

SELECTED REFERENCES

INDUSTRIAL RELATIONS SECTION

PRINCETON UNIVERSITY

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BLACK-WHITE WAGE DIFFERENTIALS**

I. THEORY OF DISCRIMINATION

Becker, Gary S. *The economics of discrimination*. 2nd ed. Chicago, Ill. 60637. University of Chicago Press (5801 Ellis Ave.). 1971. 167 pp. \$7.50, cloth; \$2.50, paper.

A pioneering book which developed the first economic theory of non-pecuniary motivation and applied it quantitatively to discrimination in the market place. The author tested the effects of discrimination by employers, employees, consumers and governments on the incomes of different groups.

Discrimination in labor markets, edited by Orley Ashenfelter and Albert Rees. Princeton, N.J. 08540. Princeton University Press. 1973. 181 pp. \$9.00.

This volume contains revised versions of papers presented at a conference at Princeton University in October 1971. The conference included many nonacademic participants because the sponsors felt that their presence would induce the academic economists to state their findings in a form intelligible to a wide audience. Kenneth Arrow presents the theoretical foundations for economic analysis of discrimination in the labor market. Finis Welch discusses the relationship between schooling and labor market discrimination. He finds a significant increase in the rate of return to schooling for black workers relative to white workers. Orley Ashenfelter's paper considers the effect of trade unionism on the relative wages of black workers.

Pascal, Anthony H., editor. *Racial discrimination in economic life*. Lexington, Mass. 02173. D. C. Heath and Company (125 Spring St.). 1972. 228 pp. \$15.00.

Seven studies which investigate the cause and extent of economic discrimination between races. Albert Wohlstetter and Sinclair Coleman present a broad statistical review of race differences in income over the past three decades. The pattern of employment fluctuations with respect to age, race and income is traced by Marvin Kusters and Finis Welch. A less obvious example of discrimination is explored by Anthony Pascal and Leonard Rapping in their study of organized baseball. Thomas Schelling examines the process of racial tipping in residential housing and applies a general theory of tipping to the labor market and the educational system. Two mathematical models of racial discrimination are presented by Kenneth Arrow and John McCall.

* Prepared by Helen Fairbanks, Librarian.

** Items from this list should be ordered directly from the publisher. Addresses are given in connection with each reference.

Stiglitz, Joseph. "Approaches to the economics of discrimination." *American Economic Review* (1313 Twenty-first Ave., South, Nashville, Tenn. 37212), May, 1973. pp. 287-295. \$8.00.

The author formulates alternative hypotheses which may be used to explain wage discrimination.

Thurow, Lester C. *Poverty and discrimination*. Washington, D.C. 20036. The Brookings Institution (1775 Massachusetts Ave., N.W.). 1969. 214 pp. \$6.75.

This volume examines the extent and nature of poverty and discrimination for the years 1929-1967. The author discusses in detail the role of resource utilization, human capital, market imperfections, racial discrimination and inability to participate in the productive economy. He finds that the average Negro family income has consistently remained near 55 percent of white income and that the upward trend of Negro income lagged 30 years behind the white.

2. MEASURING DISCRIMINATION

Ashenfelter, Orley. "Changes in labor market discrimination over time." *Journal of Human Resources* (Journals Department, University of Wisconsin Press, P. O. Box 1379, Madison, Wis. 53701), Fall, 1970. pp. 403-430. \$2.50.

The evidence reported in this study of discrimination between 1950 and 1966 indicates little change in the relative earnings of nonwhite males while the relative earnings of black females moved upward. The author found that cyclical changes in the aggregate labor market had little effect on the extent of discrimination.

Gilman, Harry J. "Economic discrimination and unemployment." *American Economic Review* (1313 Twenty-first Ave., South, Nashville, Tenn. 37212), December, 1965. pp. 1077-1096. \$4.50.

This study attempts to determine the extent to which the consistently higher rate of unemployment of nonwhite males is determined by such characteristics as education, age, region and industry.

Gwartney, James. "Discrimination and income differentials." *American Economic Review* (1313 Twenty-first Ave., South, Nashville, Tenn. 37212), June, 1970. pp. 396-408. \$4.50.

This paper presents estimates of income and earnings differentials between white and nonwhite urban males in 1960. After adjusting for differences in education, scholastic achievement, age, region and city size, the nonwhite medium income is estimated at 81-87 percent of the white for urban workers. A critical assessment of Gwartney's methodology and conclusions is found in the comment by Orley Ashenfelter and Michael Taussig in the *American Economic Review* for September, 1971, pp. 747-750. A reply by Gwartney appears on pp. 751-755 of the same issue.

Landes, William M. "The economics of fair employment laws." *Journal of Political Economy* (University of Chicago Press, 5801 Ellis Ave., Chicago, Ill. 60637), July/August, 1968. pp. 507-552. \$4.00, institutions; \$3.00, individuals.

This study investigates the impact of fair employment laws on the economic position of nonwhites relative to whites. The findings indicate that relative wages for nonwhites were 5 percent higher and discrimination lower in those states which had fair employment laws. However, the improvement in wages was made partly at the expense of greater unemployment differentials between nonwhites and whites.

Strasser, Arnold. "Differentials and overlaps in annual earnings of blacks and whites." *Monthly Labor Review* (Government Printing Office, Washington, D.C. 20402), December, 1971. pp. 16-26. 75 cents.

Data from the records of the Social Security Administration and the Railroad Retirement Board show that in 1966 the average earnings of black workers were about 40 percent below those of white workers.

Taylor, David P. "Discrimination and occupational wage differences in the market for unskilled labor." *Industrial and Labor Relations Review* (Cornell University, Ithaca, N.Y. 14850), April, 1968. pp. 375-390. \$2.25.

This survey of 80 establishments in the Chicago area used disaggregated data from personnel records. The study indicates that Negroes in two unskilled occupations (material handler and janitor) received substantially less pay than whites.

3. EDUCATION AND OTHER FACTORS IN DISCRIMINATION

Ashenfelter, Orley. "Racial discrimination and trade unionism." *Journal of Political Economy* (University of Chicago Press, 5801 Ellis Ave., Chicago, Ill. 60637), May/June, 1972. pp. 435-464. \$4.50, institutions; \$3.50, individuals.

An analysis of the effects of unionization on racial wage differentials using various sets of microeconomic, interindustry and interstate data. The author finds that, while American trade unions do discriminate against black workers, unionism has tended to raise the wages of black workers relative to white workers.

Bell, Duran. "Occupational discrimination as a source of income differences: lessons of the 1960's." *American Economic Review* (1313 Twenty-first Ave., South, Nashville, Tenn. 37212), May, 1972. pp. 363-372. \$8.00.

The author finds a marked improvement in the relative economic status of black females but little change for black males. He constructs a model to test the effectiveness of affirmative action programs in industry.

Freeman, Richard B. "Decline of labor market discrimination and economic analysis." *American Economic Review* (1313 Twenty-first Ave., South, Nashville, Tenn. 37212), May, 1973. pp. 280-286. \$8.00.

The author finds a substantial improvement in the position of black workers, especially educated blacks. He postulates a theory of discrimination outside the competitive labor market of discrimination in education and training and by noncompetitive discriminators, notably governments.

Harrison, Bennett. *Education, training and the urban ghetto*. Baltimore, Md. 21218. Johns Hopkins University Press. 1972. 267 pp. \$10.00.

The author uses weekly earnings, unemployment and occupational status to measure the returns to investment in education and training of nonwhite urban workers in the central city ghetto, the rest of the central city and the suburban ring. He finds that education and training programs caused a slight improvement in earnings and job status but had no permanent effect on job security.

Kain, John F. "Housing segregation, Negro employment, and metropolitan decentralization." *Quarterly Journal of Economics* (Harvard University Press, 79 Garden St., Cambridge, Mass. 02138), May, 1968. pp. 175-197. \$2.50.

This paper examines the relationship between housing market segregation and the distribution and level of Negro employment. Data from the Chicago and Detroit metropolitan areas suggests that housing segregation reduces the level of Negro employment and contributes to the high unemployment rate for blacks. The author also states that the postwar suburbanization of employment has aggravated Negro unemployment. Paul Offner and Daniel Saks in a note in the February 1971 issue of the *Quarterly Journal of Economics* (pp. 147-160), conclude that housing desegregation might have resulted in a relative job loss for Negroes. Kain replies on pp. 161-162.

Weiss, Leonard and Jeffrey G. Williamson. "Black education, earnings, and interregional migration: some new evidence." *American Economic Review* (1313 Twenty-first Ave., South, Nashville, Tenn. 37312), June, 1972. pp. 372-383. \$4.50.

The authors of this paper argue that the alleged inferiority of southern black schools can be discounted as the cause of poverty among black migrants to the North. They find evidence that increased investment in black education will generate economic progress for blacks both North and South.

Welch, Finis. "Labor-market discrimination: an interpretation of income differences in the rural south." *Journal of Political Economy* (University of Chicago Press, 5801 Ellis Ave., Chicago, Ill. 60637), June, 1967. pp. 225-240. \$4.00, institutions; \$3.00, individuals.

The author formulates a model of market discrimination which is based on differences in the quality and quantity of education. He finds greater discrimination against blacks because of their educational deficiencies than their lack of labor skills.