

WHY ARE BLACKS PAID LESS?

Judge Calvert Magruder taught Torts at Harvard. One day a student of his answered a question by saying, "I'd balance the interests," to which Magruder is said to have replied, "All right, goddammit—balance 'em!"

Much the same might be said to constitutional scholars, many of whom have been insisting for generations that constitutional decisions are a species of legislation, yet continuing to evaluate those decisions as if they were poems or chess problems. Our stock of "facts" is little more than one might glean from half-remembered *Times* editorials. On the other hand, the notion that facts have been found that solve a tough social problem is notoriously delusive, and this issue of *Constitutional Commentary* provides further evidence of that.

The problem of racial discrimination illustrates both the potential value and some of the limitations of empirical investigations. We customarily discuss discrimination and poverty without reference to precise information about the relative wealth of various ethnic groups. How many of us know whether Americans who identify themselves as Irish-Catholics, or Jews, are generally richer or poorer than those of German ancestry? What about Asian-Americans? Are the "Anglo-Saxons" indeed the wealthiest? Do black men and women suffer equally from discrimination?

When the topic is *de jure* discrimination, such inquiries are scarcely relevant. But it is difficult to explore preferential policies toward members of racial minorities without making assumptions about the economic status of those minorities. The treatment of Asian-Americans, for instance, may depend on whether the rationale of such a program is "diversity" or redistribution, and whether—if the latter rationale were adopted—they would be logical beneficiaries of the preferential treatment.

In the past decade, some of the interesting writings on these questions have come from Thomas Sowell, a conservative black economist, and Christopher Jencks, a liberal sociologist. As one would expect, their theories are quite different. But they agree about some facts that many of our readers may find surprising.

1. GROUP EARNINGS AND HISTORICAL DISCRIMINATION

Does a group's current economic status vary inversely with its history of discrimination? Table 1, taken from Sowell's *Markets and Minorities*, demonstrates that this is not the case. Note that Asian-Americans and Jews do much better than the national average. In general, says Jencks, "the victims of discrimination are often more affluent today than their former oppressors." As he points out:

Americans of British origin—the "WASPs" who were once said to run the country—have only 1 percent more income than the average American of European origin. Northern Europeans are for the most part worse off than Southern or Eastern Europeans. Contrary to what one might suspect, these differences persist even when one looks exclusively at families living in the urban North.

Jencks disagrees with Sowell's theory that an ethnic group's success in America is due largely to the values, skills, and traditions that it brought from Europe. This, he rejoins, may be true of Jews, but does not fit the data for other ethnic groups. Contrary to stereotypes, "Catholics from virtually every European country are today better off in America than Protestants from the same country . . ." Indeed, on one of Jencks's tables (not reproduced here) Irish-Catholics are second only to Jews in average income.

2. BLACK EARNINGS

Jencks and Sowell disagree about the extent to which the relative success of other groups in overcoming discrimination bodes well for blacks. (They also have a number of quibbles over the figures for these other groups, not relevant here.) But in the course of their disagreement, they bring out some interesting facts about black earnings. Buried away in Table 1, for example, is the fact that black West Indians earn almost as much as the national average. Sowell points out that another group with high earnings consists of blacks with Ph.D.'s. According to Sowell, black Ph.D.'s earn more than whites with degrees in the same field. Jencks notes that black M.B.A.'s have the same average incomes as white M.B.A.'s. As Table 2 shows, the gap between black and white males is smaller among college graduates and has been closing since 1959.

Much of Jencks's critique of Sowell is devoted to showing how important it is to distinguish between family income and individual earnings. As Table 3 shows, the gap between white families and nonwhite families is much larger than the gap between white and nonwhite individual earnings. The reasons appear to

be: (1) fewer black men are employed; (2) fewer black families have two wage-earners; and (3) many black families are headed by women who have lower earnings like other women. Chinese-Americans also have lower-than-average individual earnings, but their family earnings are high because of high employment rates and multiple wage-earners per family.

Table 3 also reveals another remarkable fact. As Jencks notes, black women "at all educational levels earn about as much as white women with the same amount of formal schooling," even with "lower test scores and higher levels of [job] dissatisfaction." This was so even in 1969, "before affirmative action programs paid much attention to women." For instance, in 1969 black women with B.A.'s made 108% of the U.S. average, while black males made only 61%. On the face of it, black women seem to suffer more from being women than from being black. As Jencks points out, this does not mean that there is no racial discrimination against black women. What it does mean is that there are enough nondiscriminatory employers competing for their work to allow them to find jobs at the prevailing white wage.

3. WHY BLACKS RECEIVE LESS

The available data seems to contradict just about every plausible explanation.

(a) Sowell argues that blacks earn less because on the average they do not perform as well. As Jencks points out, Sowell's theory does not explain why Asian-American men, described by Sowell as model workers, also earn less than Europeans with the same amount of schooling, a phenomenon that isn't explicable on the basis of their having attended worse schools, scored lower on standardized tests, or lived in less affluent parts of the country. "If it isn't because of discrimination, what is the explanation?"

(b) The standard liberal explanation for lower black earnings is past or present racial discrimination. But this does not explain why black women do as well as white women, nor why West Indians do almost as well as whites.

(c) Blacks tend to have lower test scores than whites. But as Jencks has documented in his book *Who Gets Ahead? The Determinants of Economic Success in America* (1979), test scores are only weakly related to earnings if one controls for years of schooling.

(d) Jencks suggests that employers "may be reacting more to ghetto culture than to skin color per se." In particular, employers may find that various forms of behavior common among men

in the ghetto tend to make some uneducated black men undesirable employees. Employers may react by discriminating against the group in general. This clearly can't be the full explanation, because black men with B.A.'s also do pretty poorly. This theory also suffers from the same flaw as Sowell's theory—it fails to account for the low individual earnings of Chinese-American workers, except perhaps on the hypothesis that they (but not blacks) suffer from old-fashioned discrimination.

Table 1¹
Family Income by Ethnic Group

Ethnicity	Relative Income
	(percent of national average)
Jewish	172
Japanese	132
Polish	115
Chinese	112
Italian	112
German	107
Irish	102
Filipino	99
West Indian	94
Mexican	76
Puerto Rican	63
Black	62
American Indian	60

Table 2²
Black Earnings as a Percent of White Earnings
Among Men Aged Twenty-Five to Thirty-Four

	1959	1969	1979
High-school graduates	67	75	74
College graduates	59	68	84

1. Original sources: U.S. Bureau of the Census and National Jewish Population Study.

2. Original sources: Smith & Welch, *Black-White Male Wage Ratios: 1960-1970*.

Table 3³Nonwhite Incomes as a Percent of White Incomes,
1955-1979

	<u>1955</u>	<u>1959</u>	<u>1969</u>	<u>1979</u>
Regularly employed men	55	54	64	73
Regularly employed women	57	63	82	95
Families	58	54	65	63

Readers who wish to pursue these questions should start with Thomas Sowell's books, *Ethnic America*, *Minorities and Markets*, and *Civil Rights: Rhetoric or Reality?* followed by Jencks's essays in the *New York Review of Books* (March 3, 1983, at p. 23; March 17, 1983, at p. 12).

AM. ECON. REV., (June 1977); & CURRENT POPULATION REPORTS, Series P-60, no. 129 Table 53 (1981). The estimates for 1959 and 1969 exclude the self-employed.

3. Original source: CURRENT POPULATION REPORTS, Series P-60, no. 129 Tables 11 and 67 (1981). "Regularly employed" individuals are those who worked full-time throughout the relevant year. "Families" exclude individuals living alone or with other unrelated individuals.