

Earnings and Discrimination

Earnings Gaps:

1. Black males have average earnings that are 70 percent of average white male earnings.
2. Black females have average earnings that are 89 percent of average white female earnings.
3. Racial wage gaps get smaller as education level increases.
4. Black male college graduates earn 77% as much as white graduates. Black female graduates earn 95% as much as white graduates.

Racial Discrimination Wage Gaps: Empirical Studies

1. Schiller (1995) concluded that only 25 percent of the racial wage gap is due to discrimination.
2. Darity and Matson (1998) found that black males experience a loss in earnings of 12 to 15 percent as a result of discrimination.
3. Heckman (1998) found that discrimination accounted for a negligible amount of the racial earnings gap.

General Conclusions on Discrimination and Wage Gaps

1. Some of the racial pay gap is due to discrimination.
2. The importance of the discrimination factor in wage gaps has been declining and there is disagreement about the size of the discrimination penalty on earnings.
3. The racial pay gaps are due primarily to differences in the number of hours worked, education, experience, and location.