

FALSE CLAIMS ATTACKS ON DEI DISGUISED AS ECONOMIC RESEARCH



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On April 13, 2026, the White House released its annual Economic Report of the President. Buried inside [Chapter 10: The Economic Consequences of DEI \(pages 207–216\)](#) was a study claiming that DEI programs have cost the American economy \$94 billion per year, dragged down productivity in every industry that adopted them, and effectively reversed the economic gains of the Civil Rights Act.

The Wall Street Journal covered it the same day. By morning it was everywhere.

I want to tell you what that study actually is. Not what it claims to be — an independent economic analysis by credentialed economists serving on the President’s Council of Economic Advisers — but what it is in the architecture of the coordinated, multi-year campaign I have spent the past two years documenting: the campaign I call the False Claims Assault.

It is Narrative Seeding. Stage One of a five-stage model whose ultimate objective is not economic truth but the elimination of inclusion programs from American corporate and civic life. And it is the most sophisticated version of that stage yet deployed, because this time the vehicle is not an EEOC complaint filed by a right-wing legal group. It is the annual Economic Report of the President itself.

When the conclusion of your study restates the political objective of the administration that commissioned it, you are not doing economics. You are doing political strategy — with a regression table attached.

What the Study Claims to Have Found

Let me be precise about the study’s actual claims, because precision is the only tool that works against a document designed to produce impressions rather than illuminate facts. The full text of Chapter 10 is publicly available at [govinfo.gov \(pages 207–216\)](#) and I encourage every reader to consult it directly before accepting either its findings or my critique.

The [Council of Economic Advisers](#) tracked the representation of Black, Hispanic, and Indigenous people in management roles using federal data by industry, state, and year from 2005 to 2023. It found that minority management representation rose by less than one percentage point between 2005 and 2015, then by nearly four times that amount from 2015 to 2023. It then found that by 2023, industries with the highest rates of minority management growth were approximately 2.7% less productive than those with the lowest. From that correlation, the study extrapolated a national GDP cost of \$94 billion annually — approximately \$1,160 per household with two working adults.

The study’s explanation for this pattern: DEI programs, which became prominent after McKinsey’s 2015 diversity-performance research and surged after George Floyd’s murder in 2020, drove organizations to ‘rapidly promote unqualified workers in order to meet racial quotas.’ Those unqualified managers, the study argues, created ‘inefficient management’ that raised the cost of doing business and reduced output.

The study's final sentence is worth quoting in full, because it reveals the report's actual function: 'In sum, American corporations have increasingly begun to roll back their DEI programs in response to the revival of American meritocracy under the leadership of the Trump administration, curtailing DEI and the economic losses that came with it.'

That is not a finding. That is a press release. And it is embedded in a document the White House released as economic research.

Six Methodological Failures That Make This Study Indefensible

I am going to be specific here, because specificity is what distinguishes analysis from assertion — which is precisely the distinction the study itself declines to make.

FLAW 1: They never measured DEI. They measured minority representation and called it DEI.

The study has no variable for DEI adoption. It has no survey data on which companies implemented programs. It has no database of DEI commitments. What it has is minority management representation data — an outcome that might follow from DEI, or from labor market changes, or from the long-delayed correction of prior exclusion, or from many other factors. Treating representation as a proxy for DEI adoption and then claiming DEI caused the productivity correlation is a circular argument: they defined DEI as the thing they wanted to blame, then found the thing they defined.

● **Fatal flaw: the study's independent variable does not measure what it claims to measure.**

FLAW 2: There is no control group — a requirement so basic the WSJ noted it themselves.

The Wall Street Journal's own coverage stated: 'Identifying with confidence the impact of DEI would have required tracking companies that adopted such policies against a control group that didn't.' The study has no such group. This means any economic force operating between 2015 and 2023 that correlated with industry demographics could produce the same result. Automation concentrated in industries with different demographic profiles. Post-COVID remote work productivity disruption. The Great Resignation affecting management stability. The interest rate environment of 2022–23 suppressing output in capital-intensive industries. None of these are controlled for.

● **Fatal flaw: without a control group, the study cannot establish causation under any standard of economic research.**

FLAW 3: The 'unqualified workers' claim has zero evidentiary support.

The study asserts that minority management growth reflects 'rapidly promoting unqualified workers to meet racial quotas.' It presents no qualification data. No test scores. No performance records. No education or credential comparisons between promoted managers before and after 2015. No assessment of whether actual job performance differed. The 'unqualified workers' claim is an ideological assumption inserted into an economic analysis and dressed up as an inference from the data. It is not. It is a judgment about the cause of minority management growth that the study's data cannot support.

● **Fatal flaw: characterizing increased minority representation as 'unqualified promotion' with no supporting qualification evidence is not analysis. It is prejudice with footnotes.**

FLAW 4: The \$94 billion cost estimate is calculated by ignoring competitive reallocation.

Basic economic logic holds that if Company A loses productivity by doing X, and Company B does not do X, Company B gains market share from Company A. The aggregate economic harm is therefore far smaller than Company A's loss in isolation, because Company B captured output that Company A left on the table. The study's national GDP cost estimate ignores this entirely. It takes industry-level productivity differences and extrapolates them to the national economy as if productivity lost in DEI-adopting industries simply vanished rather than flowing to competitors. The WSJ itself noted this calculation 'seems unusually high.' It is not merely unusually high. It is arithmetically indefensible.

● **Serious flaw: the headline number is designed to generate media impact, not illuminate economic reality.**

FLAW 5: Reverse causality is at least as consistent with the data.

Green and Hand (2024), cited approvingly in the study, found that financial outperformance leads to more diversity — not the reverse. This finding implies a specific and damaging alternative interpretation of the study's data: industries experiencing productivity pressure after 2015 (retail disruption, legacy tech, hospitality) adopted visible public DEI commitments as reputation management in struggling competitive environments. In that reading, low productivity caused visible DEI adoption — the exact reverse of the study's claim. The study does not engage this alternative. It cannot, because engaging it would require the control group it does not have.

- **Serious flaw: the causal arrow may run precisely opposite to the study's claim.**

FLAW 6: Entire groups and an entire historical event were excluded from the analysis. The study explicitly excluded Asian Americans, women, and LGBTQ+ workers from its demographic analysis. It then attributes the productivity findings to 'DEI' — a framework that encompasses precisely those excluded groups. More consequentially, the study's 2015–2023 window spans the COVID-19 pandemic, the largest disruption to workplace productivity in modern history. The Great Resignation. Mass tech layoffs. Supply chain collapse. Remote work adoption at scale. The study controls for none of these. It finds a productivity correlation and attributes it to DEI because DEI is what the study was commissioned to implicate.

- **Structural flaw: selective exclusion of confounding variables and population groups is not a limitation. It is a design choice that predetermined the finding.**

The study's own data shows that minority managers had no negative productivity association before 2017. The only thing that changed after 2017 was that more of them were promoted. The study calls this evidence of unqualified promotion. I call it the correction of sixty years of documented exclusion.

This Is Not a Study. It Is Stage One of the False Claims Assault.

In my 2024 report, I documented 38 legal challenges filed by America First Legal against progressive corporations and named the five-component strategy behind them: REVERSITY. A coordinated campaign to reverse the trajectory of inclusion in American corporate life by establishing that DEI programs constitute illegal discrimination against white Americans, and by using the institutions of civil rights law as weapons against the very organizations those institutions were built to hold accountable for fairness.

Two years later, that strategy has acquired the power of the federal government. The same architects who designed AFL's complaint campaign are now in the DOJ. The IBM settlement of April 2026 — \$17 million under the False Claims Act, without adjudicated findings, without individual complainants, resolved under the threat of treble damages and debarment — is their enforcement instrument. And this White House study is their narrative instrument.

In the False Claims Assault Model, Stage One is Narrative Seeding: the planting of a claim — without full evidentiary development, without peer review, without adversarial challenge — that can then be amplified through institutional authority and media distribution to shape organizational behavior before any specific organization has been charged with any specific violation. The AFL did this through EEOC complaints in 2023 and 2024. The Council of Economic Advisers did it through the annual Economic Report of the President in April 2026. The sophistication of the upgrade should not be underestimated. An EEOC complaint from a right-wing legal group is identifiably partisan. An economic study released by the White House under the imprimatur of 'economists on leave from Columbia, Wisconsin, Harvard, Purdue,' and other research institutions carries the appearance of institutional neutrality.

The Wall Street Journal covers it as economic news, not political advocacy. And the finding — that DEI costs American families \$1,160 per year — lands in the public consciousness as a fact rather than as what it actually is: a policy brief with a regression table that would not survive peer review attached to justify a conclusion its authors reached before they ran their analysis.

What the Evidence Actually Supports

I am not going to argue that every DEI program ever implemented was well-designed, legally sound, and optimally effective. The Architecture of Inclusion's Measurement, Monitoring, and Performance Review manuscript addresses that question in depth, and its answer is honest: some program design elements — diversity modifiers tying executive bonuses to specific demographic headcounts, for instance — crossed legal lines that have been clearly established since the 1970s. Those elements should be corrected. The IBM settlement, whatever its procedural deficiencies, identified a real program design problem.

But the question this study pretends to answer — does the broad project of building more inclusive organizations damage economic performance? — is a question whose honest answer is: the evidence is mixed, context-dependent, and nowhere near as settled as the White House's \$94 billion headline implies. McKinsey's 2015 and 2020 research found positive correlations between diversity and financial performance. Green and Hand's 2024 replication found no correlation. Neither finding is the last word, and neither supports the White House study's negative causal claim. What the accumulated research actually shows is that demographic representation alone — the number on the org chart — is a poor predictor of organizational outcomes in either direction. What predicts outcomes is whether the organization has built the structural conditions under which diverse people can genuinely contribute: the process integrity, the psychological safety, the equitable evaluation architecture, the barrier-removal discipline that the Architecture of Inclusion has always argued is the real work.

You cannot measure that with management representation data disaggregated by race across industries. And a study that claims to have done so — and to have found a \$94 billion annual cost — is not telling you what it claims to be telling you. It is telling you what it was commissioned to say.

The Deeper Problem: Government Using Its Credibility to Do What Evidence Cannot

There is something specific happening here that goes beyond a bad economic study. The executive branch of the United States government is using its institutional credibility — the Council of Economic Advisers, the annual Economic Report of the President, the Wall Street Journal front page — to advance a narrative that its enforcement apparatus is simultaneously advancing through the False Claims Act, executive orders, and the destruction of the OFCCP's proactive audit capacity.

This is, in the architecture of the False Claims Assault, the completion of a circle. The enforcement tools (FCA, executive orders) generate legal risk for organizations maintaining visible inclusion programs. The evidentiary tools (dismantlement of OFCCP, overturning of Chevron deference) remove the institutional infrastructure that would distinguish lawful good-faith compliance from genuinely illegal quota systems.

And the narrative tools (this study, its media coverage, its \$94 billion headline) provide the cultural justification that makes organizations' quiet retreat from inclusion commitments feel not merely prudent but patriotic. An organization that reads this study and quietly eliminates its diversity programs is not responding to evidence. It is responding to a carefully engineered environment in which the costs of maintaining inclusion have been raised — legally, financially, and now reputationally — to the point where retreat feels rational. That engineering is the False Claims Assault's most consequential achievement: producing the organizational behavior its architects want without requiring proof that any specific organization violated any specific law.

The Fifth Amendment's due process guarantee and the Fourteenth Amendment's equal protection clause are not suspended because the Council of Economic Advisers published a study. Title VII has not been repealed. *Griggs v. Duke Power* — the 1971 Supreme Court decision establishing that facially neutral practices producing disparate impact on protected groups constitute unlawful discrimination — has not been overturned. The legal obligation not to discriminate, and the legal recognition that neutral processes can embed discrimination in their outcomes, are as binding today as they were when they were enacted. A government that uses its economic credibility to stigmatize the organizations trying to comply with those obligations is not enforcing civil rights law. It is using the prestige of economic analysis to do what enforcement without evidence cannot: produce conformity.

What I Would Say to the Wall Street Journal's Editors

I have enormous respect for the institutional role that the Journal's opinion pages play in American public discourse. That is precisely why the coverage of this study deserves scrutiny that the initial reporting did not apply. When a government study is released by a Council of Economic Advisers that has been documented — by the Committee for a Responsible Federal Budget and by independent economists — to produce economic projections 'many times higher than other estimators' and based on 'fantastical assumptions'; when that study's own authors are not identified, as the Journal noted; when the study's conclusion is a verbatim restatement of the administration's political objective; and when the study's core methodology relies on a proxy variable for a policy that was never directly measured, without a control group, without qualification data, without controls for the largest economic disruption in a century — the appropriate journalistic response is not to publish the \$94 billion headline and note some caveats at the bottom. It is to ask whether this document meets the evidentiary standard the Journal applies to any other economic claim.

I am asking that question now. And my answer, grounded in forty years of building the architecture of inclusion from the inside of organizations, in two years of documenting the False Claims Assault campaign that produced this study, and in the methodological analysis I have laid out above, is clear.

This study does not meet that standard. It is policy dressed as research. It is Narrative Seeding dressed as the Economic Report of the President. And it is designed to produce the same outcome that every prior stage of the False Claims Assault has been designed to produce: the quiet retreat of organizations committed to inclusion, achieved not through proof of wrongdoing but through the engineering of an environment in which maintaining that commitment feels too costly to justify.

The defect was never diversity. The defect is exclusion — embedded in systems designed before we knew better, now being protected by an administration using the government's own credibility as the instrument of its protection.

I have spent forty years building the architecture of inclusion because I believe — and the evidence I have seen in those forty years supports this belief — that organizations designed to access and develop the full range of human capability available to them make better decisions, produce stronger innovation, serve their communities more effectively, and build more durable institutions than those that replicate their own demographics through familiarity and unexamined preference.

That belief is not refuted by a government study that measures minority management representation, assumes without evidence that the growth reflects unqualified promotions, finds a correlation with productivity variation it cannot explain, and then declares that DEI reversed the gains of the Civil Rights Act. That is not an economic finding. It is a political declaration. And it deserves to be treated as one.

The Architecture of Inclusion stands. The work continues. And the defect — as it has always been — is not diversity.