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Intersectionality and Discrimination

An Examination of the U.S. Labor Market

Roger White

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Abbreviations

ACS	American Community Survey
ANES	American National Election Studies
BLS	Bureau of Labor Statistics
CPS	Current Population Survey
EEOC	Equal Employment Opportunity Commission

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Part I

CHAPTER 1

A Rationale for the Study of Intersectional Wage Discrimination

Abstract We begin with a brief discussion of the relationship between social justice and economic justice. This is followed by a presentation of persistent differences in U.S. labor market outcomes. Specifically, we identify significant differences in unemployment rates and hourly wages across race- and sex-based classifications, respectively. We then present unadjusted wage gaps (i.e., raw differences in average hourly wage rates) for several worker groups that correspond to the non-productive personal characteristics we consider in this study. These characteristics include Hispanic ethnicity, nativity, race, and sex. Having motivated our study, we introduce intersectionality and our primary research question: Is wage discrimination intersectional? This is followed by a discussion of why we use the term "discrimination" when referring to differences in wage rates that cannot be explained by differences in workers' productive characteristics. We conclude the chapter with a roadmap for the remainder of the book.

Keyword Discrimination · Economic justice · Intersectionality · Multiple intersecting identities · Social justice · Wage gap

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In recent years, issues related to the broader topic of social justice have become increasingly prominent in the public discourse of the United States. In simple terms, social justice is focused on the extent to which fairness is exhibited in society. It emphasizes equal opportunities across individuals as well as equal economic, political, and social rights. Social justice is closely related to and is often said to encompass economic justice, which can be described as the creation of opportunities that allow individuals to establish the material foundations that are necessary for the support of creative, dignified, and productive lives. Greater economic justice requires equity in labor market processes and outcomes. This, in turn, requires fairness in employment and wage setting so that an individual can have a job that pays a living wage, have access to a quality education and affordable childcare, and be able to afford a roof over their head and food for their family.

In the U.S. labor market, economic injustice often involves discrimination that is based on personal characteristics such as age, ethnicity, race, sex, etc. Unfortunately, such inequities are often significant in magnitude and persistent over time. Two examples illustrate this point. First, regarding employment, during the past several decades, the unemployment rate for black Americans has typically been about twice the level of the white unemployment rate. Specifically, during the past half-century, the average monthly black unemployment rate has been 11.6% while the white unemployment rate has averaged only 5.5% (BLS 2022).[1] Second, in 1980, the median hourly wage of female workers in the United States was only 64% of the median wage paid to their male counterparts (Barroso and Brown 2021). Although this wage gap narrowed to 84% in 2020 (ACS 2022a), a 16% difference in median hourly wage rates across sexes is quite sizeable. In both cases, some portion of the disparity between the worker groups and their counterparts, who are white and male, respectively, may be the result of differences in productive characteristics such as education, skills, and experience. Of course, it is also possible that some, and potentially all, of the unadjusted wage gap is attributable to discrimination.

[1] Monthly unemployment rates by race are available from the U.S. Bureau of Labor Statistics (BLS). Our calculations are made using seasonally adjusted monthly unemployment rate series for the period from January 1972 through October 2022. Appendix Fig. 1.5 illustrates the striking persistence of differences between the two series.

A different type of example is found in the opening passage of Cain's (1986) survey of the literature on labor market discrimination. The paper begins as follows:

> This survey of the economics of labor market discrimination is motivated by two fundamental problems associated with income and wage differences among groups classified by sex, race, ethnicity, and other characteristics. The first is the inequity of long-lasting differences in economic well-being among the groups; in particular, differences in household or family income. The second is the inequity of long-lasting differences in the average wage rates among groups of workers classified by these demographic traits, when the groups may be presumed to be either equally productive or to have equal productive capacity. (p. 693)

It is startling just how well these words describe present conditions in the U.S. labor market. If a reader was unaware that Cain's survey was published thirty-five years ago, they could easily be forgiven for thinking the words are from a recent work. That this decades-old depiction of economic injustices remains applicable today further illustrates the persistence of inequities in the U.S. labor market.

In this work, we examine multiple topics that are related to wage discrimination.[2] We study the period from 2008 through 2020 using annual data from the American Community Survey (ACS) (2022a). We estimate wage discrimination rates for each year in our reference period for each of 43 worker groups that are defined by workers' non-productive personal characteristics (i.e., Hispanic ethnicity, nativity,

[2] While there are many other forms of labor market discrimination, our analysis is purposely limited to wage discrimination. We do not examine hiring discrimination or terminations that result from disparate treatment. We also do not examine customer discrimination (i.e., discrimination that occurs when employers internalize their customers' prejudices against workers with certain personal characteristics and, thus, demonstrate bias/prejudice against those same workers to increase profits). However, given that our focus is on wage discrimination, our data set includes employed individuals which permits us to potentially capture wage discrimination that is related to job promotions, employee discrimination, and (if wage-related) job assignments.