Inequality in the U.S. Labor Market

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How is Inequality Evidenced in the U.S. Labor Market?

Inequality in the U.S. labor market can be evidenced in a few different ways:

- Different pay for workers of the same ability

- Unemployment rate differentials by demographic group

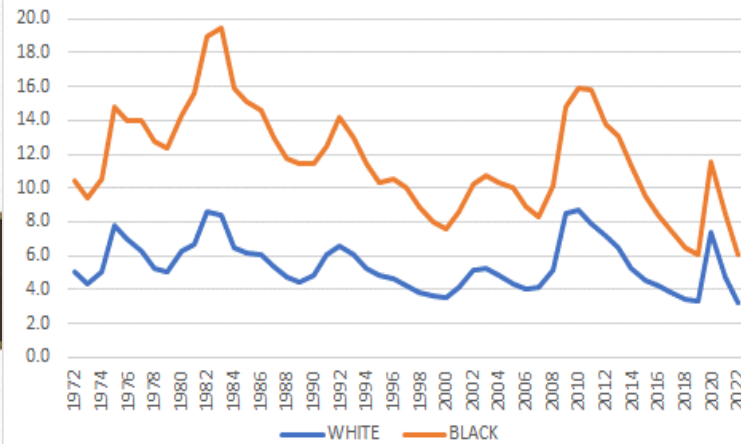- Occupational crowding

Gender Wage Gap

- 1) Formulation
- 2) Current Estimate
- 3) Mainstream Economic Explanations
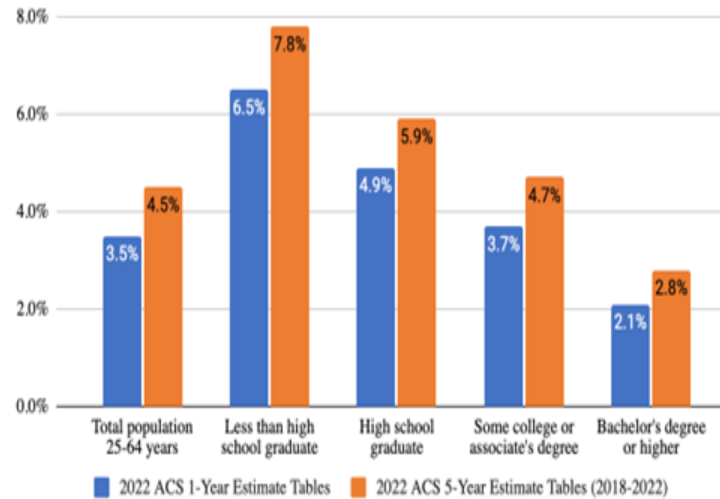
Racial Wage Gap

- 1) Formulation

- 2) Current Estimate

- 3) Mainstream Economic Explanations

Unemployment Rate Differentials

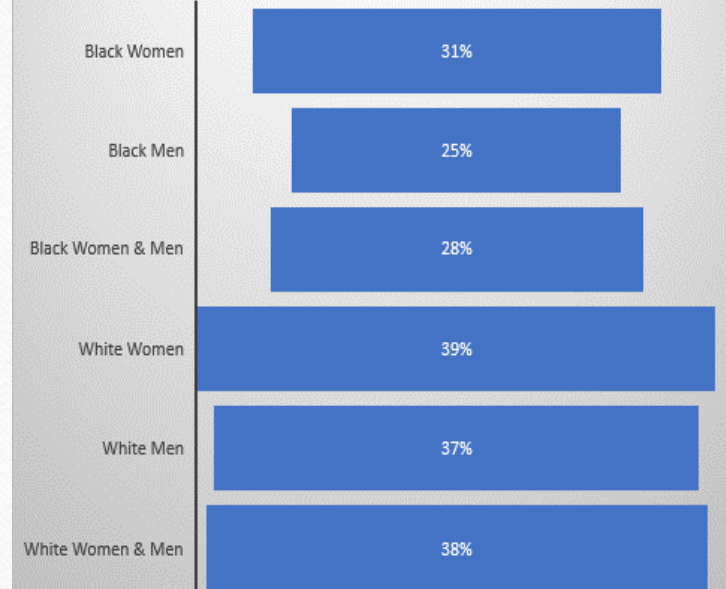Annual Unemployment Rate by Race in the U.S., 1972-2022

Unemployment rates by Education Level, 2022

U.S. Census Bureau, (2022), Employment Status, American Community Survey, ACS 1-Year & 5-Year Estimates Subject Tables, Table S2301

Percent of U.S. Adults 25+ Years of Age Who've Completed a Bachelor's Degree or Higher, 2021

Occupational Crowding & Labor Market Disparities

- Gender wage gap and occupational crowding

- Racial wage gap and occupational crowding

- The importance, therefore, of examining occupational crowding as it relates to labor market disparities

- An example of occupational crowding by gender in the U.S. and the implications for wages

My Analysis of the Racial & Gender Wage Gap Black Women Encounter

- 1) Why Look at the Wage Gap Black Women Face?

- 2) What the Term "Double Gap" Means

Let's Start with Findings

1) Findings at the Aggregate Level

2) Findings at the Individual Level

3) Occupations with Largest and Smallest Gaps

Data Sets & Restrictions

1) The main dataset used is the 2017 American Community Survey (ACS).

2) Data Set Restrictions and Filters

Methodology 1

An equation to represent the aggregation of wage differentials by occupation between similarly educated African American women and white non-Hispanic men for a given year might be expressed as follows:

$$\sum BW_{ij} \, (pWM_{ij} - pBW_{ij})$$

where BW_{ij} indicates all African American women who possess the ith educational attainment in the jth occupation, pWM_{ij} is the median annual wage for all white non-Hispanic men who possess the ith educational attainment level in the jth occupation, and pBW_{ij} is the median annual wage for all African American women who possess the ith educational attainment level in the jth occupation.

Methodology 2

- Occupational Earnings= α + $\beta_1$education + $\beta_2$age + $\beta_3$maritalstatus + $\beta_4$numberchildren +$\beta_5$numberchildren<5 + $\beta_6$region + $\beta_7$metroarea + $\beta_8$black + β_9 female + β_{10}(black * female) + ε

- All coefficients for both dummy variables and the interaction variable are statistically significant at the 1 percent level for each occupation, and R squareds range from .078 (8 percent) to .289 (29 percent) for Model 1's result for each occupation

- A third independent methodology was conducted by none other than Tom Masterson!

What May be Causing the Double Gap-Causing Inequality

- 1) What is NOT contributing to it in this research

- 2) What may be contributing: Employer behaviors that produce disparate outcomes by race and gender

- 3) What may be contributing: Networks