How the 1960s' Riots Hurt African-Americans

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Any American of a certain age remembers the race-related riots that tore through U. S. numerous cities in the 1960s. Between 1964 and 1971, civil disturbances (as many as 700, by one count) resulted in large numbers of injuries, deaths, and arrests, as well as considerable property damage, concentrated in predominantly black areas.

Although the United States has experienced race-related civil disturbances throughout its history, the 1960s events were unprecedented in their frequency and scope. Law enforcement authorities took extraordinary measures to end the riots, sometimes including the mobilization of National Guard units. The most deadly riots were in Detroit (1967), Los Angeles (1965), and Newark (1967). Measuring riot severity by also including arrests, injuries, and arson adds Washington (1968) to that list. Particularly following the death of Martin Luther King in April 1968, the riots signaled the end of the carefully orchestrated, non-violent demonstrations of the early Civil Rights Movement.

Social scientists have studied the causes of the riots for a long time. Now two NBER papers by William Collins and Robert Margo instead examine the economic impact of the riots on African Americans and on the cities where they took place. In the first paper, The Labor Market Effects of the 1960s Riots (NBER Working Paper No. 10243), they find that the riots had economically significant negative effects on blacks' income and employment. Further, those effects may have been larger in the long run - from 1960 to 1980 - than in the short run - from 1960 to 1970.

Until 1975, the racial gap in average earnings among full-time male workers in the United States narrowed. There were periods of sharp convergence, as in the 1940s, alternating with periods of relative stasis, as in the 1950s and early 1960s. After 1970, racial convergence in earnings slowed markedly, in part because many low-wage black males were no longer engaged in full-time work, the authors note. The proportion of blacks living in high-poverty urban neighborhoods increased as well, and residential segregation led to increasingly poor socioeconomic outcomes among young blacks. In this context, Collins and Margo attempt to detect whether the riots contributed to a downward economic spiral that hurt employment opportunities, incomes, and property values.

Although they characterize their baseline estimates as "tentative," Collins and Margo find a relative decline in median black family income of approximately 9 percent in cities that experienced severe riots relative to those that did not, controlling for several other relevant city characteristics. There is also some evidence of an adverse effect on adult male employment rates, particularly in the 1970s. Between 1960 and 1980, severe riot cities had relative declines in male employment rates of 4 to 7 percentage points. Individual-level data for the 1970s suggests that this decline was especially large for men under the age of 30.

In the second paper, The Economic Aftermath of the 1960s Riots: Evidence from Property Values (NBER Working Paper No. 10493), Margo and Collins investigate the influence of riots on central city residential property values, especially black-owned properties. They find that the riots significantly depressed the median value of black-owned property between 1960 and 1970, with little or no rebound in the 1970s. The baseline estimates for severe-riot cities relative to small-or-no-riot cities range from approximately 14 to 20 percent for black-owned properties, and from 6 to 10 percent for all central-city residential properties. Household-level data for the 1970s indicate that the racial gap in property values widened substantially in riot-afflicted cities relative to others.

The exact mechanisms through which the riots affected economic activity over a long period of time are difficult to identify, but a large number of potentially reinforcing channels exist. Property risk might seem higher in central city neighborhoods than before the riots, causing insurance premiums to rise; taxes for income redistribution or more police and fire protection might increase, and municipal bonds may be more difficult to place; retail outlets might close; businesses and employment opportunities might relocate; middle and higher income households might move away; burned out buildings might be an eyesore; and so on. These damaging aspects of riots, the authors find, apparently outweighed outside assistance directed toward the riot areas in the wake of the disturbances.

-- David R. Francis