



## Why ending racial inequality is vital for COVID-19 recovery, with Valerie Wilson

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# **Why ending racial inequality is vital for COVID-19 recovery, with Valerie Wilson**

**Intro** [00:00:06] Welcome to OECD Podcasts, where policy meets people.

**Robin Allison Davis** [00:00:11] Inequality has always existed, but the Covid-19 pandemic deepened the divide between the haves and have-nots. From vaccine distribution disparity to unemployment, the OECD is urging policymakers to make sure everyone gets their fair share, which is so essential for Covid recovery. This includes people of colour, who have been disproportionately affected in all aspects. This has caused widespread public anger over the past year, particularly in the United States. Protests inspired by the Black Lives Matter movement sprung up around the globe last year to call for both racial justice and equity. How can we tackle these economic and racial justice challenges? What policies should be put in place? I am Robin Allison Davis and I am speaking today with Valerie Wilson, director of the Economic Policy Institute Programme on Race, Ethnicity and the Economy in the United States. Thank you so much for joining me today, Valerie.

**Valerie Wilson** [00:01:08] Thanks, Robin. My pleasure.

**Robin Allison Davis** [00:01:10] So we're talking today on International Women's Day, and we know that strides have been made in gender equality, but the gender pay gap is still an issue globally. OECD data shows that the pay gap is closing, down from almost 20% to 12.8% in 2018. What is your take on the gap? Is the pay gap narrowing across the board? What about women of colour, black women? What does the intersectionality look like?

**Valerie Wilson** [00:01:36] Well, you know, the gender pay gap is interesting because during the 1980s in particular, about midway through the 90s, there was considerable narrowing of the gender pay gap and that was through pretty much across the board. Down in the mid-90s, we stopped making progress on narrowing that gap. And since that time, we've actually seen the gap widen a bit, in particular for black women when we look at black women's pay relative to that of white men. That gap has actually widened in the late 1990s, and black women in particular face some of the largest pay gaps due to a dual penalty, both in terms of gender inequality, but racial inequality as well. So what we see is that pay gap for black women are larger than we see, both for white women relative to white men, as well as black men relative to white men.

**Robin Allison Davis** [00:02:34] And what are the factors you think that are contributing to this widening over the years?

**Valerie Wilson** [00:02:39] So the widening over the years is in part due to the fact that we've stopped making considerable progress on narrowing gender pay disparities. And so the expansion of the gap is largely the result of widening pay gap by race. And unfortunately, those patterns are especially troubling. What we've seen is that those gaps have widened in particular and widened the most amongst college graduates, which is sort of counterintuitive but is probably consistent with general trends and rising inequality where we see those who earn the most. Those with the highest wealth have seen their income and wealth increase exponentially over the last 40 years, while the vast majority of workers have seen much less increase in pay. And so, as we've seen, inequality in general grow, racial inequality and gender inequality in particular have gotten worse because women and women of colour in particular are a lot less

likely to be amongst the highest earners and that the top 1% of earners, the top 1% of wealth. And so the growth that's happened there has passed up a lot of women of colour.

**Valerie Wilson** [00:03:54] The issue of occupational segregation also plays a role here again and limited opportunities to many of those highest paying occupations. CEO pay in particular, which we've seen increased many multiples faster than it has for the typical worker. And in short, occupational segregation are patterns where we see women and people of colour being underrepresented in higher paying occupations but overrepresented in lower paying occupations. And so the effect that it has on looking at pay disparities is that we see a concentration in lower wage occupations, some of which have not seen wages grow over the last 40, 50 years. At the same rates that we've seen, wages grow at higher levels of income. And those patterns really follow historical patterns. Now, a lot has changed over time in terms of industries and sectors of the economy that have grown as we've gone from being an agrarian society to one that was in production and manufacturing. Now one that is service oriented. But the segregation of occupations by pay, remains pretty persistent over time. And so those patterns that block a lot of opportunities for people of colour in the higher paying sectors, concentrating them in lower pay sectors, continue to remain today.

**Robin Allison Davis** [00:05:29] It's interesting that you mention women having sometimes lower paying jobs. The Covid-19 pandemic has caused unemployment to soar and women are experiencing a higher rate of unemployment than men in general. And we know that a large number of the front line or essential workers are women or particularly women of colour. And last year, you presented your findings on the effect of Covid-19 on racial inequality in the workplace, education, health. What were your findings?

**Valerie Wilson** [00:05:59] We use that report to sort of summarise and bring together all of the ways that racial inequality play a role in our society. I think the most immediate impact that people were focussed on was in employment because the pandemic triggered a recession. And so there were tens of millions of people who lost their jobs here in the United States. But there were two other groups of workers as well that quickly emerged in that time. The second group included those essential workers, disproportionately people of colour and women of colour in particular, who maintained employed. So being an essential worker provides some degree of job security. But then by virtue of the fact that many of those jobs had to be performed in person, exposed those people to greater health risks associated with Covid-19. And then there was a third group of workers who were able to continue working from home, and so they maintain job security as well as we're able to protect their health because they were able to save or shelter it at home and not required to go out in public to do their jobs. So black, Native American, Latinx - low wage workers were the least likely to be in that group to protect both their economic well-being and their health. And so we've seen the disproportionate rates of mortality along racial lines. Those who did lose jobs and perhaps had lower incomes to begin with were more likely to experience unemployment, had less savings, were placed in a particularly precarious position because they were not in a position to be able to sort of fill that gap in income with savings. There are differences in housing in terms of the density of that housing. So bringing everyone home, having folks together in a close environment, particularly if those were households that had essential workers, the workers who had to go outside of the home to work, put the family's health at risk at the same time that they were trying to provide some economic stability.

**Valerie Wilson** [00:08:09] So there were a lot of different connexions across various aspects of life that played a role here. And in general, what we saw was that the historical patterns of inequality that we've observed, race, ethnicity and gender, we're just reproducing themselves throughout the pandemic because

of the very reasonable response that we had to take to try to get things under control. But given those underlying structures, the impact of that, although it was a universal approach, had a very different effect.

**Robin Allison Davis** [00:08:44] Well, we mentioned essential workers, I think about how we have the vaccines now and people are wondering if there is vaccine equity. Are the shots getting to the people that actually need them? Well, how confident are you that people of colour are going to get their shots? They're going to get not only their vaccines, but they're going to get all the kind of economic stimulus that they need for the Covid-19 recovery?

**Valerie Wilson** [00:09:10] Well, I'm not a health or medical expert, but my best guess what I know just about racial inequality is that, again, people who have wealth will use that to their advantage and any opportunity that they're able to do. So if that alone starts to raise questions about equity in terms of availability and who's able to get access quicker. But there are also cultural differences, again, related to history and distrust of sometimes the medical profession, distrustful of government, even in terms of the safety of the vaccine and how people have issues with how quickly things came out. So I think there are a number of things that can play into whether or not distribution will be equitable. But I think the Biden administration is doing a pretty good job of being aware that those problems and issues exist and trying to develop strategies to overcome that.

**Robin Allison Davis** [00:10:24] What about in terms of Covid recovery, the economic recovery. At least in the US and other governments as well, trying to pass more so general recovery bills. Does there need to be something more targeted to those that are more disproportionately affected?

**Valerie Wilson** [00:10:40] So I think that there's a combination of things. Of course, always we want the economy to be strong and healthy. And the way that we do that is by providing the kinds of relief and resources that households need. I think that comes in the relief stuff that they're trying to get to families. I think unemployment insurance is an important part of that as we think about the disproportionate impact that job loss has had in communities of colour, as well as the many other things that are being done to try to address the public health crisis. So the access to testing, access to the vaccinations. But there also needs to be adequate focus on the assistance that state and local governments need. They want a lot of the cost of this pandemic and needing to provide those services and communities of colour, black workers in particular. We are disproportionately represented in public sector employment. And so that's something that is a broader general step that we can take. But again, because of the way that our structures and systems are not race neutral, will have disproportionate impact. I think another issue that is the major debate currently in our public policy circles is increasing the minimum wage. Again, when we think about the way that workers are distributed along income and pay, increasing the minimum wage, again, although that policy is theory or on a space race neutral policy, it will have a disproportionate impact in communities of colour where workers are more likely to be at the lower end of the wage scale.

**Robin Allison Davis** [00:12:30] You work for the Economic Policy Institute, which is based in Washington, D.C. And a lot of what we're talking about is a little US centric. And part of the reason being that in many countries it is prohibited to collect diversity data. The OECD reported in a 2018 working paper that only 16 OECD countries collect data on race and ethnicity. What's the importance of measuring diversity when it comes to economic inequality?

**Valerie Wilson** [00:12:57] I think it's absolutely critical. I mean, you cannot fix what you don't measure. It really becomes almost impossible to craft an appropriate policy intervention to address the problem. So it's really essential that we have accurate measurement of economic outcomes that are disaggregated by race, ethnicity, gender, national origin, any number of ways that people identify in this country so that we can do a better job of designing and crafting policy solutions that are effective. You know, we do economic analysis and statistical analysis; we consistently see that race is a significant and persistent predictor of labour market outcomes. There's absolutely no reason why that should be the case. How could that have any effect on your productive capacity? And so when we observe racial disparities and racial inequality in this country, the reason why we get to the point of saying that is structural. This is institutional racism. It's because of the persistence of those racial disparities, even across categories and demographic identifiers that we would expect to resolve the problem. Unemployment gaps are present at every level of education. So education cannot be the solution to racial inequality. The pay gap exists at every level of education. So education does not eliminate racial inequality. It's important for mobility to do better with more education than without it, but it does not bring us to a point of equity and particularly equity by race.

**Robin Allison Davis** [00:14:57] Let's talk about Black Lives Matter. Last June, George Floyd Jr.'s death sparked racial injustice. Protests around the world led by BLM. A lot of businesses and corporations pledged to push for not only diversity and inclusion, but racial equity. But almost a year later, what are you seeing in terms of these commitments that they made? Was it lip service or are you seeing an advancement at all?

**Valerie Wilson** [00:15:22] Yeah, that's a great question, mainly because when all of these statements and supporting ideas were coming out, one of the first things that I asked myself I said should be like cataloguing everyone who's posting things on their website or putting out a new commercial or ad or putting things up on social media, sending out letter, we should really keep track of all of these companies that are making these statements and their support of black lives. And really kind of see what happens over the next. Two, three, five years, do we see a measurable change? I mean, at this point I think it may be too soon to really observe anything measurable, at least economically, just because we are still in recovery, but based on the pace and the pattern of the recovery, it really doesn't look that different from other recoveries historically, specifically, the lagging job growth and decline in unemployment amongst African-Americans relative to white Americans or other groups, one that I appreciate and I'm glad that more corporations, more companies have stepped up and are acknowledging that there are problems and many are taking steps to try to address and remedy those things. But it really should be needs to be a national priority in addition to the individual employers doing what they can to address those problems.

**Robin Allison Davis** [00:17:09] You're the director of the Economic Policy Institute's programme on race, ethnicity and the economy. Tell me a little bit about the programme. What exactly is the work that's being done?

**Valerie Wilson** [00:17:21] The programme on race, ethnicity and the economy, We call it PREE, was established in EPI in 2008. Now, at that time, it really became much clearer that you couldn't really address class inequality without also taking a very close look at racial inequality because the two are so closely intertwined. On one hand, we know that race plays a role in deciding where you are in the class structure. But at the same time, we know that there are racial disparities even within class. And so sort of understanding how those two things are interconnected and how we address both at the same time. So I understand that it's not an either or fixing one or the other doesn't automatically resolve the other. You

really have to move those two things in tandem. That's a really central point of the work that we do in PREE. And so I'm a labour economist, so a lot of what I do focus specifically on those disparities within the labour market, both in terms of employment outcomes, but also in areas like pay work hours, access to various benefits, etc. and then how those things, your experience in the workplace sort of overflows into other economic indicators. Such as wealth, such as poverty, education. So we do a lot to really try to connect all those dots and to make sure that racial equity is central in our understanding and discussion about economic policy. Not a side issue or an afterthought. But racial equity must be a central part of economic policy in this country, and in particular, economic policies that are focussed on addressing inequality.

**Robin Allison Davis** [00:19:14] What are your policy recommendations to level the playing field and combat the economic problems of racial inequality?

**Valerie Wilson** [00:19:20] In the labour market I think there are many different roles that can be played by various actors in the country. We don't necessarily want to equalise people at the bottom. We want to have a strong and vibrant economy. And then we want to consider the ways that maybe that that is not playing out equally across community and be able to target specific fiscal policies that can complement and work together with monetary policy. So then lawmakers have a role to play there and passing robust labour standards that support a vibrant economy and advance racial equity in employment and other areas of the economy. And then we have institutions like labour unions that have historically played an important role in giving workers a voice and through that collective voice have also been important to addressing racial inequality. Workers come together collectively to advocate for better pay, better benefits, better working conditions and protections against discrimination and harassment. And then businesses to have a role to play. Businesses can make decisions about what their priorities will be and prioritising equity both by gender and by race, and can be proactive in advancing those things as opposed to sort of playing a defensive role. We can work to advance greater transparency in hiring and promotion and pay decisions. And so there are multiple layers that come into play when we think about addressing structural inequality from government institutions to individuals to private businesses, have a role to play in making this a more equitable and more just economy for everyone.

**Robin Allison Davis** [00:21:10] Thank you. I really enjoyed speaking with you. Thank you so much for being with us.

**Valerie Wilson** [00:21:14] Sure. Thanks for having me.

**Robin Allison Davis** [00:21:18] To learn more about Valerie Wilson's work, go to the Economic Policy Institute's website [www.epi.org](http://www.epi.org). This interview is in association with WISE, the OECD Centre for Well-Being, Inclusion, Sustainability and Equal Opportunity. To learn more about their work. Go to [www.OECD.org/Wise](http://www.OECD.org/Wise).

**Outro** [00:21:43] To listen to other OECD Podcasts, find us on iTunes, Spotify, Google Podcasts and SoundCloud.com/OECD.

