federal agencies on survey issues related to race and ethnicity. One current myth about the development of census data is that the racial categories are being altered only now. In actuality, racial category definitions-the products of U.S. political and social history-have changed in each decennial census since 1790.



By the 1970s, federal agencies were increasingly required to collect, aggregate, and analyze data on race and Hispanic origin, which led to the government's initial effort to develop and implement a common language on race and ethnicity. As a result, standard categories reflecting legislatively mandated priorities on particular population groups were adopted in 1977 (OMB Resolution 15). These categories were used by government agencies for several decades and in the censuses for 1980 and 1990.

By the 1990s there were clear signals within and outside the federal government that these categories were not keeping pace with changes in the U.S. population. Complaints were lodged that not enough groups were included, and that it was not possible for respondents to choose more than one race. The OMB conducted an intensive multiyear review of the existing 1977 standards to assess how racial and ethnic data should be classified. As a result, revised standards were issued in 1997.

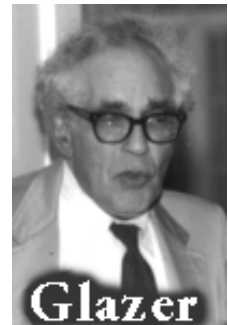
The OMB recognized that the new standards would require changes in the manner in which data were collected, the key change being to allow respondents to report multiple racial origins. They also recognized that research was necessary on the methods by which the data were tabulated. A February 1999 report on the new categories provided some implementation guidance (an unusual feature), as did OMB Bulletin 00-02. This winter, new provisional guidelines will be issued that likely will contain

- additional examples of ways to ask and design race and ethnicity questions in surveys;
- a format by which institutions and establishments can report aggregated data;
- means by which race and ethnicity data might be edited;
- and
- an updated evaluation of the effects of bridging methods on a combined distribution in which "Hispanic" is included in race tabulations (with non-Hispanic whites and non-Hispanic blacks included in the distribution).

Guidance information will be updated as more is learned. Remaining questions include how to improve reporting among Hispanic respondents, how to revise data collection forms so that all conform to one standard, how data from multiple-race responses will be used for affirmative action and other antidiscrimination purposes, and how the decennial Census should be used to develop sample design and controls for other surveys so that meaningful comparisons can be made using past and new standards. Some answers will be forthcoming as the federal government moves toward complete implementation of the new standards.

**SPEAKER: NATHAN GLAZER**

Nathan Glazer, professor emeritus of sociology and education at Harvard University, discussed his concerns about the census' questions on race, Hispanic origin, and ancestry. He pointed out serious flaws in the manner in which race data are collected today. First, he noted, the current Census short form gives the impression that the government's most pressing need is information about racial origins. Glazer wondered whether the questions require such prominence. Second, these questions have become incapable of adequately reflecting the racial and ethnic composition of America: the racial categories attempt to impose on many identities in flux a categorization that the public will find confusing. They require considerable manipulation by professional statisticians to convert them into a form that can be presented to the Congress, the media, and the American people, which introduces a substantial degree of error into the final figures, the possible degree of which is not publicly known. Third, there are several instances of irrationality in the current racial classification system. For example, the category "Hispanic" includes people from Argentina and Spain, but not Brazilians or Portuguese.



Glazer proposed that the current undesirable state of affairs be ameliorated by greatly simplifying the race and ancestry questions on the census form. One question would ask whether the respondent self-identifies as black or African American. Another would be of a fill-in type and ask in which countries the respondent and his or her parents were born (and perhaps even his or her grandparents). There are several reasons, Glazer said, for asking about only one race. The census has counted blacks since its inception. This group has historically been subject to racism and continues to face discrimination; they are far less integrated into American society than are any other group, and they have a clear sense of identity, so that their response to the race question can be expected to be highly reliable. The rationale for the ancestry question is the rapid rate of assimilation, driven by high intermarriage rates, of all groups other than blacks.

Glazer admitted that his proposal will be difficult to put into practice due to powerful and steady political forces that support retaining the current categories. One of these forces led to the formation of civil rights legislation (in particular, the Voting Rights Act), for implementation of which the census had to become a tool. While this is a noble purpose, Glazer said, he felt that another set of less noble political forces exists, linked to distinct group interests and partisan politics. The main driving force behind these is the notion that being identified as a minority group on the basis of census data might yield benefits from affirmative action programs. As an example, he cited the decision on the part of Asian Indians to be identified as an Asian race as opposed to being identified as white.

Glazer hopes that the present balance of political forces will change and the type of racial and ethnic data currently collected by the census discontinued. The powerful assimilatory forces in American life and the gradual reduction in the need to benefit from being identified as minority will also favor such a change.

**SPEAKER: KENNETH PREWITT**

Kenneth Prewitt, director of the U.S. Census Bureau, stated that the Census serves a wide array of public policy purposes. It is used to ensure approximately equal population size across election districts and that districts are not drawn in a discriminatory fashion. The Census also assists in the design of public policies and facilitates the public funding and planning process.

The functions of the Census, however, extend beyond planning to the notion of democratic accountability. Promises of national well-being and claims of past success would be difficult to prove without the empirical backing of the census. Although some claim that survey rather than census data might be used for these purposes, surveys would be difficult to interpret without placing them in a larger context or making use of benchmarks or weighting measures from the census. Democratic accountability, then, is enhanced by the availability of better statistics about how we live. The census has also been used to advance social reform movements by providing data about the presence and size of population groups. Such data allow people to become politically and sociably visible by categorizing them as groups. What is not measured cannot easily be made the target of public policy.

Through these functions, the census results in interactions of identified groups with public policy, which, in turn, causes the census itself to become a subject of public policy. There is an ongoing, inherent tension between the accountability of the census to the state and the need for scientific autonomy in order for it to maintain credibility as a scientific instrument.

The current political movement is, in part, the result of the 1940 Census and the military conscription the following year. These two data collections, which showed discrepancies in numbers of recorded African Americans, marked the first systematic measure of the differential between census and other population counts. In the 1960s, the passage of the Voting Rights Act raised the stakes: mandated block-level data and issues related to the census became more partisan.

Could the measurements included in the census be better? Just because something matters does not make it measurable, especially by a tool as crude as the census; it is difficult enough to measure educational attainment, let alone something as subtle and complex as race and ethnicity in American society. Nevertheless, the fact that these cannot be precisely measured does not mean that they have no importance to public policy.

The addition of the multiracial item will not cause the current system of measurement to collapse. However, ways must be developed to deal with discrimination (short of wiping it out entirely) should questions on race and ethnicity be dropped: without current measures, the issue will be difficult to define and deal with; new ones will be required in order to set social policy and handle litigation issues. Some social policies, such as those dealing with distribution issues, are developed with attention to race and ethnicity. How these programs will be developed and their effectiveness gauged is in question given current statistical methods.

## SESSION 1. EMPIRICAL ANALYSES OF DATA ON MULTIRACIALITY

*This session was chaired by **Jennifer Hochschild**, W. S. Tod Professor of Politics and Public Affairs at Princeton University's Woodrow Wilson School of Public and International Affairs. Participants were **Jorge H. del Pinal**, assistant division chief for special population statistics, Population Division, U.S. Bureau of the Census; **Reynolds Farley**, research scientist and professor, Institute for Social Research, University of Michigan; **David R. Harris**, assistant professor of sociology, Institute for Social Research, University of Michigan; **Sonya Tafoya**, research associate, Public Policy Institute of California; **Joshua R. Goldstein**, assistant professor of sociology and public affairs, Woodrow Wilson School of Public and International Affairs, Princeton University; **Ann J. Morning**, Office of Population Research, Princeton University; **John H. Thompson**, associate director for Decennial Census, U.S. Bureau of the Census; **Claudette Bennett**, chief, Racial Statistics, U.S. Bureau of the Census; and **Nampeo R. McKenney**, U.S. Bureau of the Census.*

Del Pinal discussed the data on race collected by the Census Bureau in the 1999 American Community Survey, which has a race question identical to the one in Census 2000. Although the new race question allows respondents to categorize themselves as belonging to two or more races, only one out of ten respondents in the 1999 survey stated that they belonged to more than two and most of these reported three. Del Pinal argued that the evidence from the 1999 survey suggests that the complexities resulting from Census 2000's new race question will not be as daunting as has been suggested by some observers.

Farley presented analysis of the possible impact of the changes in racial categories in the Census, using the data from the 1998 Dress Rehearsal for Census 2000 and the 1999 American Community Survey. He found that 2.3 percent of respondents identified with more than one race and that no more than 1 in 1,000 identified with three or more. Farley noted that 45 percent of those reporting two or more races marked a first race and "other" and wrote a Spanish term for their second or third race. Such individuals are counted as multiracial according to the new guidelines. Farley also drew attention to the wide geographic differences in the reporting of multiple races.



Harris employed data from the National Longitudinal Study of Adolescent Health to examine the characteristics of multiracial youth, compared their traits to those of monoracial youth, and determined the estimates' sensitivity to alternative classifications of race. The racial composition of the multiracial population was found to be significantly sensitive to the racial classification scheme, as well as to methods of data collection. The multi- and monoracial populations were significantly different in terms of their socioeconomic characteristics. There were also substantial differences between multiracial subgroups, which were quite sensitive to the racial classification scheme. Harris argued that his findings suggest that the Census 2000 data on race should be used to learn about a multiracial population rather than the multiracial population.

Tafoya examined the factors driving trends in multiracial/multiethnic births in California between 1982 and 1997, using data from the California Vital Statistics Birth Records. She found

that these, as a percentage of total births in the state, increased from 12 percent in 1982 to 14 percent in 1997. The bulk of multiracial/multiethnic births occur among the native-born, and in 75 percent of such births in 1997, one partner was white non-Hispanic. By 1997 the number of multiracial/multiethnic births exceeded both monoracial Asian births and monoracial black births. Tafoya said that a question that will confront policymakers in the coming years will be how to ensure the civil rights of a population that is outgrowing the monoracial categories upon which civil rights laws have been interpreted.

Goldstein and Morning argued that the allocation procedure announced by the Office of Management and Budget in March 2000 is a modern application to all minority groups of the historical "one-drop rule," under which a person with any black ancestry was considered legally black. The current procedure mandates that mixed-race individuals who mark both "white" and a nonwhite race on the race question be considered as belonging to the nonwhite race group for the purposes of voting rights and civil rights monitoring and enforcement. The need for an allocation rule stems from the fact that civil rights laws require single-race categories; however, it should be recognized that the rule affects both the observed racial composition of the population and the socioeconomic characteristics of the racial groups. Goldstein and Morning examined these effects at the national and state levels using data on race and ancestry from the 1990 Census, and at the local level using data on Sacramento, California, from the 1998 Dress Rehearsal for Census 2000. On the whole, their results indicate that the effects of the allocation rule vary considerably across states and are quite significant with respect to racial composition and socioeconomic characteristics. Most of the individuals designated as minorities had previously been identified as white, a potential future problem for civil rights enforcement. Goldstein and Morning concluded that a particular allocation rule should be chosen not by administrative fiat, but through a democratic political process.

Thompson, a discussant, said that the mission of the Bureau of the Census is to make detailed data on race available and provide users with maximum flexibility in retabulating the underlying data in a manner they consider fit. The issue of multiraciality has become topical as a result of the growth in this population and the fact that data collection procedures, as well as civil and voting rights laws, have until now been based on single-race categories. The papers at the session used different methodologies and datasets to assess the size and characteristics of the multiracial population. According to Thompson, a common theme emerged: that the impact of the new race question on the racial composition of the national population will be modest, because the size of the multiracial population, however defined, remains rather small relative to the national one. Overall, he stated, the papers contribute to furthering our understanding of issues related to the collection, tabulation, and analysis of data on multiracial populations.

Bennett commented on the papers by Farley and Harris. She stated that race is a social construct and the manner in which data on race are collected is influenced by social, political, and historical forces. Census data on population by race are used by government agencies, businesses, educational institutions, researchers, and a host of other organizations and individuals for a variety of purposes. Both papers point toward the fundamental difficulties

involved in quantifying a social construct such as race. Farley rightly points out that data on race, as well as issues related to collecting such data, became important following the civil rights revolution of the 1960s. With respect to Harris' paper, Bennett warned that his findings may be biased by the fact that he discarded Hispanics from his sample; she also suggested several possible improvements to the classification system used.

McKenney focused her comments on the presentations by del Pinal, Tafoya, and Goldstein and Morning. She pointed out that research on biracial individuals has shown that self-perceived racial identity is subject to changes over the life cycle and is powerfully influenced by a number of political and social factors. According to McKenney, del Pinal provided an insightful analysis that gives concrete indications as to what to expect from Census 2000 regarding the size and composition of the multiracial population. However, she speculated that the growing public debate over the current Census and the involvement of activists might influence the manner in which individuals report their race. She felt that Goldstein and Morning's use of ancestry data from the 1990 Census as a proxy for multiraciality in order to assess the impact of the allocation rule may have led to some biased results. She also said that while Tafoya's analysis did provide a comprehensive picture of the evolving multiracial/multiethnic population in California, it did not take into account the implications that possible changes in the self-perceived racial identity of these individuals pose for this population's observed characteristics in the future.



## SESSION 2. COPING WITH ISSUES OF CONTINUITY

*This session was chaired by **Charles Hirschman**, Boeing International Professor of Sociology, University of Washington. Participants were **Jennifer H. Madans**, associate director for science, National Center for Health Statistics, Centers for Disease Control and Prevention; **N. Clyde Tucker**, senior statistician, survey methods research, Bureau of Labor Statistics; **Roderick Harrison**, Joint Center for Political and Economic Studies; **Nancy Krieger**, associate professor of health and social behavior, School of Public Health, Harvard University; and **Sharon M. Lee**, professor of sociology, Portland State University.*

Madans discussed the data collected by her agency on multiracial individuals, used to produce estimates of health status by race and ethnicity. Currently, the NCHS is assessing the impacts of new tabulation guidelines mandated by the Office of Management and Budget (OMB) on the current understanding of disparities in health between whites and nonwhites. Madans evaluated the possible impact of the new guidelines by examining data gathered in the National Health Interview Survey, which allowed respondents to report more than one race. Retabulating the data according to the new OMB guidelines revealed that the percent of population reporting more than one race was relatively small and constant at 1.6 percent from 1982 to 1993-1995. However, Madans pointed out, the relationships between the characteristics of multiple-race groups and those of the corresponding single-race groups are not consistent across characteristics or across race groups. For example, the poverty rate for those who are "black and



white" (31.6 percent) is closer to the rate for blacks (35.1 percent) than that for whites (11.8 percent); the poverty rate for American Indian or Alaska Native and white (20.1 percent) is about midway between the rates for the corresponding single-race groups (32.9 percent for the first group and 11.8 percent for the second group.)

Tucker discussed various "bridging" techniques designed to make census data on race comparable across time. The basic problem is how to classify individuals' responses to the new race question as closely as possible to the ones it is hypothesized they would have given using the old single-race categories. Without such comparability, it will be impossible to separate real changes in the characteristics of various racial groups from changes that are merely the result of new classification systems. Tucker assessed bridging techniques using three sources of data where respondents were allowed to report multiple races: the National Health Interview Survey (1993-1995), Current Population Survey Supplement (1995), and Washington State Population Survey (1998). He noted that there were substantial differences in changes to several of the characteristics of minority racial groups, which suggests that users of the new census data should be careful in their choice of bridging technique.

Harrison stated that the rationale for collecting data on race is the need to measure and monitor racial disparities in social, economic, health, education, and other conditions. However, the mandate that respondents be allowed to report multiple races on all federal data collection efforts may prevent the data, in significant ways, from being useful in quantifying and ameliorating racial inequalities. The assurance given by Census officials that the mandate will not substantially affect the race distribution of the population at a national level is not comforting, since what is relevant for issues related to racial disparities is the ratio of the counts of a particular race obtained under the new guidelines (where those who report "white" and any other minority race are counted as belonging to the minority race) to the counts of the same race that would have been obtained under the old guidelines (with single-race reporting). Harrison's analysis of the 1998 American Community Survey data shows that this ratio can be quite high in localities where the minority population (especially for American Indians and Asians) represents a relatively large proportion of the total population compared to the national average, thus affecting their status as a minority group. He also argued that the data collected on the multiracial population on the basis of self-identification may not be statistically meaningful enough to allow comparison of this population's traits with those of other segments of the population, since the latter may contain those of multiracial ancestry who chose to identify with a single race. A more meaningful procedure, Harrison said, would be to collect data on parental racial ancestry.



Krieger, a discussant, said that Madans' finding that characteristics (such as poverty rate) of a biracial group differ from the primary racial group's, and that the extent of such differences depends on which groups are involved, points to the high degree of complexity involved in analyzing multiracial populations. Tucker's work, Krieger said, provided an insightful analysis of the various bridging techniques and his analysis indicates that a particular method chosen

must be statistically robust and appropriate to the question(s) that the data is used to answer. Krieger agreed with Harrison's observation that data on multiracial population gathered on the basis of self-identification may not be as useful as that gathered on the basis of parental racial ancestry for some purposes. However, she said, self-identification may be useful for those interested in analyzing the process of identity formation in the multiracial population.

Lee pointed out that the uses of race data gathered by the Census Bureau have always been shaped by social conflicts and tensions. Multiple-race reporting is only the latest in a long series of changes that has been taking place in the racial classification system since its inception. For example, prior to the 1980 Census, Asian Indians were considered as whites; since then, they have been classified as Asian. Thus, the racial groups used in the census do not refer to homogenous entities over time. According to Lee, this suggests that it is impossible to arrive at a perfect bridging method that will ensure continuity with older censuses. She also argued that there is no need to collect data on various multiracial groups, only on the major groups that historically have been targets of racism.

### SESSION 3. FROM ENUMERATION TO LAW

*This session was chaired by **Jeffrey Passel**, principal research associate, Population Studies Center, Urban Institute. Participants were **Joel Perlmann**, senior scholar, Levy Institute; **Mary Waters**, professor of sociology, Harvard University; **Anita S. Hodgkiss**, senior attorney, The Advancement Project, and former deputy assistant attorney general, Civil Rights Division, U.S. Department of Justice; **David McMillen**, professional staff member, Subcommittee on the Census, Committee on Government Reform, U.S. House of Representatives; **Hugh Davis Graham**, Holland N. McTyeire Professor of History, Vanderbilt University; and **Jennifer L. Hochschild**.*

This session featured a roundtable discussion in which panelists addressed current issues surrounding the legal ramifications of the change in the question about race on the census and other government surveys. Perlmann opened the session with some preliminary comments aimed to spur discussion about the implications of multiracial counts for racial and ethnic preference data. He noted that allowing multiple responses has left some questions unanswered about how two or more races will be classified within the data. Among the questions that Perlmann posed to the panelists were whether the new categories would affect the legal heritage of racial groups in any direct way, and whether the new OMB guidelines are a form of classifying race according to the "one-drop" rule. Tabulating every individual who checks "black" as a member of that race makes the latter appear to be the case. With regard to the first question, historically, the legal status of mixed-race individuals has been explicitly stated since the time of British colonial law; implicitly, it has been included in civil rights legislation since the 1960s. The new categories and definitions could alter the size of the minority population that might face discrimination.



Waters wondered about the process that led to the current OMB guidelines and

the rationale behind them. She agreed with Perlmann that the new rules effectively re-create the one-drop rule for civil rights cases. She called on the participants to share their ideas about the types of civil rights cases that will be most affected by the new procedure for tabulating individuals by race. She also wondered whether, if differences in the tabulations are small, they will be misperceived as larger or smaller than they actually are.



Hodgkiss offered a perspective from her position in the Department of Justice. She discussed the decision-making process behind the new OMB guidelines and argued that the allocation rule is not a one-drop rule. For the legal community, the pertinent question is whether the new means of identification will enrich or erode enforcement; Hodgkiss feels it will enrich it. The two main goals of the new guidelines were to simplify matters for those required to collect and aggregate data (such as schools), and to maintain accurate and defensible data for civil rights enforcement. Federal officials, advocacy groups, and academics participated for more than in a year in discussions on these new guidelines and concluded that an airtight statistical method was not available. The allocation rule decided upon was considered the most likely to protect civil rights of minority groups, including multiracial groups. The new classifications would have some effect on disparate impacts cases, less on affirmative action cases, and none on individual discrimination cases. The new tabulation will be beneficial to multiracials in cases of discrimination claims because there will be richer data to draw on. Moreover, the revised guidelines are not a return to the one-drop rule because the revisions moved away from requiring that only one race be declared. They do not eliminate a single-race response, are still based on self-identification, and do not force a specific allocation method to be chosen.

McMillen offered a view from Capitol Hill. He noted that measuring race is inherently political, born out of the politics of slavery and nurtured by discrimination that has continued from that time. This history cannot be denied, and to turn away from it will lead to policy responses that are bound to fail. The problem today, he said, is that no one knows what should be measured. In measuring self-identity, it is difficult to clearly measure race, ethnicity, and ancestry. The conflicts surrounding these issues—the group versus the individual, minorities versus the majority, assimilation versus pluralism—are long-standing in American political history. These must be better understood in order to better understand the issues. This is especially true with respect to the conflict between assimilation and pluralism, according to which ethnic differences will dissolve over time (leading to advocacy for simple majority rule) as compared to the idea that ethnic differences are valued (leading to advocacy for the safeguard of minority rights). This struggle outlines the same sort of issues dealt with in the discussion of the multirace tabulation issue. Although there is interesting research to be done on combining race, ethnicity, and ancestry that would give individuals an equal opportunity to self-identify, these are different questions that may not help us enforce existing civil rights laws.

Graham spoke from a perspective of the history of civil rights in the United States. In order to reconstruct the process by which official minorities were designated in the 1977 OMB

guidelines, he discussed his interviews of government employees who worked closely on the guidelines from the 1950s forward. A survey in which contractors were asked to respond to questions about hiring and firing practices requested them to count the number of white, Negro, and other minority employees, and provide a total. Contractors with a large number of "other minority" responses may have been able to provide further detail: they were allowed responses for employees who were Spanish American, Oriental, Jewish, or Puerto Rican. Not surprisingly, these categories triggered protest by Hispanic constituencies, the G.I. Forum, and Mexican American advocacy groups, who complained that they were not also included on the form. Congress and the administration took interest, with a presidential committee placing these groups on the form in 1962. At this time, survey forms started to become more standardized, and by 1965, the creation of the Equal Employment Opportunity Commission and its own form led to fairly standard definitions of racial categories. In 1967, the EEOC's report on employment by race showed that Asians were overrepresented in terms of income, education, and higher-paying jobs, while American Indians represented only a fraction of total workers. In 1973, the Small Business Administration produced a survey that included Spanish and Puerto Rican as races. The various survey lists were the result of essentially closed debate between agency officials and political advocacy groups, which looked only at their own political needs. There were no hearings or official records. No justification was offered for policy, and the process seemed to reify a sense of assumptions being taken for granted, namely, that minority groups were disadvantaged on an equal basis, and that individuals can be of only one race. The implications were considerable: they led to the seven-category standardized list issued by the OMB in 1977.

Hochschild offered a view from the perspective of public policy development. Speaking as a political philosopher, Hochschild raised questions about the new OMB guidelines, such as whether we are to view them as a one-drop rule or a means to express the size of and growth in the nonwhite population (which will help these groups in a political context). As policy advocacy generally focuses on groups that are worse off, the guidelines are likely to increase the socioeconomic status of American Indians and blacks, while decreasing it for Asians. Is this good or bad? How do we view the notion of being multiracial? Is it a new identity in and of itself? Is "multiracial" a meaningful category only within its subdivisions, or is it a crucial step leading to the abolition of racial categories? Several different groups could decide these issues: advocates, who, have a deep commitment, but are not representative; "experts," who offer neutrality and can follow evidence no matter where it lies, but who lack the commitment of stakeholders; the courts, which may be better suited to judge the deep underlying constitutionality of issues, but lack the ability to take a long-term, historical view; and legislators, the most obvious democratic choice, who may find it difficult to deal with the complexity of the issue.

#### SESSION 4. HISTORICAL AND COMPARATIVE EXPERIENCE WITH EVOLVING RACE DATA

*This session was chaired by **Hugh Davis Graham**. Participants were **Margo J. Anderson**, department of history, University of Wisconsin at Milwaukee; **Naomi Mezey**, associate professor of law, Georgetown University Law Center; **Melissa Nobles**, associate professor of*

*political science, Massachusetts Institute of Technology; **Peter Skerry**, professor of political science, Claremont McKenna College, and senior fellow, Brookings Institution; **Matthew F. Jacobson**, professor of American studies and history, Yale University; **Werner Sollors**, Henry B. and Anne M. Cabot Professor of English Literature, professor of Afro-American studies, and chair of the Program in the History of American Civilization, Harvard University; and **Mary Waters**.*

Anderson stated that useful insights on the issues surrounding the 2000 Census can be gleaned from the factors that shaped the race classification system used in censuses prior to the Civil War. There were bitter conflicts regarding how to treat the slave and free black populations for the purposes of taxation and political representation. There were debates as to whether a slave should be counted as one person—the stance taken by the Northern states—or as a fraction of a free person or not at all, the position of the South. After the Civil War and with the Fifteenth Amendment, the issue of equal voting rights became topical and this rendered new vitality to counting by race. Anderson argued that today, too, we are counting by race and discussing the political ramifications of doing so, and that at a fundamental level, these revolve around the same issues: voting rights, civil rights, and equal opportunity.

Mezey discussed the dual role played by the Census. It has been used as a mechanism for identifying and controlling racial and ethnic groups, and by racial and ethnic groups seeking inclusion in the national community. The first role is visible in the factors leading to the emergence, in the 1870 Census, of the first racial category not implied in the Constitution—"Chinese." The tremendous increase in Chinese immigration during the 1850s and 1860s resulted in popular anxiety, with racist overtones, over the proliferation of Chinese laborers; the new category, Mezey said, was introduced not merely for the sake of enumeration, but for subsequent social control. The Census' second role became prominent in the 1960s and beyond, with the emergence of the civil rights movement. Mezey claimed that the introduction in Census 2000 of the option to identify oneself as multiracial is best understood as the result of the efforts of this particular group to gain recognition as a legitimate component of the national identity. It has a mainly symbolic value, but it might also complicate the monitoring and enforcement of the civil rights of some minority groups.

Nobles, discussing racial classification in Brazil, noted that there, it is commonly assumed that all Brazilians belong to a single race (Brazilian) despite the fact that most citizens are multiracial. Differences are based on the color of the person's skin. This primarily physical attribute is not reducible to racial origins but is definitely related to them; therefore, race does matter in Brazil. However, the country's right-wing and centrist political parties hold that there are no race-based inequalities, while the leftist parties assert that inequalities stem only from class divisions. The neglect of the racial dimension by parties all along the political spectrum has only recently been challenged by small groups of activists demanding affirmative action. Nobles argued that an important lesson to be learned from the Brazilian experience is that the mere self-recognition of a society as multiracial does not render racial origins inconsequential.

Skerry said the census debate needs to be viewed in its proper context. As in the past, undercounting is a concern, and statistical sampling and adjustment have been proposed to remedy it. An important issue that has emerged from this debate is that census-taking cannot be considered a purely scientific operation, but one that is subject to political manipulation and control. Skerry suggested that Bureau officials' efforts to portray their work as scientific research have strained their relationship with politicians. Individuals have been encouraged to participate in the census in order to benefit their particular racial group or region since the modern census plays a role in allocating political power and government funds. By placing the debate surrounding multiraciality in its proper context, it can be seen as part of a growing conflict between the vagaries of personal identity and the requirements of bureaucratic rationality.

Jacobson summarized the important insights provided by the session's papers. The new race question is the latest chapter in the long, racism-marred history of counting by race in America. The history of the changes in the racial classification system indicates that there is no stable "whiteness" or "blackness"; race is always a social and political construct. However, Jacobson argued, the current debate over the new census category hides the historical fact that, in the United States, there has always been a relatively high degree of multiraciality. Census-taking also reveals the power of the state in defining racial groups in society, and thereby strongly shapes individuals' self-identity. Jacobson stated that all these issues have an important moral dimension that needs to be brought more explicitly into the analyses.

Sollors complimented the presenters for bringing forth the historical and comparative aspects of the relationship between racism and the census. The count's racist nature during the nineteenth century was highlighted by Anderson. Skerry's argument that the census is closely tied to the exercise of state power debunks the view that it is a purely scientific endeavor. Nobles' analysis of Brazil points to the fact that a recognition of multiraciality as attempted by the U.S. census today will not lead to any automatic reduction in racial disparities, and may, in fact, raise problems in redressing them. Sollors pointed out that the etymology of the term "race" indicates its character as a social and political construct: it originated from *razza*, a medieval Italian word used in horse breeding, and was adopted in fifteenth-century Spain in order to define the Spanish race as excluding Arabs and Jews. He hoped that the official recognition in the new census that a person's racial identification can be complicated may be a step in challenging the notion of race as a biological and immutable category.

Waters pointed out that there is quite a gulf between academic discussions of multiraciality and the Census Bureau's attempt to grapple with both it and the political context that allows the Bureau to function. However, she emphasized, a substantial portion of the Bureau's work is informed by scientific research, not political contingency. Waters argued that globalization is, and will continue to be a major force behind changes in the federal statistical system. Globalization requires that U.S. statistics be comparable internationally and meet international standards. It is also fostering a huge wave of immigration into this country, which will expand the number of multiracial groups; this, in turn, may lead to the introduction of more complex racial categories in the future.

## SESSION 5. RACIAL PROJECTIONS: HOW TO DO THEM, WHETHER TO DO THEM

*This session was chaired by **John H. Thompson**, U.S. Bureau of the Census. Participants were **Barry Edmonston**, director, Population Research Center, Portland State University; **Jeffrey S. Passel**, director, Program for Research on Immigration Policy, Urban Institute; **C. Matthew Snipp**, professor of sociology, Stanford University; **Joel Perlmann**; **Arthur Cresce**, U.S. Bureau of the Census; and **Charles Hirschman**.*

Edmonston and Passel, whose research included work by Sharon Lee, presented population projections for the United States using a demographic model that incorporates the effects of immigration and intermarriage. The projections take into account trends in fertility, mortality and international migration, but unlike standard models, generational profiles are derived in order to highlight the short- and long-term impacts of immigration on the racial and ethnic composition of the population. The projections also take into account trends in intermarriage, defined as "interracial/ethnic unions resulting in children of multiple racial/ethnic origins," in order to arrive at future shares of multiracial and single-race groups in the population. The researchers found, on the basis of certain assumptions regarding the parameters of the demographic model, that racial groups will have the following shares in the 2100 and [2000] populations: whites, 39 percent [71]; blacks, 16 percent [12]; Asians and Pacific Islanders, 14 percent [4]; Hispanics, 31 percent [12]. They also found that the share of multiple-origin population in the total population of 2100 will be 34 percent, as opposed to the estimated level of 8 percent in 2000. However, the researchers warned, these projections are highly sensitive to assumptions regarding the key parameters of the model, especially intermarriage rates.

Snipp said that the traditional view that variability in population projections can be reduced to the biases and measurement errors involved in the estimation of fertility rates, mortality rates, and net migration needs to be expanded to incorporate the special problems encountered in forecasting racial and ethnic minority populations. The racial classifications used in the Census and the manner in which people under different classifications are tabulated will affect the size and characteristics of the base population, the benchmark from which projections are made. This would produce an additional amount of variability in population forecasts. Snipp examined American Indian population estimates to demonstrate how this variability can come about and the likely extent of the problems. He discussed the multiple ways it is possible to classify this group-by blood quantum, tribal membership, or self-identification-and pointed out that the last has become the method by which the Census Bureau collects data on race. Given that American Indians historically have had high rates of interracial marriage, a substantial number of multiracial people might identify themselves as American Indian; under the new guidelines, the Census Bureau will validate that identification. Depending on how the resulting multiracial people are allocated, the benchmark population size will vary dramatically, thus affecting future projections. Another source of error in the projections is that reliable data on fertility and mortality rates for multiracial groups are simply not available at the present time.

Perlmann stated that forecasts of ethnic and racial populations made by the Census Bureau do

not take into account racial and ethnic intermarriage rates. He argued that it is likely that forecasts of population by race and ethnicity have been generated in the process of refining projections of the total population. However, during the 1980s and 1990s, these projections led to the widespread belief that the country will be less white in the future than it is at present. Perlmann argued that these projections are seriously flawed because they ignore intermarriage rates. He presented the results from a historical study that traced the intermingling of Italian Americans with other groups over four generations, using census data. The results indicate that, by the third generation, a majority of those studied had multiple ethnic origins; by the fourth generation, only an insignificant fraction (11 percent) were of unmixed origin. Given that second-generation Asians and Hispanics have interracial marriage rates comparable to those of second-generation Italian Americans, the intermingling of these racial groups is likely to be of a similar extent. Perlmann argued that his findings suggest that the rationale behind the Census Bureau's not taking intermarriage rates into account must be questioned, given the impact these projections have on public opinion.

Cresce, a discussant, said that Snipp's and Perlmann's papers highlight the problems involved in making population projections, while the one by Edmonston et al. offers a possible solution. He deemed the latter's demographic model innovative in introducing generational profiles and the effects of intermarriage. Cresce acknowledged that ignoring intermarriage rates in the population forecasts by race is bound to introduce a considerable amount of error. However, even if intermarriage rates are taken into account, the projections can still be erroneous, because, if the current practice of collecting race data on the basis of self-identification continues, a considerable number of multiracial individuals may choose to identify with a single race, rather than with all of their racial origins. Cresce stated that, although the current methods of generating population projections may have defects, they must be corrected rather than abandoned altogether.

Hirschman, also a discussant, noted a striking similarity between public and academic debates of the early twentieth and early twenty-first centuries. In the early 1900s, some prominent social scientists believed that whites would lose their status as the majority race in the near future as a result of immigration and other demographic changes. However, these expectations were not borne out because of several later developments, most importantly, trends in intermarriage rates, which simply could not have been foreseen at that time. The current projections of population by race for the next 50 or 100 years are subject to similar uncertainties and therefore cannot be used as a reliable guide to the future. Both Snipp and Perlmann identified several problems with the existing projections. They also highlighted the importance of intermarriage as a factor in governing the formation and sustenance of group identity in the United States. Hirschman hoped that the official recognition, via the census, of multiracial groups as distinct within American society might in fact help in overcoming prejudices sometimes found against interracial unions and thus speed up the process of social assimilation.

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## New Working Papers



## Race and the Value of Owner-Occupied Housing, 1940-1990

William J. Collins and Robert A. Margo

[Working Paper No. 310](#)

For decades, economists have studied the pace and process of African American economic advancement. Much of this analysis, however, has focused on examining long-run changes in racial gaps in income and employment. Some research has sought to understand the role of race and discrimination in housing markets, but what has not been examined is the racial gap in home values. In this working paper, William J. Collins, assistant professor of economics at Vanderbilt University, and Visiting Senior Scholar Robert A. Margo seek to fill that void by examining the racial gap in the value of owner-occupied housing.

This gap has narrowed substantially since 1940, but the authors find that this narrowing has not been even over time or across space. The 1970s stand out as an unusual decade in which the value gap did not narrow despite continued convergence in the observed characteristics of housing. A decline in the relative value of black-owned homes in central cities appears to have offset gains elsewhere during the 1970s, and this central city decline continued into the 1980s. In further exploration of the 1970s, Collins and Margo find evidence of a rising propensity for higher-income blacks to live in the suburbs. They also find a positive correlation between riots in the 1960s and widening of the value gap during the 1970s in a panel of cities.

## Racial Wealth Disparities: Is the Gap Closing?

Maury Gittleman and Edward N. Wolff

[Working Paper No. 311](#)

There is a vast literature in economics that has examined the economic progress of African Americans in the twentieth century. Most of these studies focused on income-or on even narrower measures of economic well-being, such as earnings-to assess the extent to which gains made relative to other racial groups can be attributed to such factors as declining racial discrimination, affirmative action policies, changes in industrial composition, or a narrowing gap between the educational levels of African Americans and the rest of the population.

In this working paper, Maury Gittleman of the Bureau of Labor Statistics and Senior Scholar Edward N. Wolff argue that studies of earnings and income, while important for assessing the extent to which labor market discrimination exists and the ability of African Americans to move closer to whites in terms of acquiring the skills and connections that are currently rewarded by the markets, provide an incomplete picture. The authors explore how African Americans have fared in terms of wealth, a less well-known factor and an important measure of economic well-being. Using the 1984, 1989, and 1994 wealth supplements of the Panel Study of Income Dynamics, Gittleman and Wolff examine patterns of wealth accumulation by race. During that

decade, they find some similarities in the pattern of wealth accumulation, but also that the wealth gap is much greater than the income gap.

## Demographic Outcomes of Ethnic Intermarriage in American History: Italian Americans through Four Generations

Joel Perlmann

[Working Paper No. 312](#)

The sociological study of racial intermarriage is a well-developed field, and yet, little research has been done on the question of how intermarriage has operated to enhance the blending of peoples throughout American history. Most sociological studies concentrate on the marriages themselves and give little attention to the children of these marriages. In this working paper, Senior Scholar Joel Perlmann takes a historical approach to the study of intermarriage in order to measure the extent of intermarriage among Americans of different ethnic origins.

Perlmann uses U.S. Census microdata and CPS data to measure the rates of Italian American intermarriages across four generations. These measurements demonstrate that these rates were not merely high following the immigrant generation, but that even low estimates of intermarriage rates will produce high proportions of descendants of mixed origin. Through this research, Perlmann shows how quickly ethnic intermingling can occur. He concludes by emphasizing the significance of the results for assimilation among past and future immigrants, the concept of generations, and current-day projections about the future racial composition of the United States.

## CRA Grade Inflation

Kenneth H. Thomas

[Working Paper No. 313](#)

The Community Reinvestment Act of 1977 (CRA) requires the four federal financial institution regulatory agencies to encourage banks and thrifts to meet the credit needs of their entire communities, including low- and moderate-income areas. Supporters of the act saw it as a way to prevent banks and thrifts from discriminating against geographical regions, such as inner cities, in their lending practices. Since its adoption, however, its effectiveness has been questioned. The fact that more than 98 percent of banks and thrifts receive passing ratings has led some to claim that CRA regulators "inflate" the ratings.

Inflation of CRA ratings has been alleged by community activists for two decades, but until now, no quantification or empirical investigation has been made. Kenneth H. Thomas, a lecturer in finance at the Wharton School in Philadelphia, examines this charge. Using a unique grade inflation methodology on actual ratings and evaluation data for 1,407 small banks and thrifts under the revised CRA regulations, he concludes that nearly half of all CRA ratings are inflated.

Results are presented for the four federal bank and thrift regulators and their 31 regional offices. Thomas says that his findings support the "Friendly Regulator Hypothesis," which argues that regulators are reluctant to give banks and thrifts failing grades.

### Asset Ownership across Generations

Ngina S. Chiteji and Frank P. Stafford

[Working Paper No. 314](#)

Intergenerational transfers of wealth are recognized as having an effect on the wealth holdings of the children who receive them. However, the different forms of transfers and the role of the transfer of financial knowledge have not been widely examined. In this working paper, Ngina S. Chiteji of the department of economics at Skidmore College and the Center on Poverty, Risk, and Mental Health at the University of Michigan, and Frank P. Stafford of the department of economics and the Institute for Social Research at the University of Michigan, examine the ability of parents to affect their children's wealth outcomes by imparting critical information about asset ownership.

Chiteji and Stafford present a theoretical framework that develops the distinction between the intergenerational transfer of knowledge about financial assets and the direct transfer of dollars from parents to children. Their analysis of data from the Panel Study of Income Dynamics (PSID) reveals intergenerational correlations in asset ownership, and they find evidence to suggest that parental asset ownership or family-based exposure to assets affects adult children's decisions about bank account and stock ownership.

### Crowding In or Crowding Out?

#### A Classical-Harrodian Perspective

Jamee K. Moudud

[Working Paper No. 315](#)

In this working paper, Research Associate Jamee K. Moudud investigates the effects of budget deficits within a classical-Harrodian framework in a closed economy. In this framework, growth and cycles are endogenous, underutilized capacity is a recurrent phenomenon, capacity utilization fluctuates around the normal level in the long run, and unemployment is persistent. Given the normal rate of profit, the key determinant of growth is the social saving rate.

Using this framework, Moudud finds that along the warranted path, when growth is balanced and financed via retained earnings and equity, the social saving rate can be shown to be equal to the flow of business and household saving less the money and government bond holdings of the aggregate private sector—that is, it equals the flow of investable surplus available to firms to finance investment. An increase in the budget deficit always raises short-run output growth, although the stimulus is slowed down by the accumulation of debt by firms. However, with a fixed private saving rate, an increase in the deficit lowers the warranted path. If raising the

warranted path is desired, appropriate policies that would raise the social saving rate must be implemented. As in Harrod, whether crowding out is harmful depends on the rate of warranted growth relative to the natural growth rate.

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## New Policy Notes

### Why Does the Fed Want Slower Growth?

L. Randall Wray

[Policy Note 2000/7](#)

The Federal Reserve has raised interest rates six times over the past twelve months in an effort to slow economic growth, and mounting evidence shows that the economy has slowed perceptibly in recent months. The Fed has expressed concern that the economy is overheated and that the low unemployment rate will lead to inflation as workers in scant supply begin to demand higher salaries. But in this Policy Note, Visiting Senior Scholar L. Randall Wray argues that there is little evidence that low unemployment leads to inflation, that the economy is in danger of overheating, or that higher interest rates will reduce inflation. He argues that the Fed's actions will merely hasten a downturn that will impose huge costs on society's most disadvantaged. Wray shows how the boom was self-limiting and thus, Fed actions were not needed to slow the economy. In addition, low unemployment is not a danger because labor is in too weak a position to bargain for higher wages due to competition from low-wage countries and the loss of union power.

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## Levy Institute News

### Lecture

**LUIGI L. PASINETTI:**  
**CAMBRIDGE SCHOOL KEYNESIAN ECONOMICS: LESSONS FOR THE FUTURE**

During a seminar at Blithewood on November 3, Professor Luigi L. Pasinetti of the Università Cattolica S.C. in Milan, Italy discussed a theoretical approach to studying technological and structural change. Pasinetti was inspired to develop this approach by the theoretical contributions of the Cambridge (U.K.) school of Keynesian economists, such as Richard Kahn, Piero Sraffa, Joan Robinson, Richard Goodwin, and Nicholas Kaldor. The work of these economists, together with Keynes' pioneering General Theory, constituted a paradigmatic shift in economic analysis.



According to Pasinetti, the wave of technological changes that is widely believed to have ushered in the "new economy" has three main features. First, the acceleration in technical progress originated in information technology, a relatively small sector of the economy. Second, the technical progress in this sector has had ripple effects on several other sectors of the economy, and thereby on the aggregate economy itself. Third, the information technology revolution has, and will continue to exert a profound influence on shaping international economic relations.

Pasinetti pointed out that the information technology revolution is the latest in a series of dramatic waves of innovation that have periodically and irreversibly altered the technologies and structures of modern economies since the Industrial Revolution. Methods of production are subject to periodic change; new products emerge, existing ones are rendered obsolete, and distribution of economic activity across sectors shifts, resulting in structural change. Given the persistent nature of such changes, it is important to develop a comprehensive theoretical framework that can describe and explain their origins and effects. According to Pasinetti, mainstream economic analysis that concentrates on the optimal allocation of a given set of resources is not fundamentally suitable for this purpose.

Pasinetti has developed a multisectoral model of economic growth in which the interactions between the evolution of final demand and the changing methods of production in individual industries result in changes that transform the entire economic system. Changes in consumption norms accompany the introduction of new products. Simultaneously, because the industry that produces a new product has linkages with other industries in the economy, the production structure of the whole economy is altered. In a similar fashion, the interdependence of production activities implies that changes in the methods of production in individual industries will also lead to changes throughout the economy as a whole.

Pasinetti argued that the driving force behind technological progress is human learning. The production process in an industry is, by its very nature, one that generates human learning, and in turn, learning leads to improvements in production techniques. While an individual's capacity to learn has several determinants, public policies aimed at encouraging education and literacy can play significant roles in enhancing such capacity. Pasinetti presented stylized facts to illustrate the significant relationships between international differences in literacy rates and differences in per capita incomes.

## Report Issued by U.S. Trade Deficit Review Commission

In a press conference at the U.S. Capitol on November 14, Levy Institute President Dimitri B. Papadimitriou, vice chairman of the commission, presented the Democratic Commissioners' viewpoints from the final report by the U.S. Trade Deficit Review Commission. The commission, comprised of 12 members, six appointed by congressional Democrats and six by Republicans, was mandated by Congress to examine the causes, consequences, and policy implications of surging U.S. trade and current account deficits.

The commission reached agreement about the need to eliminate trade barriers and open markets, for additional education and training for U.S. workers to enable them to participate more fully in the U.S. economy; additional funding for the trade policy agencies, the Commerce Department, and the office of the U.S. Trade Representative; better enforcement of existing trade agreements, and policies to increase national saving in order to stem the effects of a sudden drop in foreign capital inflows. (Republicans viewed the possibility of such a drop as slim, Democrats as a distinct possibility.) Both sides advocated that greater attention be paid to enforcing compliance with trade agreements (with Democrats emphasizing those with Japan and China, the main sources of the trade deficit).

Disagreement between Democratic and Republican Commissioners was voiced on a number of issues, including the causes and consequences of the trade and current account deficits.

Democrats stressed the roles in the deficit of nontariff barriers in foreign markets, predatory practices (such as dumping in U.S. markets), foreign government subsidies, and unfair competition arising from developing countries ignoring labor and environmental standards, as well as U.S. economic strength and weak demand from other countries. They noted that an effect of the trade deficit has been the decline of manufacturing and along with it the loss of high-paying manufacturing jobs, which in turn has exacerbated the inequality in the distribution of income. They also were less sanguine about the likelihood that shifts in market sentiment would result in gradual adjustments in financial markets, and noted the possibility that a precipitous drop in capital inflows could spark a financial crisis in the United States. The Democratic Commissioners therefore urged the administration and Congress to develop contingency plans to be implemented in the event of a currency or financial crisis in order to ensure continuing U.S. economic prosperity.

Democrats and Republicans also had differing opinions about the role environmental and labor standards should play in trade agreements. Democrats asserted that because of the economic costs imposed on the rest of the world by other countries that do not adhere to a minimum level of labor and environmental standards, foreign countries should at least be required to enforce the labor and environmental laws that exist in their own countries. Republicans argued that trade forums were an inappropriate place for such disputes to be settled, and that strict enforcement of such standards might deter developing countries from taking part in a new round of global trade liberalization.

Papadimitriou also spoke at two other events in connection with the Trade Deficit Review Commission report: a presentation of findings at The Woodrow Wilson Center and a congressional briefing sponsored by the Economic Policy Institute.

## New Scholar

George Sherer has joined the Levy Institute as a Resident Scholar. Currently, he is working on assessing the effects of the North American Free Trade Agreement (NAFTA) on trends in black-white wage disparities in the United States. His other research interests include the measurement of wage discrimination in South Africa's labor market and political economy. He has also written (with Cecelia Conrad of Pomona College) on the political-economic works of Robert Clifton Weaver. Sherer, who holds a Ph.D. in economics from Columbia University, is a former instructor at the Brooklyn campus of Long Island University. He recently conducted postdoctoral work at the University of North Carolina at Chapel Hill.

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## Event

### Conference: AFTER THE BELL: EDUCATION SOLUTIONS OUTSIDE THE SCHOOL

June 4-5, 2001, Annandale-on-Hudson, New York

Almost 35 years ago, James Coleman and his co-authors issued their controversial report on inequality in schooling. The document, later known as the Coleman Report, reached the troubling conclusion that the strongest predictor of academic performance is not school-based dynamics but rather the student's family background as measured by such things as household income and parents' socioeconomic status. Since the publication of this controversial report, many researchers have examined the methodology and reanalyzed the original data, which comprised information on more than 600,000 students in 4,000 schools, and found that the overall pattern of findings held steady. This conference, which marks the 35th anniversary of the Coleman Report, will address such questions as:

- Why, after 35 years of evidence that schools are marginal to academic achievement, have educational politics and policy continued to focus almost exclusively on schools?
- What would an education policy look like if it did not mention the word "school"?
- Can the government address achievement differences that are rooted in the home?
- What are the political implications?

### Conference and Call For Papers: WHAT HAS HAPPENED TO THE QUALITY

## OF LIFE IN AMERICA AND OTHER ADVANCED INDUSTRIALIZED NATIONS?

June 6-7, 2001, Annandale-on-Hudson, New York

During the 1990s, the gap between the United States and other advanced industrialized nations expanded in terms of per capita income (as conventionally measured). However, it is not clear whether the level of well-being in the United States has grown concomitantly with per capita income, or whether American citizens are necessarily better off than their counterparts in other advanced countries. To determine this requires a means by which to measure "well-being." The purpose of this conference is to assess available measures of well-being, propose new ones, and analyze and compare possible measures. Papers can take the form of either conceptual or empirical studies that identify key issues related to the measurement and evaluation of the standard of living; they should focus primarily on identifying the major issues in this field and providing some empirical estimates of their importance. Papers are not expected to be major research projects in their own right, but analyses that draw on the author's past research or that of other economists. The Levy Institute anticipates publishing a volume of selected conference papers. Please submit abstracts of papers by e-mail to Edward N. Wolff at [edward.wolff@nyu.edu](mailto:edward.wolff@nyu.edu). For more information visit the Levy Institute website at [www.levy.org](http://www.levy.org).

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## Publications and Presentations

### Levy Institute Scholars at the ASSA

Several Levy Institute scholars will be presenting papers at the 2001 annual convention of the Allied Social Sciences Association, to be held in New Orleans, Louisiana, January 5-7.

**Visiting Senior Scholar Philip Arestis:** "The Causes of the Euro's Instability" (with Andrew Brown and Malcolm C. Sawyer), in a session titled "The EMU and Exchange Rate Stability."

**Senior Scholar James K. Galbraith:** "Air Power After Kosovo: What We Should Learn," in an ECAAR session; "Inequality, Growth, and Unemployment: New Evidence from Old Data," in an ACES session.

**Senior Scholar Robert A. Margo:** "Rising Wage Dispersion across American Manufacturing Establishments, 1850-1880" (with Jeremy Atack and Fred Bateman), in a session titled "Historical Evolution of U.S. Labor Markets."

**Senior Scholar Edward N. Wolff:** "The Stagnating Fortunes of the Middle Class" in a session



titled "Neoliberal Order and Disorders"; "What's behind the Recent Rise in Profitability?" in a session titled "The U.S. Economy."

**Visiting Senior Scholar L. Randall Wray:** "How to Implement True, Full Employment," in a session titled "Employment as a Human Right."

**Resident Research Associate Ajit Zacharias:** "Interindustrial Profit Rate Differentials: Theory and Evidence," in a session titled "The U.S. Economy."

## Publications and Presentations by Levy Institute Scholars

### VISITING SENIOR SCHOLAR PHILIP ARESTIS

*Publications:* Editor and introduction co-writer (with Malcolm C. Sawyer) and author of the entry on Alfred Eichner, *A Biographical Dictionary of Dissenting Economists*, Second Edition. Northampton, Mass.: Edward Elgar, 2000; "Capital Stock, Unemployment, and Wages in the UK and Germany" (with Iris Biefang-Frisancho Mariscal). *Scottish Journal of Political Economy* 47:5 (2000); "An Alternative Stability and Growth Pact for the European Union" (with K. McCauley and M. C. Sawyer). *Cambridge Journal of Economics* 25:1 (2001).

*Presentations:* "The Causes of Euro Instability" (with Andrew Brown, Iris Biefang-Frisancho Mariscal, and M. C. Sawyer), *The Political Economy of Monetary Integration: Lessons from Europe for Canada*, University of Ottawa, October 6, and the IV Jornadas de Política Económica, Tenerife, Canary Islands, Spain, December 4-5.

### SENIOR SCHOLAR STEVEN M. FAZZARI

*Presentations:* Panel discussant, "The Third Presidential Debate," Washington University, St. Louis, October 17; "Economic Policy and the Cost of Capital," Pomona College, Pomona, California, December 1; "Bounded Rationality and Keynes-Minsky Fluctuations," University of California, Riverside, December 4.

### SENIOR SCHOLAR ROBERT A. MARGO

*Publications:* "The Labor Force in the Nineteenth Century," in S. Engerman and R. Gallman, eds., *The Cambridge Economic History of the United States*. Cambridge: Cambridge University Press, 2000; "Residential Segregation and Socioeconomic Outcomes: When Did Ghettos Go Bad?" (with W. Collins). *Economics Letters* 69 (2000).

*Presentations:* "Race and the Value of Owner-Occupied Housing, 1940-1990," *Economic History Workshop*, Columbia University, October 5, and *Labor Economics and Economic History Workshop*, University of Michigan, Ann Arbor, October 20; "Rising Wage Dispersion across American Manufacturing Establishments, 1850-1880," *Economics Workshop*, Clemson University, December 1, and *Labor Economics Workshop*, Princeton University, December 13.

### SENIOR SCHOLAR JOEL PERLMANN

*Publications:* Editor (with Hans Vermeulen), *Immigrants, Schooling, and Social Mobility: Does*

Culture Make a Difference? New York: St. Martin's, 2000, and author of the included essays "The Persistence of Culture versus Structure in Recent Work: The Case of Modes of Incorporation" and "What the Jews Brought: East-European Jewish Immigration to the United States, circa 1900."

### VISITING SENIOR SCHOLAR MALCOLM C. SAWYER

*Publications:* Editor (with Philip Arestis) and author of entries on Michal Kalecki and Gunnar Myrdal, *A Biographical Dictionary of Dissenting Economists*, Second Edition. Northampton, Mass.: Edward Elgar, 2000.

*Presentations:* "The NAIRU, Labour Market 'Flexibility,' and Full Employment," Conference on Labour Market Regulation and Deregulation: Challenges and Prospects in the 21st Century, York University, Toronto, December 1-2; "Reflections on the Future of the Welfare State," IV Jornadas de Política Económica, Tenerife, Canary Islands, Spain, December 4-5.

### SENIOR SCHOLAR EDWARD N. WOLFF

*Publications:* "Technology and the Demand for Skills," in Lex Borghans and Andries de Grip, eds. *The Overeducated Worker?: The Economics of Skill Utilization*. Northampton, Mass.: Edward Elgar, 2000; "Why Stocks Won't Save the Middle Class," in Jeff Madrick, ed.

*Unconventional Wisdom: Alternative Perspectives on the New Economy*. New York: Century Foundation Press, 2000; "How Persistent is Industry Specialization over Time in Industrialized Countries?" *International Journal of Technology Management* 19 (2000); "Productivity Convergence among OECD Countries: The Postwar Experience." *International Productivity Monitor*, Fall 2000.

*Presentations:* "Productivity Convergence and Education: Evidence from OECD Countries," Conference Honoring Richard R. Nelson, Columbia University, New York, October 13-15; "What Has Happened to Stock Ownership in the United States?" Conference on Savings and Portfolio Choice, Paris, France, October 19-21; "Productivity, Computerization, and Skill Change," University of Tilburg, the Netherlands, October 24.

### VISITING SENIOR SCHOLAR L. RANDALL WRAY

*Presentations:* "Public Service Employment-Full Employment without Inflation," Conference at the University of Missouri, Kansas City, October 18; "Monetary Policy for Full Employment," Instituto Politécnico Nacional, Mexico City, November 15.

*Media:* Interview for "Morality and Money" series on Eastern Tennessee NPR affiliate WETS, September 3; interview for the Brazilian magazine *Carta Capital*, October 25.

### VISITING SCHOLAR JÖRG BIBOW

*Publications:* "The Loanable Funds Fallacy in Retrospect." *History of Political Economy* 32 (2000); "On Exogenous Money and Bank Behavior: The Pandora's Box Kept Shut in Keynes' Theory of Liquidity Preference." *European Journal of the History of Economic Thought* 7:4 (2000).

*Presentations:* "Keynes on Central Banking and the Structure of Monetary Policy," York

University and the University of Toronto Joint Workshop on the History of Economic Thought, November 24; "Reflections on the Current Fashion for Central Bank Independence," University of Ottawa, November 28.

### RESIDENT RESEARCH ASSOCIATE LYNNDÉE KEMMET

*Presentation:* "Local Power versus Central Government Policy: The Case of Mexico's Mexicali Valley," Northeast Political Science Association, Albany, New York, November 9.

### RESEARCH ASSOCIATE WILLEM THORBECKE

*Presentations:* Discussant, "The Impact of the Asian Economic Crisis on Poverty in Indonesia," International Food Policy Research Institute, Washington, D.C., October 1; "The Real Exchange Rate Process and Its Real Effects: Theory and Evidence," Southern Economic Association Annual Meetings, Washington, D.C., November 10; "Free Traders: Sleeping in Seattle," Fenwick Fellow Lecture, Fairfax, Virginia, November 30; "Modeling the Banking Crisis in Indonesia," Asian Development Bank Institute, Tokyo, December 12.

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