“Why voting rights and political power are crucial to reducing racial disparities in the labor market”

Summary of research by Abhay P. Aneja and Carlos F. Avenancio-León

Background

The United States has a long history of voter suppression and disenfranchisement. The landmark 1965 Voting Rights Act (VRA) helped end decades of disenfranchisement of Black voters in the U.S. by providing the right to equal access to the ballot. The act outlawed the racially discriminatory Jim Crow laws that created significant barriers for Black voters who sought to exercise their political power at the voting booth.

Despite the historic struggle for voting rights, there is little empirical evidence about how political power (through voting) directly shapes economic welfare. Understanding the impact of voting on economic welfare is especially important because gaining equal access to employment opportunities was the most important policy issue to Black Americans during the time of the passage of the VRA, according to a national survey of the National Opinion Research Center. Given the major policy preferences of the newly re-enfranchised group, the authors of this paper, Abhay P. Aneja and Carlos F. Avenancio-León, seek to answer the research question: What are the direct economic effects of political enfranchisement?

Using temporal and spatial variation in federal voting rights protections, the researchers find a causal effect of voting rights on the racial wage gap.

Research Methods and Findings

A key challenge for the authors was isolating the wage and employment effects of the VRA. The authors attempt to isolate these effects by using section 5 of the VRA. Section 5 of the VRA was one of most important provisions in mitigating voter suppression because of its “preclearance” requirement. This provision required certain states and jurisdictions with a history of voter suppression and racial discrimination to submit any changes to their voting processes for approval by either the Department of Justice or federal courts. The jurisdictions in the south subject to the VRA’s section 5 preclearance requirements are represented by the purple shaded U.S. regions in figure 1.

While the VRA applied nationwide, the differentiation of counties subject to federal oversight provides a useful counterfactual for the authors to study the impact of section 5 of the VRA by enabling them to isolate the employment and wage effects.

Figure 1. Indicates the counties that were/were not covered by Section 5 of the 1965 Voting Rights Act (VRA)
Using administrative data from the Census Bureau, Equal Employment Opportunity Commission data, and voter turnout data, the researchers studied the impact of the VRA on both political empowerment and economic improvements in the Black community. The authors studied a subset of the counties that were targeted for federal intervention and contrasted those with neighboring counties that did not undergo special federal intervention under section 5 of the VRA. The authors show that adjacent counties are sufficiently similar to each other to attribute any wage and employment differences to federal intervention under the VRA. Figure 2 highlights the counties used in the analysis.

This paper found many statistically significant findings. On the political empowerment front, the authors estimate that the VRA increased voter turnout in the range of 6.5 to 11.5 percentage points between 1948 - 1980, which is consistent with other research studies. Additionally, the authors found that while registration rates increased for both Black and white Americans, the increases were higher for Black Americans.

**Figure VII: Impact of the VRA on the Black-White Wage Gap: Event Study Estimates**

*Notes: Figure presents event-time estimates of how VRA coverage affects black relative wages. Regressions include education and experience controls, county and county pair-year fixed effects, and baseline controls interacted with linear and quadratic trends. Estimates are normalized to five years prior to VRA coverage taking effect. Source: DEC.*
On the economic side, the results show that the VRA reduced the wage gap between Black workers and white workers by at least 5.5 percentage points between 1950 - 1980 (see figure above). The authors find that the wage increases appear almost immediately after the passage of the VRA.

A key mechanism driving these effects are changes in public sector employment and wages post-VRA. After the VRA went into effect, Black workers were 3.8 percentage points more likely to receive public sector employment, relative to white workers. This finding is especially significant for Black male workers because they earned 20 percent more in the public sector than their private sector counterparts. The authors show that the improvements among Black workers in public sector employment leads to increased pressure on private sector employers to increase wages for Black workers. The impact of the public sector employment gains on private sector wages accounts for between 29 and 35 percent of the total 5.5 percentage point reduction in the Black-white wage gap. The authors also document better enforcement of civil rights legislation and affirmative action legislation post-VRA. These mechanisms also contribute to the economic gains of Black workers.

Policy and Political Implications

This research contributes to our understanding of voting rights and direct economic improvements. Local, state, and federal voting rights policies, or lack thereof, have significant implications for political outcomes. Despite the efficacy of section 5 of the VRA in increasing political empowerment and economic gains, the preclearance requirement was effectively invalidated by the 2015 U.S. Supreme Court case *Shelby County v. Holder*. However, the fight for voting rights is far from over. The U.S. House of Representatives introduced and passed the Voting Rights Advancement Act of 2019 (H.R.4). The bill would amend the 1965 VRA section 4 to revise the formula used to determine which states and jurisdictions are subject to federal voting rights protections. The 2020 senate version of the bill (S.4263) titled the John Lewis Voting Rights Advancement Act was introduced in 2020, after the historic global protests against racial injustice in the United States.

As political discourse continues to shape the conversation about how to mitigate systemic racism and racial inequalities, understanding the role of federally enforceable voting rights is important. There is a growing number of organizations advocating for strengthening voter rights through: universal voter registration, re-enfranchising formerly incarcerated people, and more. As policymakers and advocates continue the fight for voting rights, this research provides opportunities to highlight the direct impacts on racial economic inequality.