

Comment on:

“The socioeconomic status of black males: The increasing importance of incarceration,” by Steven Raphael

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“... the prison boom is perhaps the most important development in American race relations in the last three decades” Bruce Western, *The American Prospect*, December 2003.

Steve Raphael’s thoughtful chapter addresses a central aspect of this recent development in race relations. The chapter synthesizes the relevant literature on crime, incarceration and their labor market consequences and provides creative new descriptive data and regression analysis. The analysis builds a strong case for the following argument, while recognizing the limitations of existing evidence:

1. Being convicted and serving time has negative effects on future employment and earnings prospects via several channels
2. Black men are disproportionately incarcerated and disproportionately serve more time in prison, especially among the poorest educated
3. Incarceration rates have risen over the past 30 years for black men at all educational levels, both absolutely and relative to white men, again, especially among the poorest educated
4. Therefore, incarceration is a major contributor to black men’s relatively poor and declining labor market performance, perhaps the most important one.

The chapter also advances the intriguing theory that incarceration hurts the labor market prospects of *non-criminal* black men via statistical discrimination. The mechanism driving such discrimination is straightforward. Employers are generally reluctant to hire convicted criminals and realize that young black men are much more likely to have been convicted than other job applicants. Hence, unless an employer goes to the trouble of doing a background check, it may shy away from hiring most young black male applicants. Other research has provided evidence consistent with this theory. The chapter’s exploratory regression analysis yields tentative evidence that this mechanism

might account for one third to one half of the decline in black men's employment relative to whites.

If this theory is right, we have the makings of another vicious cycle. The more black men are in jail and released back on the streets, the more reluctant are employers to hire them. Black men, as a result, have lower chances of employment, good wages and advancement. Facing lower opportunity costs of foregoing the legal labor market, black men have greater incentives to commit crime, which eventually leads to more of them being incarcerated or ex-convicts.

Policy approaches to reduce the adverse impacts of incarceration

Suppose policy makers accept the chapter's findings and want to reduce the adverse effects of incarceration on black (and other) men. They would need to consider two sets of policies. One set would aim to reduce the number of men going to prison and the time served by convicts. A second, complementary set would aim to mitigate the negative impact of prison on ex-convicts and of high levels of incarceration on non-criminal black men as well. A few suggestions along these lines are below.

Sentencing reform and decriminalization. States are now moving to use mandatory treatment, parole, or "drug courts" instead of mandatory incarceration for small-time, non-violent drug offenders, who account for a huge share of the growth in prison population. Some states are reducing sentences for such drug offenders and other low-level felons still sent to prison, or trying to decriminalize personal marijuana use.

Drug treatment in the community may help users break their habit before they turn to crime to support it. If users have already turned criminal but have not yet been caught, treatment may help them stop using drugs and, so, eliminate this motivation for committing yet more crime. Fewer crimes will mean fewer convictions and prison sentences. Research suggests that drug abuse prevention and treatment programs can be cost-effective.

Even if some reforms have been mainly motivated by states' fiscal problems in the early 2000s, they are promising and could make a big difference. The more that such reforms and drug treatment programs are implemented,

sustained and expanded, the more likely we are to see a fall, or at least a leveling off, in the proportion of blacks (and others) who have been imprisoned. The chapter's view that "the proportion of blacks with prior prison time is likely to increase in the coming years, even if current incarceration rates remain unchanged" may be too pessimistic. If so, then the adverse consequences of incarceration documented in the chapter will, happily, affect fewer rather than more men. And if the prevalence of black male ex-convicts declines, the basis for statistical discrimination against non-criminal black men will start to erode.

Stronger *prisoner education and treatment programs* that help ex-convicts reintegrate into their communities and succeed in the labor market may reduce recidivism. Such programs will not reduce number of men with prison records, but they may reduce the total prison time served over a lifetime and, hence, total time out of the work force. As the chapter observes, such programs appear to be effective but need more rigorous evaluation.

It almost goes without saying that *improvements in education*, especially those that raise high school graduation rates, would increase the opportunity costs of criminal behavior and thereby indirectly reduce incarceration rates. Sustaining *high pressure labor markets* would have similar effects.

To help overcome statistical discrimination, policy makers might consider regulatory and organizational changes that facilitate provision of credible information about black male applicants' criminal records, or lack thereof, to potential employers. Such information would help overcome employers' reluctance to hire non-criminal applicants from this easily identified population.

Even if creative approaches adequately address the information asymmetry without running afoul of legal processes or implementation realities, they essentially would have a zero-sum nature. More non-criminal black men will be offered jobs but more released black male criminals will be rejected. (More applicants from groups not facing this kind of statistical discrimination will also be rejected.) Because this approach does not try to reduce number of black convicts, reduce time served, improve the quality of released convicts' job skills, or raise demand for black male labor, it is unlikely to decrease the other adverse

impacts of incarceration on ex-convicts. This strategy is probably second best to the others discussed above.

Possible directions for future research

The social outcomes and policy issues so lucidly discussed in this chapter merit more research. Some of the most interesting data and analysis derive from California prison records. Replicating that work with data from other states, especially Florida, New York and Texas, which have the largest prison populations outside California, would be valuable.

The chapter focuses on the rise in black men's experience with incarceration and on the consequences for employment. One's prison record and employment are two important dimensions of socioeconomic status, but not the only ones deserving inquiry.

A worthwhile, direct extension of the chapter's analysis would investigate the effect of incarceration on wages and earnings, and their growth, for both ex-convicts and non-criminals. Does incarceration have similar effects on black women? Though the incarcerated female population and the fraction of women ever incarcerated are small fractions of the corresponding male figures, they are growing faster. And the estimated lifetime chance of going to prison for black women born in 2001 is 5.6%, about the same as for white men (Bonczar, 2003).

Broader ranging extensions could examine whether incarceration has adverse effects on vital dimensions of socioeconomic status beyond labor market success. To what extent does ever being incarcerated and the time spent in prison destabilize marriages and reduce the standard of living of the free partner and their children? To what extent are marriage, and the greater economic security that usually accompanies it, less likely for unmarried men who have served time? Given the large and rising number of black men experiencing incarceration, has this aspect of our criminal justice system played a significant role in the decline of black marriage? What can be learned about the effects of incarceration on total family income, health status, other measures of economic welfare, and the well-being of convicts' children? For each measure of socioeconomic status, do incarceration's effects differ among race and ethnic

groups? For each measure, how much of the black/white gap (or Hispanic/non-Hispanic white gap) may be attributable to the effects of incarceration?

Using national level Census data, the regression analysis suggests that a significant part of the employment gap between black and white men may reflect the effects of incarceration. The robustness of this intriguing, provocative finding clearly needs checking. A straightforward extension would be to use data at the state, county or metropolitan area level. For employer decisions in a specific labor market, the extent of incarceration at the state or local level is probably more relevant. Another approach could use individual cross-section or panel data and multi-level models to test whether employment and related outcomes are associated with local area indicators of incarceration.

The theory argues that higher the likelihood that a job seeker from the relevant group has a criminal record, the more likely employers are to statistically discriminate against that person. In testing that theory it would be useful to have data on the fraction of non-institutionalized men in the relevant group that has been convicted of crimes (or perhaps the fraction that has served prison time). This fraction would be an excellent indicator of the variable hypothesized to motivate statistical discrimination.

A serious challenge for many of the studies suggested above will be to develop an estimation approach that separates the effect of incarceration from the effects of unobserved characteristics that jointly influence criminality (hence, the likelihood of incarceration) and the socioeconomic outcome. If this selection issue can be convincingly addressed, future research may yield broader and deeper understanding of how the criminal justice system's incarceration policies and practices affect a broad set of social outcomes. Such knowledge can help provide the basis for more nuanced thinking about the role of incarceration in promoting general social welfare.

Reference

Bonczar, Thomas P. (2003), *Prevalence of Imprisonment in the U.S. Population, 1974-2001*, Bureau of Justice Statistics Special Report, NCJ 197976.