

Written Testimony to the Joint Economic Committee on “Vaccinations and the Economic Recovery”

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1 Introduction

The COVID-19 pandemic has worsened inequality and racial disparities in factors from health to employment, income and wealth. As the US, which currently leads the world in number of cases globally, at over 31 million cases, looks towards a post-pandemic economy, it is important to address the disparities highlighted by the pandemic for an effective, and more equitable recovery. A first step to doing this is to acknowledge and outline the challenges faced by minority communities, particularly Black communities in the United States as a result of the pandemic. Doing this allows us to carefully examine the role of vaccination along with the necessary policies for economic recovery in a post-pandemic economy. In the following sections of this testimony, I provide a brief history of the differential employment and health risks faced by Black communities during the pandemic, highlighting the unequal pandemic response, using evidence from employment data and the Paycheck Protection Program. I then outline the role of vaccination in the economic recovery, with a focus on addressing disparities in vaccine access and compliance. Finally, I conclude with an outline of four main policy recommendations for a more equitable post-pandemic economic recovery.

Any effective economic recovery policy must focus on equitable recovery, particularly

aimed at improving the lives of Black communities, communities of color and women within these communities that have been disproportionately harmed by the pandemic.

2 Highlighting the Differential Risks and Disparities in Economic Recovery Faced by Black Communities During the COVID-19 Pandemic

2.1 A History of Differential Employment and Health Risks

Black communities in the United States have been and continue to be disproportionately harmed by the negative effects of the COVID-19 pandemic. This is true in everything from infection rates and health to employment, wealth and income. Early statistics from 14 states in the United States at the start of the pandemic, and more recent data reveal that African-Americans are significantly more likely to be infected and die from COVID-19 (Archibong, 2020; Ray, 2020; Lopez, Hart, and Katz, 2021). According to the Centers for Disease Control and Prevention (CDC), based on early data, with populations that were 18% Black and 59% white, 45% of the hospitalized patients were white while 33% were Black, with Black people over-represented in the infection and case fatality rates relative to their population shares (Archibong, 2020; Aubrey, 2020). A snapshot of these disparities in infection rates is shown in Figure 1 below.

As discussed in Archibong (2020), these disparities have a long history in the United States and are rooted in structural, institutional racism that is reflected in wealth inequality, unequal access to healthcare and relative lack of health insurance, racism in treatment of Black patients, neighborhood segregation and resultant inequalities in environmental quality and access to healthy food resources, and racial gaps in employment and labor market outcomes that predispose African-Americans to having higher risk of infection and death

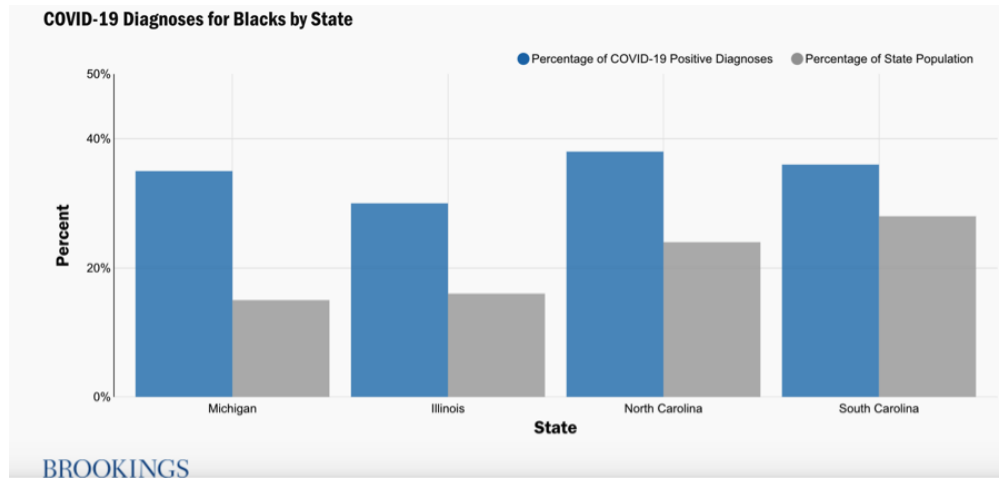


Figure 1: COVID-19 Diagnoses for Black people by State, April 2020. Source: Brookings Institution

from COVID-19. A history of racial disparities in employment led to Black-Americans being more heavily represented in low wage service sectors, so-called “essential sectors” that placed them at higher risk from person to person contact and infection from the virus.

These employment risks are reflected in the fact that although African-Americans make up only 13% of the US workforce, they, along with Hispanic populations, are often more heavily represented in low wage service sector jobs like restaurant service workers, taxi drivers, bellhops, maids/housekeepers and home health aides as shown in Figure 2.

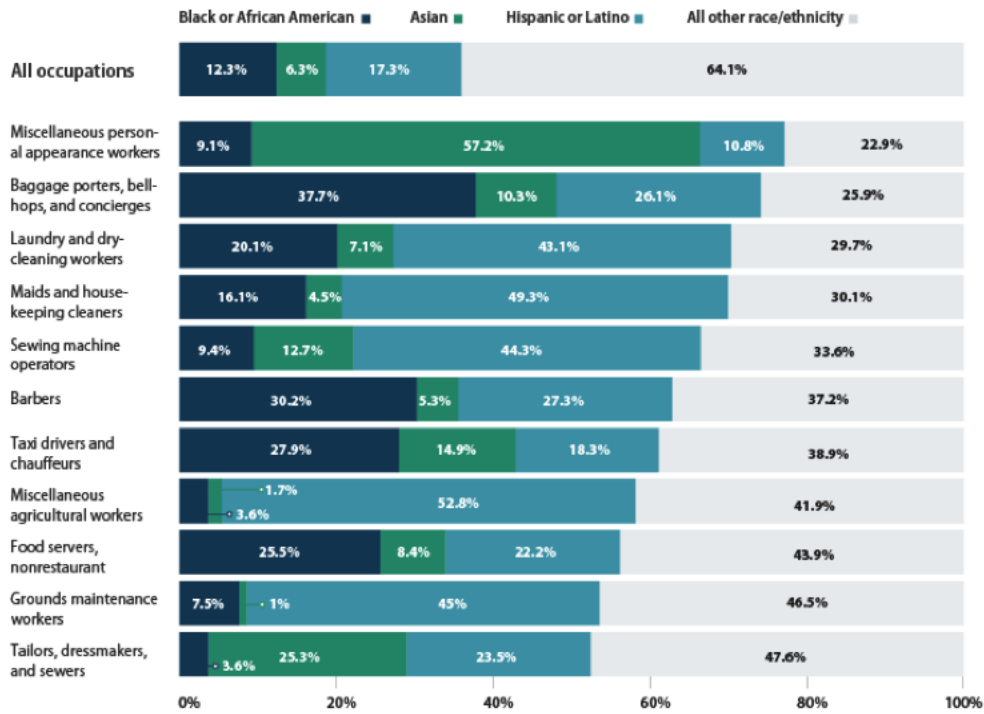
These jobs are much less likely to have health insurance, and are among the lowest paid sectors in the US economy (Weller, 2019). Within these jobs, Black women remain among the most vulnerable populations; exemplified by the fact that home health-aides, a sector with a major share of Black women at about 25%, have no benefits, no paid sick leave, no union and earned around \$24,060 in May 2018, a figure lower than the median annual wage for all occupations in the United States (Legrain, 2019; Archibong, 2020).

It’s important to highlight that none of these trends are by chance or from some random distribution of individual preferences, but come from a history of slavery and racial

FIGURE 1

People of color remain overrepresented in some of the lowest-paying agricultural, domestic, and service vocations

Shares of total employed people by occupation, race, and ethnicity, 2018



Source: U.S. Bureau of Labor Statistics, "Labor Force Statistics from the Current Population Survey: Employed persons by detailed occupation, sex, race, and Hispanic or Latino ethnicity," available at <https://www.bls.gov/cps/cpsaat11.htm> (last accessed June 2019).



Figure 2: People of color remain overrepresented in some of the lowest-paying service sector jobs, 2018. Source: Center for American Progress

discrimination in the United States. The history of Black employment in these low wage service sectors can be traced back to slavery where Black people were enslaved as coerced labor to work on agricultural plantations and as domestic servants within the households of white owners (Solomon, Maxwell, and Castro, 2019; Archibong, 2020). After the civil war, many freed Black workers attempted to move out of the undervalued, low wage farm work and domestic service work and were met with opposition in the form of laws called Black codes, that explicitly limited Black workers to service work as under slavery. Jim Crow laws, in place through the 1960s, continued to limit Black workers' access to higher paid sectors.

In 1938, one of the most sweeping pieces of labor legislation the 1938 Fair Labor Standards Act (FLSA) is passed as part of the New Deal post Great Depression legislation. The FLSA expanded labor protections, established a 40 hour work week and minimum wage and employer mandated benefits for many sectors in the economy. Crucially many low wage service sectors like domestic service and agricultural occupations, where Black workers were heavily represented, were left out of FLSA protections, partly to appease white segregationists (Solomon, Maxwell, and Castro, 2019; Archibong, 2020). This meant that Black workers continued to have less job protection, wage security and benefits like employer sponsored retirement accounts, further limiting their abilities to earn a living wage and widening racial disparities in everything from wealth to health.

Even after the passage of the Civil rights act in the 1960s and anti-discrimination laws, Black workers continue to be discriminated against and are less likely to be hired today than similarly qualified white applicants (Pager, 2007). One study found that Black men without a criminal record were less likely to get call backs for job interviews than white men with criminal records (Pager, Western, and Sugie, 2009). Black workers continue to be disadvantaged in the labor market, and the history of racial labor market segmentation means that they are over-represented in higher exposed to COVID-19 service sectors today.

2.2 Unequal Pandemic Response and Recovery: Evidence from Unemployment Data and the Paycheck Protection Program

Any pandemic economic recovery plan must address these differential employment risks faced by Black populations and minority communities in the United States. While the recent US Bureau of Labor Statistics jobs data has reported an increase in total non-farm payroll employment by 916,000 in March 2021, with the unemployment rate falling to 6% from a peak of around 15% in 2020, gains have been uneven across different populations.

The fall in the jobless rate was even larger for white populations at around 5.4%, but only fell to 7.9% for Hispanic populations and remains high at 9.6% for African-American workers. The Black unemployment rate remains, as before the pandemic at twice the rate of white workers, and the magnitude of this gap has been further enhanced by the pandemic. And the labor market effects have also significantly disproportionately harmed Black business owners. A recent study from the National Bureau of Economic Research (NBER) found that the number of Black business owners actively working fell 41% between February and April 2020, with over 400,000 Black business owners losing employment, and bringing the numbers of Black business owners down to 640,000 in April from 1.1 million (Fairlie, 2020). The comparable loss in business owner employment was 17% for white business owners, 32% for Hispanic business owners and 26% for Asian business owners over the same time period (Fairlie, 2020).

Despite these racial gaps in losses to business employment, with Black business owners losing the most employment over the pandemic period, banking and lending policies intended to provide relief to business owners have targeted Black businesses. Under the Coronavirus Aid, Relief and Economic Security Act (CARES) and the Paycheck Protection Program (PPP) it created, only 12% of Black and Hispanic business owners who applied for aid from the Small Business Administration under the PPP received what they asked for (Flutter,

2020; Liu and Parilla, 2020) as of 2020. Just 26% said they had received a fraction of what they requested. And during the first phase of the PPP, 75% of loans went to businesses in census tracts with majority white populations, while just 68% of the population lives in majority white areas (Liu and Parilla, 2020).

Three main reasons have been provided for these trends. First, banks participating in the low interest forgivable loan PPP were only issuing loans to existing clients in the early stages of lending to speed up the approval process and allow potential borrowers quicker access to money needed during the pandemic. However, given that many Black-owned businesses were less likely to have commercial banking relations with major banks involved in these rapid lending process, they were often excluded from the initial round of lending. Second, banks were also allegedly more likely to prioritize larger loan applications to maximize fees, which automatically excluded minority and women owned businesses which tend to be smaller and have 30% fewer employees compared to male or white owned businesses according to analysis from the Brookings Institution (Flitter, 2020; Liu and Parilla, 2020).

Finally and crucially, lending discrimination against Black business owners and loan applicants, has been identified as a major barrier to access to credit for Black borrowers (Cowley, 2021; Lederer et al., 2020; Liu and Parilla, 2020). A study conducted by the National Community Reinvestment Coalition, a nonprofit based in DC, found that Black applicants for PPP loans, with exactly the same credit and asset profile as their white counterparts, were treated much worse, offered different products and less likely to be encouraged to apply for a loan by loan officers than white applicants. Black women fared even worse in the study, with no Black female customers encouraged to apply for loans by being assured they would qualify while white customers were more frequently assured that they would qualify for loans, compared to their Black counterparts (Lederer et al., 2020; Liu and Parilla, 2020).

3 The Role of Vaccination in Economic Recovery: Addressing Disparities in Access and Vaccine Compliance

Vaccination is a key part of the pandemic response and is crucial for any plan aimed at economic recovery in the next few months. Given the employment and broader economic challenges outlined in the previous sections and borne more heavily by Black communities, any effective pandemic response will need to focus on shoring up vaccine access and coverage in these communities. The current consensus from the public health community and from past studies on epidemics, is that vaccination coverage will need to be as high as 85% to 90% to get the positive external benefits of reduced disease exposure and infection rates from the virus (Carlsen et al., 2021; Archibong and Annan, 2021). Vaccination distribution began in the US in December, and as of April 11, 2021, around 22% of the population has been fully vaccinated, or just over 72 million people (Carlsen et al., 2021).

There are significant differences in vaccination rates by state, with rates of fully vaccinated populations as low as 15% in Georgia and as high as 29% in New Mexico. Around 3.5 million doses are being administered per day, and if the US continues vaccination at its current pace, the country is on track to hit the 85% threshold by August 2021 (Carlsen et al., 2021). Within these rates, there are racial disparities in access to vaccines and vaccination, with states with more Black and Hispanic populations receiving smaller shares of vaccines compared to their shares of cases and deaths and compared to their shares of the total population (Ndugga et al., 2021). For example, in California, 23% of vaccinations have gone to Hispanic people while they make up 55% of cases, 57% of deaths and 40% of the total population in the state. Comparably, in DC, Black populations have received 37% of vaccinations while making up 49% of cases, 69% of deaths and 46% of the total population (Ndugga et al., 2021). In contrast, areas with white populations have received a higher share

of vaccinations compared to their shares of cases and deaths and their shares of the total population; In Colorado, for example, 82% of vaccinations were received by white populations, while they make up 68% of the population (Ndugga et al., 2021). Across 41 states with data, the vaccination rate among white populations at 28% is 1.8 times higher than the rate for Hispanic populations (16%) and 1.6 times higher than the rate for Black populations (17%). The racial disparities in vaccination are summarized in Figure 3.

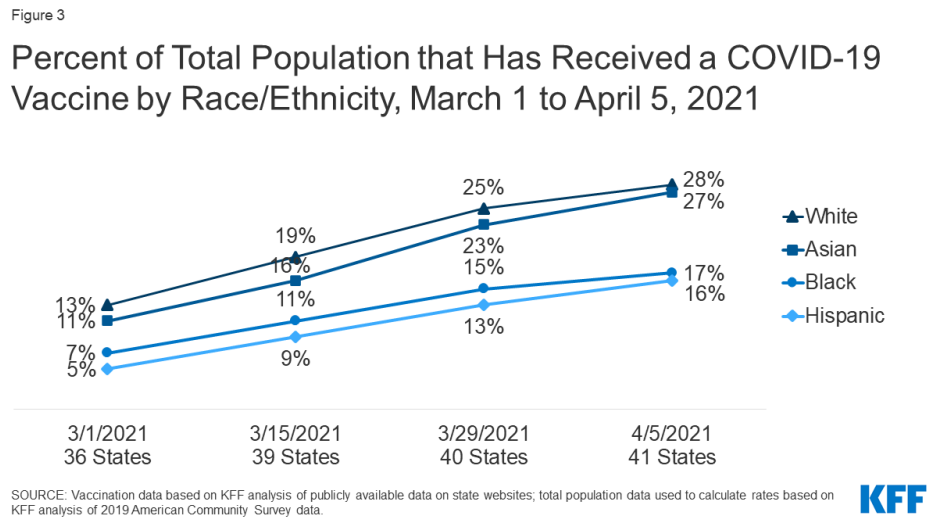


Figure 3: Racial disparities in COVID-19 vaccinations, 2021. Source: KFF

These racial disparities in vaccination are a significant barrier to vaccination and economic recovery, especially given that Black and Hispanic workers constitute a major part of the essential workforce in many states as discussed in Section 2. Section 4 outlines some policy recommendations to address these disparities in detail.

4 Policies for a More Equitable Post-Pandemic Economic Recovery

There are many different policies to address the issues related to racial disparities in economic recovery and vaccination during the pandemic that have been outlined in the preceding

sections. I outline four main recommendations here.

First, to address the disparities in employment risk and access to recovery aimed programs like the PPP, loans, cash grants and stimulus need to be more explicitly targeted to small businesses in Black neighborhoods and to low-income households as well. Previous research on epidemics has shown that these types of targeted aid in response to epidemics can reverse the short to medium and long-run negative effects of epidemics (Archibong, Annan, and Ekhatior-Mobayode, 2020). Micro loan programs should be targeted at small businesses in affected industries- restaurants, hotels, construction, for example, that have higher concentrations of Black business owners. Additionally, improved regulation and monitoring is needed to ensure no discrimination in lending practices, as well as an easy to access reporting system when such events occur. Processes need to be improved to make it easier for business owners in Black and Hispanic communities to apply for and access credit from these programs- including working with local community partners/banking institutions to provide information on how to access these programs.

Second, on the issue of disparities in vaccination, more vaccine clinics should be located in Black and Hispanic neighborhoods to improve ease of access to vaccination. On the demand for vaccination, it's important to acknowledge and factor in the history of anti-Black racism in medicine and its long-run detrimental effects on trust in health institutions, exemplified by events like the Tuskegee trials and how that, in addition to current racist practices in medicine, has increased mistrust in traditional health institutions among Black communities (Alsan and Wanamaker, 2018; Archibong and Annan, 2021). Research has shown that working with trusted local community partners to provide information on vaccination is an important and effective way to increase utilization of medical resources and vaccine uptake among these communities (Alsan and Wanamaker, 2018; Archibong and Annan, 2021).

Third, given the ways the pandemic has worsened and widened racial and gender dis-

parities in employment, health and wealth, with predictions, based on past research on epidemics, that these effects will last for long periods of time without immediate policy intervention (Archibong and Annan, 2017; Archibong, Annan, and Ekhatator-Mobayode, 2020), it's essential that policies that address the underlying drivers of these disparities be passed. Among them include, extending labor regulation protections to service sectors like home health aides, restaurant service workers (including eliminating tipping laws that allow employers to pay restaurant servers as low as \$2.50 an hour if they are tipped over a certain amount in a year). And extending sick paid leave, retirement benefits and other labor protections to workers in this sector as well. Others include universal health insurance, job guarantees, 'baby bonds' or government funded savings accounts for low-income families and cash grants to ensure households are able to smooth consumption during the pandemic (Archibong, 2020; Darity Jr et al., 2018). Support for access to unions for service workers to strengthen their bargaining power re-employers has historically been an important means of worker mobilization for these workers in the US. Access to information on labor protections, increased funding to the US Equal Employment Opportunity Commission (EEOC) and accompanying enforcement of anti-discrimination laws are essential policies as well (Archibong, 2020).

Fourth, we need to invest in environmental policies that reduce the health/environmental vulnerabilities faced by Black populations from pandemics; especially since recent scientific literature have provided evidence that future global warming and climate change may significantly increase the incidence of epidemics and pandemics in the future (Archibong, Annan, and Ekhatator-Mobayode, 2020). This means strengthening environmental regulation under the US Environmental Protection Agency (EPA). Given that Black neighborhoods tend to have higher levels of air pollution historically, for reasons related to racially discriminatory policies around where polluting industries were allowed to locate, they tended to have disproportionately higher rates of respiratory illness that place them at higher risk from contracting

COVID-19 (Ray, 2020; Currie, Voorheis, and Walker, 2020). Research has shown that investing in tightening environmental regulation like the Clean Air Act, led to improvements in air quality that significantly benefited Black neighborhoods and communities and helped thin racial gaps in access to air quality (Currie, Voorheis, and Walker, 2020).

These policies are essential for a more equitable economic recovery focused on improving the lives of all Americans in a post-pandemic economy.

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