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HAVE BLACK LABOR MARKET GAINS POST-1964  
BEEN PERMANENT OR TRANSITORY?

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Post-1964 Been Permanent or Transitory?

ABSTRACT

One of the most important questions regarding black economic gains post-1964 is whether they are permanent or transitory. This study examines the relative economic progress of black cohorts and of individual black workers in longitudinal samples to evaluate the permanence of changes. It finds that the preponderance of evidence runs against the proposition that the post-1964 advances have been transitory or illusory. Measured by earnings of workers and occupational attainment, blacks have continued to make significant progress in the 1970s. Measured by the increase in earnings of specific cohorts, black gains did not dissipate due to slow growth of earnings.

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The question of whether the labor market gains of black workers which followed in the wake of the Civil Rights Act of 1964 and diverse governmental and private antibias activities are permanent or transitory has recently begun to receive attention. Some claim that blacks have experienced a drop in economic position in the sluggish economy of the 1970s.<sup>1/</sup> Others assert that recent gains are illusory, transitory in the sense that as the young black cohorts for whom gains have been most noticeable age, they fail to obtain the same salary increases as whites, falling back to their previous relative economic status.<sup>2/</sup>

To what extent are these claims supported by the data? How have black workers, particularly the young cohorts of the late 1960s-early 1970s who made unprecedented economic gains compared to whites in wages, occupational attainment, and earnings (but not in the chances of being employed) fared in the ensuing decade?

This study uses six different data sets: the National Longitudinal Survey of Young Men ("Parnes" survey), the National Longitudinal Survey of the High School Graduates in the Class of 1972, the March Current Population Survey tapes, the May Current Population Survey tapes, the 1962 and 1973 Occupational Change in a Generation surveys, and the Michigan Panel Survey of Income Dynamics to evaluate the cohort or longitudinal progress of black workers post-1964. Since any evaluation of post-1964 changes depends not simply on what happened after the antibias effort but also before, an effort is made to contrast the longitudinal/cohort progress of blacks post-1964 with progress in earlier decades. The paper concentrates on young male workers for whom age-earnings profiles have historically been steep, and for whom lack of earnings growth is potentially most severe.<sup>3/</sup>

The major finding of the paper is that, while there are measures of economic position and groups for whom retrogression is observed, the preponderance of evidence runs against the proposition that the post-1964

advances have been transitory or illusory. Measured by earnings of workers and occupational attainment, blacks have continued to make significant progress in the 1970s. Measured by the increase in earnings of specific cohorts, black gains did not dissipate due to slow growth of earnings so as to make the heralded progress 'illusory'.

This is not to deny that in certain aspects of their economic position, blacks encountered serious problems in the 1970s: because of continued decreases in the proportion of black families with male heads of households, black family incomes did not rise relative to white family incomes; in the 1970s, despite increases in black incomes relative to white incomes among individuals an employment crisis did develop for young blacks, particularly those from disadvantaged backgrounds; and the earnings of some black workers did not increase as rapidly as those of whites.

Overall, however, the general picture that emerges from a wide body of empirical analysis is of either continued progress, or at least lack of retrogression in the gains accrued earlier.

The paper first reviews the aggregate evidence on black labor market progress in the 1970s, and as a benchmark for comparison, earlier decades as well. After that, it examines the earnings position of persons with specified characteristics and of persons in a given cohort in Census of Population and Current Population Survey (CPS) data sets. Then the paper presents a detailed analysis of cohort progress in the CPS and longitudinal data sets. There is a brief summary and conclusion.

#### Changes in the 1970s

As a starting point for evaluating black economic progress in the 1970s, Table 1 summarizes readily available evidence from the Census of Population and Current Population Survey. It records ratios of black to white incomes/earnings/occupational representation in the earlier post-World War II years for which data are available, in 1964, in 1969, and in

Evidence on Black Earnings or  
Income Progress in the 1970s

<u>Males</u>	<u>1949</u>	<u>1964</u>	<u>1969</u>	<u>1979</u>	<u>Change 1969-79</u>
<u>1. Median Wages and Salaries</u>					
All workers	.50	.59	.67	.72	.05
Year-round and full-time workers	.64 (1955)	.66	.69	.76	.07
<u>2. Median or usual weekly earnings</u>					
	--	.69 (1967)	.71	.78	.07
<u>3. Median Income, by Age (1949) and year-round full-time workers (other years)</u>					
	<u>1949</u>	<u>1959</u>	<u>1969</u>	<u>1979</u>	<u>Change 1969-79</u>
20-24	.66	.64	.82	.77	-.05
25-34	.60	.61	.72	.74	.02
35-44	.55	.59	.68	.78	.10
45-54	.54	.55	.68	.59	-.09
<u>4. Median Income or Mean earnings for young men 25-29 years old, by education</u>					
	<u>1949</u>	<u>1959</u>	<u>1969</u>	<u>1978</u>	<u>Change 1969-78</u>
High school graduates	.73	.70	.77	.81	.04
College graduates	.67	.70	.83	1.06	.23
<u>5. Ratio of Percentage of all nonwhites employed in occupations to percentage of all whites in occupations</u>					
	<u>1950</u>	<u>1964</u>	<u>1969</u>	<u>1979</u>	<u>Change 1969-79</u>
Professionals	.39	.45	.48	.54	.06
Managers	.22	.22	.28	.37	.09
Craftsmen	.41	.58	.68	.81	.13
Managers, college graduates only	.42	.41	.49	.75	.26

TABLE 1 (cont.)

<u>Females</u>	<u>1949</u>	<u>1964</u>	<u>1969</u>	<u>1979</u>	<u>Change 1969-79</u>
<u>6. Median wages and salaries</u>					
All workers	.40	.58	.79	1.01	.22
Year-round and full-time workers	.57 (1955)	.69	.82	.94	.12
<u>7. Median usual weekly earnings</u>					
	—	.80 (1967)	.83	.95	.12
<u>8. Ratio of percentage of all non-whites in occupations to percentage of all whites in occupations</u>					
	<u>1950</u>	<u>1964</u>	<u>1969</u>	<u>1979</u>	<u>Change 1969-79</u>
Professionals	.47	.60	.70	.75	.05
	.15	.33	.55	.79	.24

Source:

Lines 1, 3, 4, 6: U.S. Bureau of the Census.

Lines 1 & 6 take the ratio of black and other race's earnings to whites.

Lines 3 & 4 the ratio of blacks to all other workers.

1949: Census of Population 1950; Special Reports: Education, Table 13.

1959: Census of Population 1960; Subject Reports: Educational Attainment, Table 6.

1964: Current Population Reports, Consumer Income Series P-60, No. 47, Table 33.

1969: P-60, No. 75, Tables 45 & 59 (lines 1,3,6) and Census of Population 1970: Subject Reports: Educational Attainment, Table 7 (line 4).

1978: Series P-60, No. 123, Table 151.

1979: P-60, data from Census worksheets corresponding to Tables 29, 51, and 60.

Lines 2 & 7: Monthly Labor Review, various issues. 1979 figure is for 1978.

Lines 5 & 8: U.S. Bureau of Labor Statistics, Educational Attainment of Workers, Special Labor Force Reports No. 240, Table K, p. A-21; No. 125, Table J, p. A-29; No. 53, Table J, p. A-14.

1950 employment from Census of Population 1950, Education P-E No. 5B, Table 11, pp. 88-94 (figures for 15 and over).

1978-79. The final column records the change in the relevant ratios in the 1970s period of concern. Due to differences between Census of Population and CPS income data, comparisons should be limited to data from the same source: accordingly, in several of the more detailed contrasts, I have reported figures from both data sets.

The table tells a clear story about the 1970s. If the black position in the labor market deteriorated in the period, the changes in ratios in Column 5 would be negative. They are not. They are, with one exception, positive: in several cases, rather substantively so. As many have noted,<sup>4/</sup> blacks traditionally suffer more in weak labor markets than whites. Since the latter part of the 1970s, in particular, was a period of sluggish overall economic performance, whereas 1969 was a peak boom year, the continued positive trend in black economic position occurred despite cyclical forces operating against blacks, which makes the 1970s trends particularly impressive as indicative of substantial underlying economic changes.

While the Table 1 data tell a reasonably clear story about earnings and occupational progress in the 1970s labor market, they do not tell the entire story. In two important areas of economic position there were serious problems.

First, while individual black earners, both male and female had earnings gains, black family incomes stabilized relative to white family incomes. In 1968 the ratio of black to white family incomes was 64%; in 1978, it was 64%. The reason for this lack of improvement is, as noted by the Bureau of Census,<sup>5/</sup> that the proportion of homes with male heads of households declined at a much more rapid pace for blacks than for whites. Relative family incomes, while important for social reasons, are of course an erroneous measure with which to judge changes in labor market discrimination over the period.

The second and equally serious change in black economic position

has been the reduced labor participation and measured unemployment, particularly among the young. In 1964 the black male civilian employment/population ratio stood at .73; in 1969, it was .73; in 1979 it was .64. By contrast, for white males, the ratio went from .78 (1964) to .78 (1969) to .75 (1979). As noted elsewhere, the youth unemployment problem of the decade was one of increasing relative worsening in the black youth position, for reasons that no one has yet satisfactorily explained.

For black workers with the same job over the year, particularly full-time workers, however, the 1970s was a period of progress, as shown in Table 1.

#### Cohort economic advance

That black/white income ratios rose for workers overall or with given characteristics does not imply that the ratios improved for specific cohorts as they aged in the 1970s. It is possible that particular groups obtained sizeable gains in the late 1960s-early 1970s which, for whatever reason, dissipated thereafter. As with other period comparisons, however, it is important to examine the 1970s changes in income ratios for cohorts from the perspective of earlier cohort changes. It is possible, for example, that black cohorts, particularly the youngest where the minimum wage cuts most importantly, have traditionally experienced less rapid increases in income as they age than white cohorts. If this pattern were to weaken in the 1970s, one would not want to misinterpret an improvement in traditional cohort patterns as evidence of 'transitory' gains.

Evidence on the economic progress of specific cohorts prior to the 1970s is exceedingly sparse with evidence on cohort advance prior to 1964 essentially limited to Census of Population data and the 1962 Occupational Change in a Generation Survey. Accordingly, any analysis of data to obtain a benchmark for comparison must be exceedingly circumspect. We can, perhaps, identify broad patterns but no more than that to use as a measuring



rod for later changes.

Panel A of Table 2 summarizes the relevant Census of Population data on how specified age cohorts progressed in the 1950s and 1960s. It tells a somewhat different story of cohort income progress in the two decades, particularly for the youngest group considered. In the 1950s, the general pattern for 14-24 year olds is for a decline in nonwhite/white income ratios as the cohort ages, whereas in the 1960s, the pattern shows greater evidence of stability. In the older age groups, the differences are smaller, with the evidence sufficiently mixed as to suggest a rough stability in income ratios as the most reasonable generalization for the pre-1970s period, with the 1960s looking somewhat better for blacks aged 25-34 at the outset than the 1950s does for similarly aged blacks.

What about the 1970s?

7/

Panel B summarizes available CPS median data on this question. While any firm conclusion about differences with the earlier periods are marred by differences in the sources and in the precise age groups covered, the data yield a sufficiently clear picture as to sustain the following conclusion about the 1970s itself: on the basis of published CPS data, there is no indication of a retrogression in the position of black cohorts relative to whites, as the two groups aged. At the least, the seventies do not look worse compared to earlier decades, which implies that the gains of the period were relatively permanent.

#### Cohort Patterns in Current Population Survey Data Tapes

To obtain a more refined measure of the changing economic position of black cohorts, I have analysed data from the March and May CPS Surveys. These surveys contain information on the yearly and weekly wages and salaries and self-employment earnings of thousands of workers. They have the advantage of covering a large population on an annual basis, which permits comparison of cohorts over time, and the disadvantage of not following the same persons

TABLE 2

Cohort Income Patterns In the 1950s, 1960s and 1970s

PANEL A: Census of Population Data for the 1950s and 1960s

<u>Cohort Aged</u> <u>14-24 in</u>	<u>Ratio Median Incomes: Nonwhite/White</u>		<u>Change</u>
	<u>At outset</u>	<u>Ten years later</u>	
1949	.68	.58	-.10
1959	.71	.68	-.03
<u>Elementary school graduates</u>			
1949	.83	.65	-.18
1959	.79	.71	-.08
<u>High school graduates</u>			
1949	.76	.67	-.09
1959	.71	.75	.04
<u>Cohort Aged 25-34</u>			
1949	.56	.57	.01
1959	.58	.62	.04
<u>Elementary school graduates</u>			
1949	.72	.70	-.02
1959	.65	.69	.04
<u>High school graduates</u>			
1949	.66	.67	.01
1959	.67	.73	.06
<u>College graduates</u>			
1949	.64	.57	-.07
1959	.65	.64	-.01

TABLE 2 (cont.)

<u>Cohort Aged 35-44</u>	<u>Ratio Median Incomes: Nonwhite/White</u>		<u>Change</u>
	<u>At outset</u>	<u>Ten years later</u>	
1949	.53	.53	-----
1959	.57	.58	..01
<u>Elementary school graduates</u>			
1949	.64	.70	..06
1959	.70	.72	.02
<u>High school graduates</u>			
1949	.66	.67	.01
1959	.71	.72	.01
<u>College graduates</u>			
1949	.59	.53	-.06
1959	.57	.56	-.01

PANEL B: Current Population Reports Data After the 1970s

<u>Cohort Aged 20-24 in</u>			
1970	.77	.85	.08
1971	.86	.81	-.05
1972	.81	.77	-.04
1973	.79	.90	.11
1974	.79	.77	-.02
Average			-.02

<u>Cohort Aged 25-29 in</u>			
1970	.72	.72	.00
1971	.73	.73	.00
1972	.72	.74	.02
1973	.76	.82	.06
1974	.80	.79	-.01
Average			.01

TABLE 2 (cont.)

<u>Cohort Aged 25-34 in</u>	<u>Ratio Median Incomes: Nonwhite/White</u>		<u>Change</u>
	<u>At outset</u>	<u>Ten years later</u>	
1967	.73	.74	.01
1968	.71	.77	.06
1969	.70	.76	.06
Average			.04
<u>Cohort Aged 35-44 in</u>	<u>At outset</u>	<u>Ten years later</u>	<u>Change</u>
1967	.61	.59	-.02
1968	.63	.69	.06
1969	.66	.65	-.01
Average			.01

Source:

Panel A - United States Census of Population: 1950, 1960, 1970

1949: Special Reports: Education, Tables 12 (number in each age group) and 13 (median incomes).

1959: Subject Reports: Educational Attainment, Table 6.

1969: Subject Reports: Educational Attainment, Table 7.

Note: 14-24 and 25-34 incomes for both whites and nonwhites were calculated by taking number of people found in each sub-age group (14-17, 18-19, 20-21, 22-24, 25-29, 30-34) as weights for the median incomes of each group to arrive at an 'average' median income, as the median incomes were only reported by these sub-groups. Also, the white median income for each sub-age group was calculated as the (total males of the age and education group x the total males' median income) - (total nonwhite males of group x nonwhite males' median income) all divided by (total males - nonwhite males), as only total and nonwhite figures were reported.

Panel A - Current Population Reports, Series P-60; 1967-79; Number 123, Table 49; Number 118, Table 46; Number 114, Table 46; Number 104, Table 46; Number 101, Table 53; Number 97, Table 53; Number 90, Table 47; Number 85, Table 45; Number 80, Table 45; Number 75, Table 45; Number 66, Table 39; Number 60, Table 19; and 1979 figures courtesy of the Census Bureau.

over time. I use the CPS data to estimate semi-logarithmic earnings functions for the 1970s, with the March tapes covering 1968-1977 and the May tapes covering 1969-1978. The one year difference in the years covered reflects the fact that the March tapes in a year relate to earnings in the previous year while the May tapes relate to pay in the same year.

The earnings function estimates are given in Table 3. For comparability with other studies, the sample excludes farmers, farm workers, or self-employed persons, and students. The dependent variables are yearly earnings (wage and salary plus self-employment income of wage and salary non-farm workers) and weekly earnings (yearly earnings divided by weeks worked) in the March tapes and usual weekly earnings in the May tapes. Each regression treats the relevant age sample, with dummy variables for education groups and for individual age (experience) as well, though only the coefficient on the race dummy variable is reported in the table. The regressions trace the age or experience cohort listed in the far left, as it ages. The 1968 regression for 18-24 year olds, for example, shows the difference in log earnings of black and whites (education and age fixed) in 1968, whereas the 1978 regression shows the differences for the same cohort nine years later, when they are aged 27-31. By following the difference in coefficients over time we can see how black cohorts fared relative to white cohorts in the 1970s.

The CPS data tell a mixed story about black cohort progress in the period studied, with declines in the position of black cohorts in the very youngest age or experience group but increases in the older age or experience group. More precisely we find drops of 3 to 7 points among 18-24 year olds and of 5 to 13 points among the 0-5 experience group compared to no change among 25-29 year olds and some improvement for 30-34 year olds and those with 6-10 years of experience. As a result of the divergent patterns, there appears to be some suggestion of a convergence in racial income

TABLE 3: Changes in Cohort Earnings Differences Between Black and White Male Workers with Age Dummies 1968-78 (All Workers)

A. March CPS Tapes

	Yearly Earnings		Change in Coefficients	Weekly Earnings		Change in Coefficients
	1968	1977	1977-68	1968	1977	1977-68
<u>Age in 1968</u>						
18-24	-.23 (.04)	-.26 (.04)	-.03	-.15 (.04)	-.20 (.03)	-.05
25-29	-.30 (.04)	-.30 (.04)	.00	-.25 (.03)	-.25 (.03)	.00
30-34	-.34 (.03)	-.30 (.05)	.04	-.31 (.03)	-.24 (.04)	.07
<u>Experience<sup>a</sup></u>						
0-5	-.19 (.05)	-.24 (.04)	-.05	-.05 (.05)	-.18 (.03)	-.13
6-10	-.30 (.03)	-.26 (.04)	.04	-.28 (.03)	-.19 (.03)	.09

B. May CPS Tapes

	Estimated Weekly Earnings		Change in Coefficients
	1969	1978	1978-69
<u>Age in 1969</u>			
18-24	-.10 (.03)	-.17 (.02)	-.07
25-29	-.25 (.02)	-.24 (.03)	.01
30-34	-.23 (.02)	-.31 (.03)	.08
<u>Experience<sup>a</sup></u>			
0-5	-.04 (.04)	-.16 (.03)	-.12
6-10	-.28 (.02)	-.21 (.03)	.07

Note: All regressions that included variables for other age or experience by years of education groups were 0-8, 9, 10, 11, 12, 13, 14, 15, 16, 17+. Persons for whom the imputed years of experience were negative have been deleted from both age and experience samples for comparability of the samples.

Age dummies were included for each year in the age group. Both the March as well as the May CPS tape samples were defined as: black and

TABLE 3 (cont.):

white males, age 18-34; with wages, weeks worked, and experience greater than zero; excluding self-employed, agricultural workers, and students. Earnings are wages and self-employment income; weekly and annual earnings/weeks worked. Experience is age minus completed years of education minus 6.

For the experience regressions, age group extended to 18-36 so that 0-5 years of experience coefficients could be calculated. Experience dummies were included for each year within the experience group.

- a) For the March CPS tapes, the  $R^2$  for annual earnings, 1968 (with sample sizes in parentheses) were 18-24, .215 (4424); 25-29, .107 (3874); 30-34, .176 (3489). The  $R^2$  for weekly earnings, 1968 were 18-24, .142; 25-29, .103; 30-34, .172.

The  $R^2$  for annual earnings, 1977 were 18-24, .080 (6648); 25-29, .120 (3727); 30-34, .163 (3144). The  $R^2$  for weekly earnings, 1977 were 18-24, .090; 25-29, .146; 30-34, .174.

The  $R^2$  for annual earnings for 0-5 years of experience were 1968, .343 (4326); 1977, .107 (3952). The  $R^2$  for weekly earnings were 1968, .227; 1977, .107.

The  $R^2$  for annual earnings for 6-10 years of experience were 1968, .269 (3807); 1977, .185 (3700). The  $R^2$  for weekly earnings were 1968 .230; 1977, .197.

- b) For the May CPS tapes, the  $R^2$  for 1969 (with sample sizes in parentheses) were 18-24, .301 (4005); 25-29, .129 (3741); 30-34, .214 (3253).

The  $R^2$  for 1978 were 18-24, .103 (5028); 25-29, .170 (2656); 30-34, .200 (2072).

The  $R^2$  for 0-5 years of experience were 1969, .355 (3813); 1978, .108 (3034).

The  $R^2$  for 6-10 years of experience were 1969, .272 (3553); 1978, .171 (2737).

differentials among persons of different ages in the period, with the groups having the smallest initial differentials showing a worsening and the groups having the largest differentials an improvement in the relative position of blacks. Overall, our analysis of the CPS tapes presents a more complex picture of cohort changes than is shown in the published data, with some support for the proposition that the youngest group (analyzed by Lazear) did indeed suffer a loss in income position, though this is counterbalanced by an improvement for older cohorts.

Comparing the declines of 3 to 7 points in black to white income ratios found among 18-24 year olds with the declines shown in Table 2 for 14-24 year olds for the 1950s period when black economic progress was modest indeed suggests no substantive change in the pattern for the youngest blacks to undergo a loss in relative income position. Comparing the gains for 25-29 and 30-34 years in Table 3 with the rough stability in Table 2 suggests some cohort advance for the older group in the period.

#### Occupational Change in a Generation Survey

Because of the difficulty in comparing cohort patterns over time due to survey differences, I have examined changes between first job and current job in the one data set that contains information pre-1964 and after 1964. This is the Occupational Change in a Generation Survey first conducted in 1962 and then conducted again in 1975. As a measure of occupational progress in the two periods I have taken the change in Duncan SES scores between the individual's current job and his first job. I regressed this on a race dummy variable and years of schooling. The resultant coefficients on race are given in Table 4 for 20-24, 25-29 and 30-34 year olds in the two samples.

The results support the proposition that black cohort progress improved rather than deteriorated in the post-1964 period, though of course the data fail to extend beyond the early 1970s. For what they are worth,



TABLE 4: The Effect of Race on the Change in Duncan Score Between Current and First Job 1963 versus 1972 Occupational Change in a Generation Samples

Age	Coefficient on Race		Difference in Coefficients
	1963	1972	
1. <u>20-24</u>	-2.07 (1.86)	1.41 (1.22)	3.48
Sample Size	22477	5537	
2. <u>25-29</u>	-6.51 (1.53)	-.20 (1.22)	6.31
Sample Size	2567	4976	
3. <u>30-34</u>	-8.11 (1.62)	-1.67 (1.26)	6.44
Sample Size	2954	4262	

Source: Occupational Change in a Generation Surveys.

however, the data show blacks making less progress in the occupational structure (defined by Duncan scores, not income) in the pre-1963 period and in all but the youngest age group in the 1972 sample. More important they show the difference in the occupational grading declines greatly in the period. While occupation scores are not income levels, this evidence clearly contradicts the hypothesis that the black gains post-1964 were transitory through the early 1970s.

#### Longitudinal data

Longitudinal data, which enable us to follow a single cohort through time, provides a potentially superior picture of the changes in incomes for specified groups of workers. I have examined longitudinal changes in three different data sets: the National Longitudinal Survey of Young Men Aged 14-24 in 1966; the Michigan Panel Survey of Income Dynamics; and the National Longitudinal Survey of the High School Class of 1972. In contrast to other studies of black economic progress, I control in these equations only for the education of workers in the base year; the host of other factors which might affect racial income differentials, including such important factors as region and experience within an age group are ignored to provide figures at least roughly comparable to the crude benchmarks given earlier. Our estimates of the ln difference in earnings associated with race is not to be interpreted as a discriminating differential of the usual type for this reason.

Table 5 presents the results for the three longitudinal data sets which we have examined. Lines 1-4 present results from an analysis of the National Longitudinal Survey of Young Men Aged 14-24 in 1966. The NLS is a sample of approximately 5,000 young men aged 18-24 in 1966, interviewed yearly until 1971 and then in 1973, 1975, and 1976. The advantage

TABLE 5: Changes in the ln Earnings Differential Between Black and White Male Workers, 1966-1978

NLS Survey of Young Men 14-24 in 1966	Coefficient and Standard Error on Black Dichotomous Variable		Change in Coefficient
	1966	1976	
1. Weekly Earnings, longitudinal sample, 18-24 in 1966 (N=522)	-.62 (.06)	-.51 (.06)	.11
2. Annual Earnings, longitudinal sample, 18-24 in 1966 (N=906)	-.61 (.07)	-.51 (.05)	.10
3. Weekly Earnings, full sample, 18-24 in 1966 (N=934; 823)	-.50 (.05)	-.41 (.05)	.09
4. Annual Earnings, full sample, 18-24 in 1966 (N=954; 1,439)	-.57 (.06)	-.47 (.04)	.10
Michigan Survey of Panel Dynamics	1968	1978	
5. Yearly Earnings, longitudinal sample, 18-24 in 1968 (N=114)	-.07 (.07)	-.20 (.10)	-.13
6. Yearly Earnings, full sample, 25-29 in 1968 (N=179)	-.21 (.08)	-.04 (.09)	.17
National Longitudinal Survey of High School Class of 1972	1968	1978	
7. Yearly Earnings, longitudinal sample, (N=891)	-.01	-.06	-.05
8. Yearly Earnings, full sample (N=3,021; 4,938)	.00	-.06	-.06

TABLE 5 (cont.):

Source: Lines 1-4 tabulated from National Longitudinal Survey of Young Men.  
Lines 5-6 tabulated from Panel Survey of Income Dynamics.  
Lines 7-8 tabulated from National Longitudinal Survey of Class of 1972.

Note: All regressions that included variables for other age by years of education groups were 0-8, 9, 10, 11, 12, 13, 14, 15, 16, 17+. Persons for whom the imputed years of experience were negative have been deleted from the samples for comparability.

The NLS sample was defined as: males, age 18-24; with wages, weeks worked and experience greater than zero. Earnings are wages and self-employment income; weekly and annual earnings/weeks worked.

Lines 5-6: Male heads of households, with annual earnings greater than zero, excluding self-employed, agricultural workers, and students.

Line 7: The data pertains to the first full week in October of each year. The sample size is in parentheses under the wage rates. The NLS sample was defined as: males, graduated from high school excluding students. Calculated from tape extract by Rob Meyer. Note that sample size is not full sample of the NLS study.

Line 8: Calculated from High School Preparation and Early Labor Force Experience, Robert H. Meyer and David Wise in Freeman, R. and Wise, D. The Youth Unemployment Problem (University of Chicago Press).

of this data set is that it provides an especially large sample of young men in the group for which some of the preceding analysis show a decline in the relative position of blacks.

Lines 1 and 2 record calculations for the sample of persons reporting earnings in both years subject to the restrictions listed in the table source. The analysis shows a decline in the black disadvantage for the specified cohort in both annual and weekly earnings.

Lines 3 and 4 expand the sample to all persons, including those who report in one year but not the other. The results are similar. In this data set black cohorts improved their position relative to whites as they aged.

Lines 5-6 present results from an analysis of the Panel Survey of Income Dynamics. This is a survey of about 5,000 households in 1962 and subsequent years. It is the largest available longitudinal file covering the entire work force. Our analysis treats the sample of male heads of households aged 20-24 and 25-29 (subject to the restrictions noted in the table). The results show a pattern among age groups similar to that found in the CPS: for the youngest group we obtain a decline in the ratio of black to white earnings for the next group, a rise.

Finally, lines 7 and 8 report the results of analysis of the National Longitudinal Survey of the High School Class of 1972. This is a survey based on a nationwide sample of high schools, stratified in such a way that schools in lower socioeconomic areas were somewhat oversampled, and includes three follow-up surveys in 1973, 1974, and 1976. It shows essentially no differential in ln earnings in 1972 but a decline of 5 to 6 percentage points in the black/white wage ratio thereafter, until blacks earned 94-95% of whites in 1976. Thus, these data confirm Lazear's analysis of the

the NLS Class. of 1972. However, when we note the level from which the ratio falls and the level to which it falls we obtain a very different perspective. A differential of 5-6% between black and white is hardly a cause for negativism about the economic gain of the period. Indeed, Wise and Meyer's assessment of the data is that there is essentially no discrimination in the sample.

#### Comparison with other studies

There have been four other studies of the longitudinal progress of black workers with which ours can be compared.

Raisian and Donovan analyzed the Panel Survey and found, in a more complex regression analysis than ours, stronger evidence of an improvement in the relative position of blacks. According to their calculations, nonwhites obtained an increase in real average hourly earnings (other factors fixed) of 1.8% from 1967 to 1977 compared to a gain for whites of 1.1%. Over a decade this implies a 7% improvement in the black position. They also estimated that blacks with 0 years of experience, and 1-5 years of experience but not other experience groups had more rapid increases than whites.

Daymont analyzed the annual and weekly earnings of blacks and whites in the NLS of Men Aged 14-24 in 1966 over the period 1968-1976 and obtained results consistent with ours: noticeable increases in the black/white earnings ratio. His calculations show that black incomes rose relative to white incomes by 1.5% per annum to 1.9% per annum, depending on the precise sample studied (see Table 8.5, p. 290). With addition of a cyclical control, the incomes of blacks rose by 2.7% to 2.9% per annum more than those of whites.

Lazear's provocative analysis, to which we have referred earlier, found a decline in the black/white income ratio in the NLS 72, as we did: as noted, however, we believe that a drop from .99 to .94 is to be interpreted differently than he suggests. Like Daymont we obtain quite different results

for the NLS of Men Aged 14-24 than Lazear, presumably because of the larger number of years covered.

Malveaux has examined the occupational progress of black cohorts from 1968 to 1977 and found, consistent with our analysis, an improvement in the distribution of blacks relative to whites. Her analysis focused on men and women aged 25-34.

Duncan and Hoffman analyzed wage and earnings ratios in the PSID and found that there was a substantial increase in the relative wages and earnings of blacks across cohorts and generally flat or slightly falling within-cohort ratios, with no indication the within-cohort changes wiped out the cross-cohort gains.

Overall, we read the other studies (including Lazear's) as rejecting the notion that the economic gains of blacks were, in fact, transitory or illusory.

#### Conclusion and Assessment

In this paper we have evaluated the claims that the post-1964 labor market gains of blacks disappeared in the 1970s sluggish economy and have rejected those claims. While there are definite areas in which the blacks' position worsened, notably the employment/population ratio, the preponderance of evidence shows continued economic advance. We have also examined data pertaining to the progress of black cohorts and have found a mixed picture. In cases where there was virtually no initial black-white difference in economic position among young workers, the evidence suggests the development of (larger) differentials as the individuals/cohorts age. This decline appears, however, to be smaller than that found in earlier decades and much too small to come close to restoring traditional discriminating differences. In cases where there was a non-negligible earnings differential between blacks and whites we have found blacks catching up with whites, not the reverse.

The question naturally arises as to why among the youngest workers but not those in the next age bracket, studies have found virtual equality in wages. The most plausible reason for the initial small wage ratios and in one sense the ensuing drop is, I suggest, the effect of the minimum wage. The minimum, particularly the more inclusive minimum exacted in recent years can be expected to have a substantial compressant effect on wage differentials of young workers, as has been documented by Wise and Meyer (1981). Looked at from this perspective and in light of the increased income ratios for blacks in the 25-29 age group, the observed declines carry a very different connotation than one of transitory gains.

Overall, the evidence rejects the claim that the gains of blacks are transitory. It does suggest, however, that the virtual equality in income ratios among the very youngest are unlikely to be maintained and thus should not be taken as an indication of the attainment of equality.



Footnotes

- 1/ See, for example, the New York Times editorial page.
- 2/ This provocative position has been advanced most strongly by Lazear.
- 3/ The flat profile among women and levelling off of the age-earnings profile among black men suggests less of a problem among those groups.
- 4/ See, for example, Ashenfelter, O. 1970, "Changes in Labor Market Discrimination Over Time", Journal of Human Resources 5 (Fall), pp. 403-29.
- 5/ See U.S. Bureau of the Census, Current Population Reports, Consumer Income Series P-60.
- 6/ U.S. Department of Labor, Employment and Training Report of the President 1980, tables A-4 and A-21.
- 7/ I examine median incomes for comparability with the Census of Population data.

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