Why Colorblind Policies Fail to Achieve Meritocracy

OVERVIEW

The Supreme Court's 2023 decision ending race-conscious affirmative action—and the broader push for "colorblind" or "merit-based" policies—has reignited debate about what fairness really means for American opportunity. But even in systems that ignore race, could inequality still emerge? That question drives new research by IPR economist and legal scholar **Chika Okafor**, who introduces *social network discrimination*—the phenomenon in which minorities suffer social and economic disadvantages simply because their social group is smaller.

In a study published in the *Journal of Law and Economics*, Okafor develops an economic model to test whether unequal outcomes emerge even when employers treat all workers identically. He finds that they can—and often do—because people tend to connect with others who resemble themselves. This tendency can unintentionally favor larger groups, giving their members access to more job referrals and better opportunities. Social network discrimination operates wherever opportunities flow through informal connections—including hiring, housing, education, and professional advancement.

IPR economist and legal scholar **Chika Okafor** studies how policies and institutions create and perpetuate inequality.

FINDINGS

Racial inequality emerges in hiring even when all workers have identical abilities and employers are completely race-blind. Minority workers receive fewer referrals and are less likely to be hired through personal networks. This happens because people tend to form social connections with others who are similar to them, a tendency known as *homophily*. For smaller minority groups, this means fewer connections to people inside companies who can refer them for jobs. This social network discrimination explains how unequal treatment can occur despite employers' best intentions.
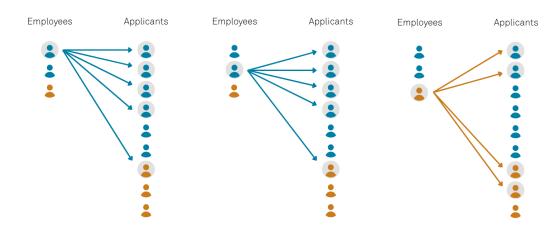
In Okafor's model, the majority group—White workers—earn more than equally qualified Black workers due to social network effects alone. Workers in the majority group benefit simply by being part of a larger network that shares more job opportunities, while minority workers must rely more on public job postings, which tend to offer lower pay. This wage gap estimation doesn't account for historical or structural inequalities, which likely make disparities worse.

Even small differences in group size can snowball into large gaps in job referrals and wages. As the majority group's share of the total population grows larger, minority workers' disadvantages increase faster than their smaller numbers would predict.

POLICY TAKEAWAYS

- True meritocracy requires race-conscious policies—not colorblind ones—that counteract social network discrimination.

- Even with equal qualifications and race-blind decisions, network-based opportunities disproportionately disadvantage minorities and may violate civil rights law.

- Policymakers should consider social network discrimination when shaping civil rights policies and guidance.

Okafor illustrates **social network discrimination** with an example of referral hiring. Even when **majority** and **minority** applicants are equally qualified and employers are colorblind, social connections form unevenly.

With the same level of homophily—people being twice as likely to connect with others like themselves—**only 4 of 14 social ties (less than 29%) are formed with minority applicants, even though they make up 33% of the group.**

METHODOLOGY

Okafor built a mathematical model demonstrating how inequality emerges from network-based hiring even when all workers have identical qualifications and employers are completely race-blind. The model incorporates three key factors: worker ability, majority/minority status, and social network structure shaped by people's tendency to connect with others like themselves. Using nationally representative data from the National Longitudinal Study of Adolescent to Adult Health, which tracks actual social networks, Okafor calibrated the model to estimate real-world effects.

REFERENCE

Okafor, C. 2025. Seeing through color blindness: Social networks as a mechanism for discrimination. *Journal of Law and Economics* 68(3): 519–60.

FACTS AND FIGURES

- Social network discrimination gives White workers systematic earnings advantages over equally qualified Black workers, even with race-blind employers.

- Conservative estimates show earnings gaps of several percentage points—likely an underestimate once historical and structural barriers are included.

- Okafor's model uses nationally representative data in which the White majority share is 70%. Network density—the likelihood a worker has a social tie—was estimated at 0.63 for Black workers and 0.61 for White workers.