



Written by [Thomas Sowell](#) on April 27, 2011

Walter Williams' "Race and Economics"

Walter Williams fans are in for a treat — and people who are not Walter Williams fans are in for a shock — when they read his latest book, *Race and Economics*.

It is a demolition derby on paper, as Professor Williams destroys one after another of the popular fallacies about the role of race in the American economy.

I can still vividly recall the response to one of Walter's earliest writings, back in the 1970s, when he and I were working on the same research project in Washington. Walter wrote a brief article that destroyed the central theme of one of the fashionable books of the time, *The Poor Pay More*.



It was true, he agreed, that prices were higher in low-income minority neighborhoods. But he rejected the book's claim that this was due to "exploitation," "racism" and the like.

Having written a doctoral dissertation on this subject, Walter then proceeded to show why there were higher costs of doing business in many low-income neighborhoods, and that these costs were simply passed on to the consumers there.

What I remember especially vividly is that, in reply, someone called Walter "a white racist." Not many people had seen Walter at that time. But it was also a sad sign of how name-calling had replaced thought when it came to race.

The same issue is explored in Chapter 6 of *Race and Economics*. The clinching argument is that, despite higher markups in prices in low-income neighborhoods, there is a lower than average rate of return for businesses there — one of the reasons why businesses tend to avoid such neighborhoods.

My own favorite chapter in *Race and Economics* is Chapter 3, which I think is the most revealing chapter in the book.

That chapter begins, "Some might find it puzzling that during times of gross racial discrimination, black unemployment was lower and blacks were more active in the labor force than they are today." Moreover, the duration of unemployment among blacks was shorter than among whites between 1890 and 1900, whereas unemployment has become both higher and longer-lasting among blacks than among whites in more recent times.

None of this is explainable by what most people believe or say in the media or in academia. But it is perfectly consistent with the economics of the marketplace and the consequences of political interventions in the marketplace.

Race and Economics explains how such interventions impact blacks and other minorities, whether in housing markets, the railroad industry or the licensing of taxicabs — and irrespective of the intentions behind the government's actions.



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Minimum wage laws are classic examples. The last year in which the black unemployment rate was lower than the white unemployment rate was 1930. That was also the last year in which there was no federal minimum wage law.

The Davis-Bacon Act of 1931 was in part a result of a series of incidents in which non-union black construction labor enabled various contractors from the South to underbid Northern contractors who used white, unionized construction labor.

The Davis-Bacon Act required that “prevailing wages” be paid on government construction projects — “prevailing wages” almost always meaning in practice union wages. Since blacks were kept out of construction unions then, and for decades thereafter, many black construction workers lost their jobs.

Minimum wages were required more broadly under the National Industrial Recovery Act of 1933 and under the Fair Labor Standards Act of 1938, with negative consequences for black employment across a much wider range of industries.

In recent times, we have gotten so used to young blacks having sky-high unemployment rates that it will be a shock to many readers of Walter Williams’ *Race and Economics* to discover that the unemployment rate of young blacks was once only a fraction of what it has been in recent decades. And, in earlier times, it was not very different from the unemployment rate of young whites.

The factors that cause the most noise in the media are not the ones that have the most impact on minorities. This book will be eye-opening for those who want their eyes opened. But those with the liberal vision of the world are unlikely to read it at all.

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