

ABSTRACT

In this paper we review the research evidence on the effects of Affirmative Action in employment, university admissions and government procurement. We consider effects on both *equity* (or distribution) as well as *efficiency*. Overall, we find that Affirmative Action does redistribute jobs, university admissions and government contracts away from white males towards minorities and females, though the overall magnitudes of these shifts are relatively modest. We also find that Affirmative Action shifts jobs and university admissions to minorities who have weaker credentials, but there is little solid evidence to date of weaker labor market performance among its beneficiaries. While those students admitted to universities under Affirmative Action have weaker grades and higher dropout rates than their white counterparts at selective schools, they seem to benefit overall in terms of higher graduation rates and later salaries. Affirmative Action also generates positive externalities for the minority and low- income communities (in terms of better medical services and labor market contacts), and perhaps for employers and universities as well. More research on a variety of these issues is also clearly needed.