Culture, Human Capital, and the Earnings of West Indian Blacks

Upjohn Institute Staff Working Paper 93-20

Stephen A. Woodbury*

September 1993

*Associate Professor of Economics, Michigan State University, and Senior Economist, W. E. Upjohn Institute for Employment Research, 300 South Westnedge Avenue, Kalamazoo, MI, 49007. For comments on an earlier version of this work, I am grateful to seminar participants at the University of Hawaii at Manoa, as well as to Barry R. Chiswick, William A. Darity, Daniel S. Hamermesh, and Rhonda Williams. Excellent assistance was provided by Eric Chua, Douglas Bettinger, Wei-Jang Huang, and Ellen Maloney.

Culture, Human Capital, and the Earnings of West Indian Blacks

Black immigrants from the British West Indies and their descendants have long held the interest of historians and sociologists because they provide a means of understanding the influence of differing cultural background on black economic progress. Numerous accounts from before World War II describe the enterprise and business acumen of West Indians, and it is widely believed that West Indians had (and have) higher socio-economic standing than other blacks in the United States [Ueda, 1980]. As Nathan Glazer and Daniel Patrick Moynihan [1963, p. 35] summarized the prevailing view in their widely read account, "[T]he West Indians' most striking difference from the Southern Negroes was their greater application to business, education, buying homes, and in general advancing themselves."[1]

The relative success of West Indians has been cast in economic terms by Thomas Sowell, who attributes the apparently superior performance of West Indians to unobserved human capital--to a "culture" that embodies "a whole constellation of values, attitudes, skills, and contacts that are related to success in the labor market" [Sowell, 1981a, p. 282]. The logic of Sowell's argument suggests that the culture of West Indian blacks allowed them to overcome or at least reduce the ill effects of discrimination on their incomes and well-being, and that discrimination alone cannot be blamed for the low incomes of American blacks.[2]

Although the idea that West Indians have succeeded because of their distinct cultural background is widespread, there has been relatively little empirical investigation of the issue. Sowell [1978, pp. 41-48, 398-415; 1981b, p. 8] compiled some striking tabulations from the 1970 Census of Population, and concluded that the median family income of West Indians was only 6 percent below the national average of all families in 1969, whereas the median family income of Afro-American blacks (Sowell's "American Negroes") was 38 percent below the national average.[3] Barry Chiswick [1980, chapter 7] also used 1970 Census data, but focused on comparisons among closely-defined black groups. He found that native-born blacks of West Indian parentage had earnings that were 8 to 11 percent *higher* than the earnings of native-parentage blacks, and that native-born blacks of other foreign parentage had earnings that were 12 to 17 percent *lower*. Note that Sowell's finding is stronger than Chiswick's: Sowell suggests that West Indians perform nearly as well as whites, whereas Chiswick suggests only that West Indians do better than other black groups.

This paper offers an empirical analysis of West Indians' performance in the U.S. labor market, drawing adjusted comparisons between the earnings of native-born black American men of West Indian ancestry and the earnings of other native-born men, both black and white. The data required for these comparisons come from the 1980 Census of Population, in which native-born respondents reported their ancestry. The results offer a mixed picture of the success of West Indians, suggesting that native-born blacks of West Indian ancestry do have somewhat higher earnings than other native-born blacks, other things equal. Nevertheless, there is still a large earnings gap between native-born blacks of West Indian ancestry and native-born whites that cannot be explained by observable characteristics.

NATIVE-BORN BLACKS OF WEST INDIAN AND OTHER ANCESTRY

Table 1 displays the characteristics of native-born black male workers who were between the ages of 25 and 64 in 1980, were living in the 50 states or the District of Columbia, worked at least one week during 1979, and reported wage, salary, or self-employment earnings for 1979. As can be seen in the first column, there were 190,173 such workers in the 5-percent A sample of the 1980 Census, which is the source of these data.[4]

The 1980 Census of Population included an open-ended question about the respondent's ancestry (it was the first decennial census to do so).[5] The five ancestry columns of Table 1 show the characteristics of black workers who responded that their ancestry was Afro-American (84 percent of the total), West Indian, European, African, or American Indian. Workers who responded that their ancestry was American, United States, Afro-American, Canadian, or North American have been classified as Afro-American (over 95 percent of these responded that their ancestry was "Afro-American").[6] Workers who responded that their ancestry was Bahamian, Jamaican, Bermudian, Trinidadian, Virgin Islander, British West Indian, Anguilla Islander, Granada Islander, West Indian, Belizian (British Honduran), British Guyanese, or Barbadian have been classified as West Indian (nearly 90 percent of these responded that their ancestry was either West Indian or Jamaican).[7]

Native-born West Indians made up an extremely small part--about 0.4 percent--of total black male employment in 1980. The vast majority of black workers (nearly 85 percent of the total and 96 percent of those who responded to the ancestry question) identified themselves as Afro-American. The other black ancestry subgroups shown in Table 1--European, African, and American--are similar to West Indians in that none accounted for more than 1 percent of black male employment.

Of the subgroups shown, the workers who reported West Indian ancestry had by far the highest earnings and the most years of schooling. Workers who reported European ancestry were second in earnings and schooling, and workers of American Indian, African, and Afro-American ancestry had the lowest earnings and levels of schooling of the groups shown.[8]

West Indians stand out in other ways as well. In particular, the data tend to confirm the well-known concentration of West Indians in the New York metropolitan area. Compared with the other black ancestry subgroups, West Indians had the smallest percentage living outside of urban areas (see the non-SMSA percentages), were least likely to live in the south, and were by far the most likely to live in the New York metropolitan area.

The unadjusted means in Table 1 suggest that black workers of West Indian ancestry do perform better in the labor market than any other identifiable black ancestry group. But these unadjusted means say nothing about whether the higher earnings of West Indians are simply a return to more schooling and other observable traits, or whether other -- perhaps unobservable --

characteristics contribute to the more favorable outcomes that West Indians have experienced. These issues are examined further below.

EARNINGS OF NATIVE-BORN BLACKS: HOW IMPORTANT IS ANCESTRY?

Table 1 showed that native-born black workers of West Indian ancestry have higher earnings than other identifiable groups of native-born blacks. Are these higher earnings are a return to more schooling and other observable factors, or is something else about West Indians--unobserved "cultural" characteristics, perhaps--responsible for the higher earnings of West Indians?

A human capital earnings functions of the kind developed by Mincer [1974], and widely used since, is the appropriate vehicle for investigating this issue. Mincer's earnings function expresses the natural log of annual earnings (ln E) as a linear function of a vector of k independent variables (X_k):

(1) $$\ln E = \sum_k \beta_k X_k + e$$

where β_k represent k coefficients to be estimated, and e is a normally distributed error term.

The specification of the earnings function used here is similar to Chiswick's [1978] and includes the following independent variables: years of schooling completed, labor market experience (age - years of schooling - 5) and its square, the natural log of weeks worked during the year, the natural log of average hours worked during a week, three variables capturing the worker's location (a dummy variable equal to 1 if the worker lived outside of a metropolitan area, a second equal to 1 if the worker lived in the south, and a third equal to 1 if the worker lived in the New York metropolitan area), and variables capturing a worker's marital status and health (a dummy variable equal to 1 if a worker was not married, and another equal to 1 if a worker reported a disability that affected work). Under the semi-log specification given by equation (1), estimated coefficients give the approximate proportional impact on earnings of a unit change in an independent variable.[9] Accordingly, all differences discussed are percentage or proportional differences (not percentage *point* differences).

Table 2 displays estimated earnings functions for each of the five groups of native-born black workers discussed above. The table also displays an earnings function estimated over all native-born black male workers (see the column labelled "Full Sample"). This "Full Sample" earnings function is augmented by eight ancestry dummy variables that permit direct inferences about the relationship between black ancestry and earnings, controlling for other observable traits of workers.

The "Full Sample" estimates suggest that native-born black men of West Indian ancestry have earnings that are over 8 percent higher than Afro-American blacks, even after controlling for other measurable characteristics (see the West Indian coefficient, 0.085). It follows that the higher earnings that were seen for blacks of West Indian ancestry in Table 1 cannot be explained wholly by measured characteristics such as schooling, labor market experience, and location. Rather, the finding is consistent with the interpretation that West Indians possess unobserved traits--"culture" or human capital--that improve their performance in the labor market relative to the performance of Afro-American blacks.[10]

The "Full Sample" earnings function in Table 2 restricts the relationships between earnings (on one hand) and schooling, experience, and other determinants of earnings (on the other) to be equal across all native-born black workers, regardless of ancestry. The earnings functions for each of the five individual ancestry groups relax this assumption (see the equations under "Ancestry" in Table 2), and allow the return to schooling, for example, to vary across ancestry group.

There do appear to be differences in the way earnings are determined across the five ancestry groups shown.[11] The rate of return to an additional year of schooling is roughly 7 percent for native-born blacks of West Indian and African ancestry, 6 percent for Afro-Americans and Europeans, and only 5 percent for native-born blacks who report American Indian ancestry. There are also differences among the ancestry groups in the returns to experience: The experience-earnings profile peaks at 44 years of experience for Afro-Americans, at 48 to 50 years for West Indians, Europeans, and Africans, and at just 35 years for American Indians. West Indians' relatively high returns to schooling and their late-peaking experience-earnings profile suggest both higher returns to human capital and greater investment in skills after completion of formal schooling. The differences among the subsample regressions in Table 2 suggest strongly that black ancestry does matter in the determination of earnings.

BLACK-WHITE COMPARISONS BY BLACK ANCESTRY

The earnings comparisons to this point have been confined to various black ancestry groups. But it is important also to compare the earnings of native-born blacks of West Indian ancestry with the earnings of native-born whites--especially in view of Sowell's [1978; 1981b] finding that West Indian blacks were within 6 percent of the median family income of native-born white Americans. Table 3 displays the earnings gaps between whites and the five black ancestry groups, and presents two decompositions of the observed black-white earnings gaps.

Conventional Decomposition of the Black-White Earnings Gap

Column 1 of Table 3 shows the observed mean earnings (in logarithmic terms) of each of the five black ancestry groups being considered, and columns 2 and 3 show two *adjusted* mean earnings for each of the five groups. The adjusted means in column 2 show the earnings that are

predicted by substituting the average characteristics of each ancestry group into the structure of earnings estimated for native-born whites. Letting subscript *b* index the various black ancestry groups, and subscript *W* denote native-born whites, column 2 gives:

(2) $\widetilde{\ln E_b} = \sum_k \hat{\beta}_{Wk} X_{bk}$

where $\widetilde{\ln E_b}$ represents the mean earnings that blacks in ancestry group *b* would receive if those earnings were determined by the earnings structure of whites, $\hat{\beta}_{Wk}$ are estimated coefficients of the earnings function estimated for native-born whites (see the Appendix table for these estimates), and X_{bk} are the observed mean characteristics of black ancestry group *b*. (The adjusted mean earnings in column 3 are discussed in the next subsection.)

Column 4 of Table 3 shows gross (or observed) earnings gaps between each black ancestry group and native-born whites: [(ln E_b - ln E_W) x 100]--that is, the difference between the observed mean (ln) earnings of black ancestry group *b* and the observed mean (ln) earnings of native whites (which is 9.619), in percentage terms. The adjusted mean earnings from column 2 (and equation (2)) can be used to decompose these gross earnings gaps into "explained" and "unexplained" components as follows [Blinder 1973; Oaxaca 1973]:

(3) $\ln E_b - \ln E_w = (\ln E_b - \widetilde{\ln E_b}) + (\widetilde{\ln E_b} - \ln E_w)$

The first term on the right-hand-side of equation (3) is the difference between the actual earnings of black ancestry group *b*, and what those earnings would be if they were determined by the white earnings structure. In other words, it is the part of the gross earnings gap that cannot be attributed to differences between whites and blacks in their observed characteristics, and is hence "unexplained." The second term on the right-hand-side of equation (3) is the difference between what workers in black ancestry group *b* would earn if their earnings were determined by the white earnings structure, and the observed earnings of native-born whites. It is the part of the gross earnings gap that is attributable to differences between the two groups in observed characteristics, and is hence "explained" by those differences.

Most discussions in the 1970s viewed the unexplained portion of the black-white earnings gap mainly as an estimate of discrimination--that is, an estimate of the degree to which blacks are undervalued in the labor market purely because of skin color rather than because of unobserved productivity differences.[12] More recent discussions have taken increasingly seriously the idea that unexplained earnings gaps may result from unobserved human capital differences, particularly cultural attributes [Sowell, 1981a; Chiswick, 1983a; 1983b]. Underlying the latter interpretation is the assumption that earnings reflect an individual's contribution in the labor market, and any earnings gap that cannot be explained by observable characteristics must be the result of unobserved human capital differences such as culture.[13]

The adjusted earnings figures in column 2 of Table 3 show that West Indians' earnings would have averaged 9.577, or nearly 15 percent more than was observed (9.431-9.577 = -0.146) if their earnings were determined by the white earnings structure. This is the unexplained part of the gross earnings gap (see column 5): It cannot be attributed to observed characteristics of

West Indians, but results because West Indians receive different returns to the attributes they possess.

Table 3 shows that West Indians are unique in two ways. First, the gross black-white earnings gap is far smaller for West Indians than for any other black ancestry group--only about 19 percent, compared with 33 percent for European ancestry blacks and between 42 and 46 percent for blacks of African, Afro-American, and American Indian ancestry (see column 4). Second, the percentage of the gross earnings gap that is unexplained by differences between blacks and whites in observable characteristics is *larger* for West Indians than for other ancestry groups. Nearly 78 percent of the gross earnings gap between West Indians and whites is unexplained, whereas 39 to 47 percent of the gross earnings gap between other black ancestry groups and whites is unexplained (see column 7). West Indians' relatively small gross earnings gap suggests some cultural advantages that mitigate any adverse effects of discrimination. But the relatively large unexplained earnings gap suggests that the relative degree of discrimination experienced by West Indians may actually exceed that experienced by other black ancestry groups.[14]

An Expanded Decomposition

It is interesting to ask what the earnings of Afro-American blacks would be if they faced the earnings structure of West Indians. One could argue that the earnings structure of West Indians could be attained independently by Afro-American blacks, without any exogenous changes such as affirmative action in hiring and promotion, policies affecting the schooling available to children, or other anti-discrimination policies. If so, then it could be argued that the unexplained black-white earnings gap that remains after imputing Afro-American blacks' earnings using the West Indian earnings structure would give an improved estimate (or possibly an upper bound) on the degree of earnings discrimination faced by Afro-American blacks.

Column 3 of Table 3 shows the earnings that are predicted for each black ancestry group by substituting the average characteristics of each group into the structure of earnings for native-born West Indians:

$$\widetilde{\ln E_b} = \sum_k \hat{\beta}_{WI,k} X_{bk} \qquad (4)$$

where $\ln \widetilde{E}_b$ represents the earnings of blacks in ancestry group b if those earnings were determined by the structure of earnings estimated for native-born West Indian blacks, and $\hat{\beta}_{WI,k}$ are the coefficients of the earnings function estimated for West Indians (see Table 3).

The imputed earnings defined by equation (4) can be used to expand the decomposition given by equation (3), as follows:

(5)

$$\ln E_b - \ln E_w = (\ln E_b - \widetilde{\ln E_b}) + (\widetilde{\widetilde{\ln E_b}} - \widetilde{\ln E_b}) + (\widetilde{\ln E_b} - \ln E_w)$$

The first term on the right-hand-side of equation (5) is the change in earnings that black ancestry group *b* would experience if their earnings were determined by the West Indian earnings structure. Accordingly, it can be interpreted as the portion of the black-white earnings gap that is attributable to the favorable West Indian culture -- a "cultural" component of the gross earnings gap.

The second term on the right-hand-side of equation (5) is the part of the gross earnings gap that remains unexplained even after accounting for effects of West Indian culture. So long as West Indian culture has a favorable effect on earnings, the unexplained component will be smaller in this expanded decomposition than in the conventional decomposition given by equation (5). The third term on the right-hand-side of equation (5) is the explained component of the gross earnings gap and is identical to the explained component in equation (3).

Column 6 of Table 3 shows the unexplained component of the black-white earnings gap from the expanded decomposition (equation (5)). It gives the difference between what black ancestry group *b* would earn if their earnings were determined by the West Indian earnings structure, and what that group would earn if their earnings were determined by the white earnings structure. It implicitly assumes that the West Indian earnings structure is attainable by other groups of native-born blacks without any change in labor market discrimination against blacks per se. That is, a given black ancestry group might attain this structure through changed behavior -- for example, adoption of some of the "cultural" values ascribed to West Indian blacks. There is no implied suggestion that this is what any black ancestry group *ought* to do. Rather, this is a speculative exercise that may tell us whether various black ancestry groups could, if they did change their behavior, significantly improve their earnings.

The answer given by the figures in Table 3 is that if the earnings of Afro-American blacks were determined by the earnings structure of native-born West Indians, Afro-American blacks would experience only a small increase in earnings. A comparison of the conventional and expanded unexplained earnings gaps (columns 5 and 6) shows that if Afro-American blacks' earnings were determined by the West Indian earnings structure, their earnings would rise by only 2.5 percent [(-19.7) - (-17.2) = 2.5].[15] Blacks of African and American Indian ancestry would experience somewhat larger increases in earnings (roughly 7 and 5 percent respectively), although European ancestry blacks would actually experience a small decrease (about 1 percent).

Column 8 of Table 3 shows that the unexplained portion of the black-white earnings gap remains substantial even after accounting for the (apparently rather small) advantages bestowed by West Indian culture. The conclusion is that if Afro-American and other black ancestry groups

were to somehow "become like" West Indians so that their earnings were determined by the West Indian earnings structure, their earnings would still fall substantially short of the earnings of native-born whites who possess similar observable characteristics.

SUMMARY AND DISCUSSION

Three main findings follow from this investigation of the earnings of West Indian blacks. First, native-born blacks of West Indian ancestry have higher earnings than any other native-born black ancestry group, including Afro-American blacks who make up the vast majority of American blacks (see Table 1). Although West Indians do have more schooling than other black ancestry groups, the higher earnings of West Indian blacks cannot be fully explained by West Indians' additional schooling and other observable characteristics. Rather, West Indians receive an 8 percent earnings premium relative to Afro-American blacks that might be attributed to a particular West Indian culture, or to unobserved human capital possessed by West Indians (Table 2, "Full Sample" results).

Second, although West Indian blacks do have higher earnings than Afro-Americans and other black ancestry groups, West Indians' earnings are 19 percent below the earnings of native-born whites. Less than a quarter of this gross earnings gap can be explained by observable differences between West Indians and whites: When West Indians and whites who have the same observed characteristics are compared, there remains a 15 percent unexplained earnings gap (Table 3, columns 4 and 5). Also, the percentage of the black-white earnings gap that is unexplained is larger for West Indians than for any other black ancestry group (Table 3, column 7). The existence and relative importance of an unexplained earnings gap between West Indians and whites could be attributed to unobserved characteristics that make West Indians less productive in the labor market, but it is also consistent with discrimination against West Indians based purely on race.

Third, an expanded earnings decomposition (equation (5)) suggests that if the cultural attributes of West Indians were adopted by other black ancestry groups (such as Afro-Americans), the earnings of the other black ancestry groups would improve only marginally -- by 2.5 percent in the case of Afro-Americans (compare columns 5 and 6 in Table 3). The result suggests that West Indian culture, although it may give West Indians some advantage relative to other black groups, does little to close the earnings gap between West Indians and whites.

Why do these results contrast so sharply with the view that West Indians have been exceptional among black Americans in overcoming discriminatory barriers? One possible explanation is that, by the time of the 1980 Census, the cultural and other human capital advantages that West Indians may have once possessed had dissipated. The records of the Immigration and Naturalization Service show that, during the first period of heavy immigration from the West Indies (1911-1924), an unusually high proportion of West Indian immigrants were professional or skilled workers [Ueda, 1980]. But whether the high skill levels of the early West

Indian immigrants were transmitted to later generations seems in doubt. As Glazer and Moynihan noted in 1963, "The West Indians have by now pretty much merged into the American Negro group, and their children do not feel themselves to be particularly different. They never found it possible to create a separate residential area. They are citizens, have given up the Queen, and lost their accents" [1963, p. 36]. It seems possible that the economic status of blacks of West Indian ancestry was reduced by assimilation into the larger group of Afro-American blacks.

A fuller understanding of what has happened to West Indians in the U.S. labor market would require examination of West Indians' earnings over a longer period of time, as well as more detailed consideration of historical and sociological factors. Nonetheless, the findings presented here do raise questions about the superiority of West Indians in the U.S. labor market, and about the degree to which "culture" in some form may mitigate the adverse labor market consequences of discrimination against blacks.

Appendix Table

Characteristics and Earnings Function of Native-Born White Male Workers

Characteristics	Mean (Standard deviation)	Earnings Function (OLS coefficients with standard errors in parentheses)
Earnings ($)	19,286 (13,204)	--
Natural log of earnings	9.62 (0.83)	--
Schooling (years)	12.99 (3.17)	0.065 (0.001)
Age	41.19 (11.36)	--
Experience (years) (Age-experience-5)	23.19 (12.39)	0.043 (0.001)
Experience²/100	--	-0.066 (0.001)
Weeks worked per year[1]	48.12 (9.23)	0.940 (0.005)
Hours worked per week[1]	43.66 (10.54)	0.323 (0.006)
Non-SMSA[2]	20.13 (40.10)	-0.154 (0.004)
South[2]	31.42 (46.42)	-0.073 (0.004)
New York[2]	6.34 (24.37)	0.078 (0.007)
Not married[2]	19.97 (39.98)	-0.250 (0.004)
Poor health[2]	6.64 (24.89)	-0.227 (0.007)
Constant	--	3.532 (0.027)
Sample size	--	169,324
R^2 (adjusted)	--	0.362
F	--	9,588

Notes: Data are from the 1980 Census of Population 5-percent A sample. In the earnings function, the dependent variable is the natural logarithm of 1979 earnings.

[1] Entered as natural logarithm in the earnings equation.

[2] 0-1 dummy variable; mean should be read as a percentage.

References

Becker, Gary S. *The Economics of Discrimination*, second edition. Chicago: University of Chicago Press, 1971.

Blinder, Alan S. "Wage Discrimination: Reduced Form and Structural Estimates." *Journal of Human Resources* 8 (Fall 1973): 436-453.

Cain, Glen G. "The Uses and Limits of Statistical Analysis in Measuring Economic Discrimination." In *Studies of Discrimination*, edited by Emily Hoffman. Kalamazoo, Michigan: W. E. Upjohn Institute, 1991. Pp. 115-144.

Chiswick, Barry R. "The Effects of Americanization on the Earnings of Foreign-Born Men." *Journal of Political Economy* 86 (October 1978): 897-921.

Chiswick, Barry R. *An Analysis of the Economic Progress and Impact of Immigrants*. Report prepared for the Employment and Training Administration, U. S. Department of Labor, June 1980.

Chiswick, Barry R. "An Analysis of the Earnings and Employment of Asian-American Men." *Journal of Labor Economics* 1 (April 1983a): 197-214.

Chiswick, Barry R. "The Earnings and Human Capital of American Jews." *Journal of Human Resources* 18 (Summer 1983b): 313-336.

Darity, William, Jr. "What's Left of the Economic Theory of Discrimination?" In *The Question of Discrimination*, edited by Steven Shulman and William A. Darity, Jr. Middletown, Connecticut: Wesleyan University Press, 1989. Pp. 335-374.

Farley, Reynolds. "The Census Question about Ancestry: What Did It Tell Us about Ethnic Identity?" Paper presented at the Fifty-Ninth Annual Meetings of the Population Association of America, Toronto, Ontario, Canada, May 3, 1990.

Glazer, Nathan and Daniel Patrick Moynihan. *Beyond the Melting Pot: The Negroes, Puerto Ricans, Jews, Italians, and Irish of New York City*. Cambridge, MA: MIT Press, 1963.

Mincer, Jacob. *Schooling, Experience, and Earnings*. New York: Columbia University Press and NBER, 1974.

Model, Suzanne. "Caribbean Immigrants: A Black Success Story?" *International Migration Review* 25 (Summer 1991): 248-276.

Oaxaca, Ronald. "Male-Female Wage Differentials in Urban Labor Markets." *International Economic Review* 14 (October 1973): 693-709.

Sowell, Thomas. *Race and Economics*. New York: David McKay, 1975.

Sowell, Thomas. "Three Black Histories." In *Essays and Data on American Ethnic Groups*, edited by Thomas Sowell. Washington, D.C.: The Urban Institute, 1978.

Sowell, Thomas. *Ethnic America*. New York: Basic Books, 1981a.

Sowell, Thomas. *Markets and Minorities*. New York: Basic Books, 1981b.

Steinberg, Stephen. *The Ethnic Myth: Race Ethnicity, and Class in America*. New York: Atheneum, 1981.

Ueda, Reed. "West Indians." In *Harvard Encyclopedia of American Ethnic Groups*, edited by Stephan Thernstrom. Cambridge, Massachusetts: Harvard University Press,1980. Pp. 1020-1027.

Woodbury, Stephen A. "Earnings of Black Immigrants: Implications for Racial Discrimination." In *New Approaches to Economic and Social Analyses of Discrimination*, edited by Richard R. Cornwall and Phanindra V. Wunnava. New York: Praeger, 1991. Pp. 295-330.

Woodbury, Stephen A. "The Earnings of West Indian Immigrants: Are There Differences Among Cohorts?" Manuscript, Michigan State University and W. E. Upjohn Institute for Employment Research, September 1993.

Table 1

Characteristics of Native-Born Black Male Workers, by Ancestry
(Standard deviation in parentheses)

Characteristics	Full Sample	Black Ancestry Groups				
		Afro-American	West Indian	European	African	American Indian
Earnings ($)	12,790	12,920	15,702	14,743	13,034	13,472
	(8,759)	(8,740)	(9,786)	(10,423)	(9,233)	(9,129)
Natural log of earnings	9.15	9.17	9.43	9.29	9.16	9.20
	(0.96)	(0.95)	(0.82)	(0.94)	(0.98)	(0.96)
Schooling (years)	11.31	11.36	13.13	12.21	12.27	12.20
	(3.44)	(3.42)	(3.00)	(3.53)	(3.52)	(3.29)
Age (years)	39.90	39.88	41.13	40.53	38.34	39.12
	(11.06)	(11.03)	(11.72)	(11.36)	(11.07)	(11.12)
Experience (years)	23.59	23.52	23.00	23.32	21.07	21.92
(Age-schooling-5)	(12.68)	(12.63)	(12.46)	(12.75)	(12.80)	(12.47)
Weeks worked per year	45.70	45.84	46.90	45.39	44.94	44.66
	(11.67)	(11.51)	(10.96)	(11.94)	(12.32)	(12.60)
Hours worked per week	40.18	40.23	40.55	41.39	40.43	41.34
	(10.49)	(10.37)	(10.19)	(11.07)	(10.59)	(11.85)
Non-SMSA (%)	14.05	13.81	4.32	10.55	8.47	10.04
	(34.75)	(34.50)	(20.34)	(30.73)	(27.85)	(30.06)
South (%)	53.25	52.93	20.24	38.06	36.54	34.41
	(49.89)	(49.91)	(40.21)	(48.57)	(48.17)	(47.52)
New York (%)	8.82	8.51	48.58	7.65	14.41	13.44
	(28.37)	(27.91)	(50.01)	(26.59)	(35.13)	(34.12)
Not married (%)	35.15	33.91	36.03	35.60	39.48	36.86
	(47.74)	(47.34)	(48.04)	(47.89)	(48.90)	(48.26)
Poor health (%)	7.29	7.22	6.61	10.06	7.04	11.71
	(26.00)	(25.88)	(24.87)	(30.08)	(25.58)	(32.16)
Sample size	190,173	160,601	741	1,621	1,464	1,674

Source: Author's tabulations from the 1980 Census of Population 5-percent A sample.

Note: The full sample includes 419 workers who reported Hispanic ancestry, 36 who reported Caribbean ancestry other than West Indian, 110 who reported other (mainly Asian and Pacific Island) ancestry, and 23,507 who did not respond to the ancestry question. Data are for men aged 25 to 64 who were living in the 50 states or the District of Columbia, and who worked at least one week and reported earnings in 1979.

Table 2

Earnings Functions for Native-Born Black Male Workers, by Ancestry
(OLS coefficients with standard errors in parentheses)

		Black Ancestry Groups				
Characteristics	Full Sample	Afro-American	West Indian	European	African	American Indian
Schooling	0.058 (0.001)	0.060 (0.001)	0.074 (0.009)	0.059 (0.006)	0.070 (0.007)	0.048 (0.007)
Experience	0.021 (0.001)	0.021 (0.001)	0.021 (0.009)	0.024 (0.007)	0.024 (0.007)	0.029 (0.007)
Experience²/100	-0.024 (0.001)	-0.024 (0.001)	-0.022 (0.017)	-0.025 (0.012)	-0.024 (0.013)	-0.041 (0.012)
Natural log of weeks per year	0.933 (0.004)	0.933 (0.004)	0.730 (0.054)	0.829 (0.039)	0.976 (0.044)	0.955 (0.036)
Natural log of hours per week	0.255 (0.005)	0.250 (0.005)	0.493 (0.066)	0.461 (0.052)	0.258 (0.054)	0.269 (0.047)
Non-SMSA	-0.184 (0.005)	-0.188 (0.006)	-0.196 (0.122)	-0.111 (0.062)	-0.321 (0.074)	-0.150 (0.063)
South	-0.194 (0.004)	-0.194 (0.004)	-0.136 (0.068)	-0.131 (0.041)	-0.139 (0.044)	-0.169 (0.042)
New York	-0.077 (0.007)	-0.077 (0.007)	0.064 (0.054)	0.060 (0.071)	-0.060 (0.061)	-0.110 (0.056)
Not married	-0.215 (0.004)	-0.222 (0.004)	-0.280 (0.051)	-0.201 (0.040)	-0.171 (0.042)	-0.228 (0.039)
Poor health	-0.219 (0.007)	-0.223 (0.008)	0.059 (0.096)	-0.316 (0.063)	-0.402 (0.080)	-0.158 (0.058)
Ancestry:						
Afro-American	--	--	--	--	--	--
West Indian	0.085 (0.028)	--	--	--	--	--
European	0.057 (0.019)	--	--	--	--	--
African	-0.033 (0.020)	--	--	--	--	--
American Indian	0.011 (0.019)	--	--	--	--	--
Hispanic	-0.037 (0.038)	--	--	--	--	--
Caribbean other than West Indies	0.009 (0.128)	--	--	--	--	--
Other (Asia and Pacific)	0.062 (0.073)	--	--	--	--	--
No response	-0.040 (0.005)	--	--	--	--	--
Constant	3.965 (0.023)	3.977 (0.026)	3.680 (0.326)	3.547 (0.243)	3.547 (0.268)	3.889 (0.230)
Sample Size	190,173	160,601	741	1,621	1,464	1,674
R^2 (adjusted)	0.366	0.367	0.402	0.382	0.387	0.404
F	6,092	9,293	50.71	101.2	93.38	114.4

Notes: The dependent variable is the natural logarithm of 1979 earnings. Estimates obtained by ordinary least squares. There are 419 workers in the sample who reported Hispanic ancestry, 36 who reported Caribbean ancestry (other than West Indies), 110 who reported other (mainly Asian and Pacific) ancestry, and 23,507 who made no response.

(--): denotes variable not entered in the equation.

Table 3

Earnings Gaps between Native-Born Black Male and White Male Workers, by Black Ancestry

Ancestry of Black Workers	Mean ln Earnings			Black-White Earnings Gap (%)			Percent of Gross Earnings Gap Unexplained	
		Adjusted by Structure of:						
	Observed	Whites	West Indians	Gross [(1) - 9.619 x 100]	Unexplained (Conventional) [(1) - (2) x 100]	Unexplained (Expanded) [(3) - (2) x 100]	(5)/(4) x 100	(6)/(4) x 100
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Afro-American	9.170	9.367	9.195	-44.9	-19.7	-17.2	43.9	38.3
West-Indian	9.431	9.577	9.431	-18.8	-14.6	-14.6	77.7	77.7
European	9.292	9.418	9.281	-32.7	-12.6	-13.7	38.5	41.9
African	9.164	9.378	9.238	-45.5	-21.4	-14.0	47.0	30.8
American Indian	9.202	9.377	9.250	-41.7	-17.5	-12.7	42.0	30.5

Notes: Mean ln earnings of native-born white male workers = 9.619. "Mean ln earnings adjusted by structure of whites" (column 2) are calculated by substituting the average characteristics of each black ancestry group into the estimated structure of earnings for native-born white male workers (see Appendix table). "Mean ln earnings adjusted by structure of West Indians" (column 3) are calculated by substituting the average characteristics of each black ancestry group into the estimated structure of earnings for native-born blacks of West Indian ancestry (see Table 2). Gross earnings gaps (column 4) are differences between the observed mean ln earnings of each black ancestry group and native-born whites. Unexplained gaps are (in column 5) differences between the observed and adjusted (by whites' earnings structure) mean ln earnings of each black ancestry group, and (in column 6) differences between the two adjusted mean ln earnings of each black ancestry group.

Endnotes

1. Glazer and Moynihan [1963, p. 35] also write, "The ethos of the West Indian, in contrast to that of the Southern Negro, emphasized saving, hard work, investment, education."

2. On the latter point, Sowell [1975, p. 102] has written that the case of West Indians "suggests that the current disabilities of black Americans are due not only to current discrimination but also to past deprivation and disorganization that continue to take their toll." Among similar lines, Barry Chiswick [1983a, 1983b] has produced evidence that ethnic groups other than West Indians -- Chinese, Japanese, and Jews in the United States -- have cultural attributes that have enabled them to overcome discriminatory barriers and attain earnings that are similar to (or greater than) the earnings of majority whites with the same observable characteristics. For criticism of the use of culture as an explanator of earnings differences among various ethnic groups, see Steinberg [1981] and Darity [1989].

3. Sowell (1978, p. 255) defines West Indians as "persons of Negro ancestry whose parent(s) or themselves" were born in the West Indies. In this paper, West Indians are defined as *native-born blacks who identify themselves as having West Indian ancestry* -- see notes 4 and 6 for further details. Hence, unlike Sowell, I exclude immigrants from the analysis but include more than second-generation native-born West Indians. The latter difference is dictated by differences between the 1980 and 1970 Census questionnaires. The former difference is a matter of choice -- in earlier work [Woodbury 1991] and a companion piece [Woodbury 1993], I examine the earnings of West Indian and other immigrants. See also Model [1991] for an empirical analysis of the earnings of Caribbean immigrants and a review of existing work.

4. Focussing on men mitigates problems posed by differences between men and women in time spent out of the labor force. Similarly, focussing on workers over age 24 mitigates complexities arising from younger workers school enrollment. Clearly, the results should not be generalized to groups other than the mature men analyzed.

5. See Farley (1990) for a detailed treatment of the usefulness of the responses to the open-ended ancestry question. The main problem with the ancestry data on blacks is that 3,445 of the 190,173 workers in the sample used here responded that their ancestry was "English (Anglican)." Farley (1990, pp. 6, 11, 13) has noted that in the 1980 Census long-form questionnaire, the ancestry question immediately followed the question about whether English was spoken at home, and has suggested that this sequencing of questions resulted in serious response bias. That is, people who were unsure of their ancestry or did not understand the ancestry question would respond that their ancestry was English because the previous question had provided a cue for that response. Accordingly, I have grouped the "English (Anglican)" respondents with the nonrespondents.

6. "Afro-American" is a term that has decidedly fallen out of favor. I used it to refer to the majority of native-born black Americans -- that is, those whose ancestors were American slaves in the nineteenth and earlier centuries -- for two reasons. First, over 80 percent of native-born black respondents to the ancestry question in the 1980 Census did use the term "Afro-American" to identify their ancestry. Second, the term "African American," which is currently favored, could be construed as too broad, in that black ancestry groups other than the majority whose ancestors were American slaves could also be thought of as African American.

7. Up to two responses to the ancestry question were allowed and coded in the 1980 Census. I referred to the primary response first, and used that response as the worker's ancestry unless it was Afro-American. For those with an Afro-American primary response, I referred to the secondary response (if it existed), and used that response on the assumption that it could give a better clue to the worker's ethnic identity than the broader Afro-American response. Only 1,614 workers were assigned an ancestry based on the secondary response: 69 to West Indian ancestry, 501 to European ancestry, 36 to African ancestry, 885 to American Indian ancestry, and 123 to other ancestries.

8. The earnings differences between West Indians and each of the other subgroups are statistically significant at the 5-percent confidence level or better, as are the differences between European ancestry blacks and the other ancestry subgroups. The earnings differences among blacks of American Indian, African, and Afro-American ancestry are so small that they are not statistically significant.

Although data on workers who did not respond to the ancestry question are not displayed in Table 1, it can be inferred that nonrespondents had lower earnings than any of the subgroups shown in the table, since mean earnings and years of schooling for the full sample are less than for any subgroup shown.

9. Exceptions are the weeks per year and hours per week variables, which are entered in logarithmic terms. Hence, their coefficients are interpreted as elasticities.

10. A similar, though weaker, inference applies to European ancestry black workers.

11. Pairwise F-tests of pooling the five subsamples reject the restrictions imposed by pooling in eight of the ten possible cases. The cases in which pooling is not rejected are West Indian and European ancestry blacks, and Afro-American and American Indian ancestry blacks.

12. Blinder [1973] and Oaxaca [1973] are the seminal papers. Oaxaca provides an explicit link between the unexplained wage gap and the discrimination coefficient described by Becker [1971].

13. It would be extreme to view the unexplained earnings gap either as purely discriminatory or as purely cultural. Given the existence of unobserved variables in any analysis of earnings, an unexplained earnings gap could suggest the existence of any of a variety of unobserved determinants of earnings, including but not restricted to discrimination and cultural attributes. Which unobserved variable is most important may be less a matter of econometric inference than of institutional and historical evidence [Cain, 1991].

14. Historical accounts suggest that West Indians experienced significant prejudice from whites and that their resentment at this prejudice led to West Indians' well-known involvement in leftist political movements. West Indians experienced "equally potent prejudices" from Afro-Americans, who taunted West Indians and viewed them as "overly aggressive, clannish, radical, and arrogant" [Ueda, 1980, pp. 1023 and 1025].

15. The same point can be seen by comparing columns 1 and 2 in Table 3. The difference between Afro-Americans' observed earnings (9.170) and their earnings if determined by the West Indian earnings structure (9.195) suggests an increase of 2.5 percentage points.