Polarization and Progress in the Black Community: Earnings and Status Gains for Young Black Males in the Era of Affirmative Action

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We examined the occupational mobility and earnings attainment of young black and white male workers in the period 1974–1981 for evidence of class polarization among blacks in the era following the 1960s' antidiscrimination legislation. Our model links occupational status and earnings to the social resources of education and father's socioeconomic status, using data from the Panel Study of Income Dynamics, 1968–1981. The results suggest that such resources operated more strongly for advantaged blacks than for whites. But for less advantaged blacks, race remained a significant barrier. As predicted by the polarization hypothesis, enforcement of affirmative action guidelines was beneficial, but only to more qualified blacks.

KEY WORDS: black Americans; race relations; earnings attainment; occupational attainment.

INTRODUCTION

Researchers have become increasingly involved in testing the hypothesis, popularized by William J. Wilson (1978) but advanced even earlier by others (Pettigrew, 1965; Brimmer, 1966; Moynihan, 1972; Freeman, 1976), that over the last two decades black Americans have experienced class polarization. According to this perspective, a variety of changes including increased racial tolerance, antidiscrimination legislation, and occupational industrial shifts have brought great progress to middle-class blacks, so much so that this group is now much less disadvantaged than formerly by reason of race.

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Conversely, it is argued that these changes are pushing a less qualified black population into an increasingly isolated and alienated underclass. The position of the proponents of the polarization hypothesis on the existence of purely racial determinants for underclass disadvantage is less clear, but a changing economy and polity are seen as major causes for the plight of the most disadvantaged (Wilson, 1978, 1979a, 1979b, 1981).

While a great number of criticisms of the polarization hypothesis have appeared (Willie, 1979; Marable, 1980; Clark, 1980; Pinkney, 1984), several studies offer some empirical support to the notion that the more advantaged members of the black population suffer the lowest economic penalties of racism. Using data from two Occupational Changes in a Generation Surveys, Hout (1984) discovered that by 1973 black men from advantaged social backgrounds were experiencing greater inter- and intragenerational mobility than ever before. Analyzing a subset of these data, Pomer (1986) reported that black men in low-paying occupations were significantly less likely to achieve upward mobility than similarly situated white men.

In a similar vein, Smith and Welch (1984) cite data from the Current Population Survey indicating that since 1971 blacks with 16 years of schooling and 10 or less years of work experience have exhibited a more favorable black to white earnings ratio than have high school graduates with comparable experience. Using 1980 census data, Tienda and Lii (1985) observed that in 1979 black men holding postgraduate degrees earned more than whites with similar qualifications.

Not all studies, however, concur that recent opportunities are disproportionately benefiting advantaged blacks. Employing a wide variety of detailed educational categories in an analysis of 1980 census data, the United States Commission on Civil Rights (1986) reported a curvilinear relationship between weekly earnings (as a percentage of white earnings) and education among black men 25–34. Men with less than 8 years of schooling earned 91.5% of the average wage for similar whites. Increasing levels of education brought only about 80% of white wages, until 16 or more years of education was reached, at which point the black–white earnings ratio jumped to 87%.

Farley and Bianchi (1982) used a slightly different approach to the question of differential returns for education. Conceptualizing polarization as a within-group issue, they constructed a set of ratios of annual earnings across selected educational levels, first for blacks, then for whites. Among their findings is the discovery that the earnings gap between black men with a grammar school education and those with a high school education has held relatively stable over the past 20 years, while the proportionate advantage enjoyed by college-educated black men has been declining.

Studies about the effects of education on earnings are particularly relevant to the hypothesis that race no longer depresses the attainment process
of middle-class blacks, because it is widely believed college-educated blacks are those most likely to benefit from the occupational upgrading and policy initiatives of the past two decades. For example, Smith and Welch (1984) argue that affirmative action is primarily aimed at redress in the upper echelons of the occupational structure because blacks and minorities have traditionally been underrepresented at these levels.

At the same time, it is not likely that all black college graduates, regardless of age, can reap equal benefits from recent structural changes (Wilson, 1979b). As recently as 1960, college-educated blacks suffered extensive discrimination, such that they earned a smaller proportion of their white counterparts' earnings than did less educated blacks (Siegel, 1965; Duncan, 1969). Such a handicap cannot but have deleterious consequences for the more recent success of these older, well-educated workers. Freeman (1978), for example, argues that younger workers are much more sensitive to recent changes than older workers and gain most. This is because young workers "are not significantly hampered in the job market by past discriminatory practices and human-capital-investment decisions, which 'lock' older workers into career paths and seniority ladders from which change is difficult" (Freeman, 1978:60). Featherman and Hauser's (1976) and Johnson and Sell's (1976) analyses of attainment are also consistent with this argument. It seems safer, therefore, to predict that a decline in the "significance of race" will be pronounced among younger, well-educated blacks, who entered the labor market after the enactment of the 1964 Civil Rights Act.

**STUDY DESIGN**

The above discussion suggests that an appropriate test of the declining significance of race within the black middle class should examine interracial differences in the net effects of higher education among young workers who entered the labor market after the mid-1960s. An examination of the income determination process of young, less educated workers provides grounds for potential contrast because this group is expected to be less affected by the changing climate outlined above. Such workers have been relatively neglected in the writings of polarization theorists.

An important methodological issue is whether to use cross-sectional, trend, or panel data to test the claims of interest. Cross-sectional studies do not permit the researcher to make causal inferences about the effects of historical changes on opportunity structures unless they contain retrospective accounts. Trend studies are also useful for longitudinal purposes, although variations in population composition across time may make verification of suggested effects more difficult. For this reason, we use panel data, analyzing the informants appearing in two waves of the Panel Study of Income
Dynamics. This methodology permits us to compare the income determination process of identical individuals at two points in their careers.

A final question of substantive significance is the selection of a time frame most appropriate for study. We are particularly interested in the recent debate in the literature over the contribution of affirmative action to black progress. Despite congressional passage of the Civil Rights Act in 1964 and the subsequent appearance of affirmative action guidelines from the Equal Employment Opportunity Commission, vigorous enforcement of antidiscrimination provisions did not begin until 1974. At that time the Office of Federal Contract Compliance Programs began to prosecute federal contractors in violation of government regulations, a posture that later weakened under Ronald Reagan’s administration. Opponents of affirmative action policies have argued that since the black–white earnings gap decreased between 1964 and 1974, when enforcement was weak, and stabilized after 1974, when enforcement was strong, government intervention has stimulated little black progress (U.S. Commission on Civil Rights, 1986).

Clearly an adequate evaluation of affirmative action strategies requires more precise measurement of inputs and outputs than this reasoning reflects. Nor can we assume that the strength of enforcement and the strength of compliance operate in a one-to-one correspondence. Even if they did, there is little reason to expect that civil rights strategies will benefit all blacks equally. Rather, existing theoretical and empirical work suggests that the younger and more qualified will profit disproportionately.

For these reasons, we specify and test our model of earnings attainment using panel data on young household heads in the labor force for the years 1974 and 1981, precisely the years when critics of affirmative action maintain that improvement should have but did not occur. Of course, we realize that affirmative action enforcement was not the only structural process associated with this period. But the lackluster performance of the American economy in the late 1970s suggests that changes in the business cycle, for example, cannot be an explanation for our results (U.S. Bureau of the Census, 1985).

Young household heads are not an ideal sample to represent the population of young black males because differential selectivity between whites and blacks is likely to operate. One reviewer suggested that black college-educated men may continue to do less well than comparably educated whites and would therefore be less likely to split off to form independent households. But an analysis of the age of household heads (who had recently split off) showed no significant differences by race, even within levels of education, indicating that blacks do not delay splitting off in the present sample.

On the major dependent variable, annual earnings, we found that in 1974 most blacks in the sample suffered deficits relative to comparably edu-
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cated whites, regardless of education. By 1981, however, the college-educated blacks in our study had caught up with their white counterparts, while the income gap for those with less education was even larger than it had been 7 years earlier. Although the data we analyzed do not reveal which of our respondents might have been located in arenas particularly susceptible to civil rights interventions, our findings are consistent with the interpretation that enforcement of affirmative action guidelines was beneficial, but only to more qualified blacks, as predicted by the polarization hypothesis.

In an attempt to discover whether this pattern was unique to our sample, we compared our cases with data on the earnings of males age 25–34 in the Current Population Surveys for the years 1974 and 1979. These years represent the closest available match to our data for 1975 and 1981, with the income recorded in the latter year having been earned in 1980. The patterns are essentially the same in the two sources, with education maintaining an erratic relationship with black–white earnings ratios in 1974, while in 1979 the ratio consistently declines as black education increases, although only to a maximum of 94% (U.S. Bureau of the Census, 1977, 1979).

Although our discovery that earnings deficits have persisted only among less educated blacks has implications for a black underclass (addressed in our concluding section), we do not have definite evidence. Any study limited to household heads in the labor force is likely to contain few if any persons characterized as underclass (Ricketts and Sawhill, 1986). Research aimed at exploring that part of the polarization hypothesis that addresses the conditions of the underclass must necessarily use innovative sampling strategies and unique data gathering procedures because so many in the underclass live beyond the purview of standard survey techniques (cf. Wilson et al., 1987). These difficulties have limited most research efforts to an investigation of the “top” rather than the “bottom” layer of the polarization hypothesis.

METHODS

The sample for this study, derived from the Panel Study of Income Dynamics (PSID) cross-year family tape of 1968–1981, contains 176 black and 449 white male household heads who left their parental homes to live independently (i.e., “split off”) during the years 1969–1974. These men were between the ages of 18 and 35 at the time of split-off, stayed in the survey continuously from the year of split-off until 1981, and were in the labor market (whether employed or unemployed) both in 1974 and in 1981. Students, retired persons, and the permanently disabled in either 1974 or 1981 were excluded from the sample. Women were not included in the analysis because stratification systems vastly differ for men and women (Parcel and Mueller,
1983). Deficits in the earnings of black women relative to white women are now modest at best (Farley, 1984). To obtain approximately representative samples of young black and white males in the labor force, the weights provided with the 1981 survey data were used to adjust for unequal selection probabilities in the PSID data.

**Statistical Model**

To examine racial differences in the effects of socioeconomic background factors on occupational status and earnings attainment, we first specified a theoretically plausible and statistically acceptable model for the white sample, and then estimated it for the black sample. We tested racial differences in background effects by constraining each direct path sequentially to be equal across the two groups and by examining the chi-square change resulting from these constraints. LISREL VI (Joreskog and Sorbom, 1984) was used to estimate model parameters and test hypotheses.
Figure 1 shows the basic model adopted for the present study. Two measures are made of the respondent's economic achievement: 1974 occupational status and annual earnings. Mobility is measured by the change in occupational status and earnings from 1974 to 1981. Only 1981 measures, rather than change scores, are shown in Fig. 1, because with one exception, the paths to these variables (e.g., from respondent's education) represent the effect of socioeconomic resources on occupational mobility or earnings change (see Kessler and Greenberg, 1981). As shown in Fig. 1, however, the paths connecting 1974 occupational status and earnings to 1981 levels are stability coefficients, indicating the extent to which these variables remained unchanged during the test period. If a one is subtracted from each coefficient, they become change coefficients, representing the extent to which a change in status or earnings depends on prior levels of these variables. As suggested by earlier studies (Featherman and Hauser, 1978), occupational status in each time period is shown in Fig. 1 to have an effect on earned income for that year. In the analysis, 1981 income refers to the income earned in the previous year. Although 1981 income, so defined, cannot be considered as dependent on 1981 occupational status, as indicated in Fig. 1, very little bias results from using 1980 earned income, because the occupational status of most of the respondents did not change between 1980 and 1981.

The respondent's socioeconomic background and resources are represented by four measures: father's education, father's occupational status, respondent's graded schooling (number of years of schooling through high school), and respondent's college education. These resources are modeled to influence directly both 1974 and 1981 achievement.

Since the present sample pools respondents who split off from their family of origin in different years during 1969–1974, a variable indicating the number of years since the split-off is included as a rough control for the effect of length of time in the labor force since the split-off on the 1974 outcomes. The paths from years since split-off to 1981 income and occupational status are set to zero in Fig. 1 because years since split-off does not generate an additional effect once its influence on the 1974 outcomes is accounted for.

When the basic model for whites shown in Fig. 1 was estimated, a significant positive relationship between 1974 earnings and 1981 occupational status was found that could not be explained by the model. Because there was no theoretical reason to specify a direct path between 1974 income and 1981 occupational status, the residuals of these variables were allowed to correlate. This correlation probably arises because certain variables that are likely to affect both 1974 income and 1981 occupational status, for example, employment–unemployment status, were not included in the model.

Nonemployed (but still in the labor force) respondents were assigned the status of their last occupation. When the model was estimated only for
those employed in 1974 and 1981, no correlation between the residuals of 1974 income and 1981 occupational status was present. Unemployment in 1974 would be expected to have negative effects on 1974 income and 1981 occupational status, thereby creating a positive correlation in the residuals of these two equations.

Measures

Father's occupation was classified using a one-digit classification system based on the 1960 census; respondent's 1974 and 1981 occupations were classified by the 1970 census occupational classification system. Respondents not employed in 1974 or 1981 were assigned the category of their most recent occupation. The occupational categories were then converted to Hodge–Siegel–Rossi occupational prestige scores (National Opinion Research Center, 1984). Respondent's earnings in 1974 were adjusted for inflation by the Consumer Price Index and measured in 1980 dollars. The reader should be aware that a range of measures, including hourly, weekly, and annual earnings, can be used in income analyses. Because black men are likely to work more intermittently than white, especially at lower levels of the occupational hierarchy, investigations based on annual earnings differentials usually reveal greater within- and between-race variance than studies based on shorter temporal units (U.S. Commission on Civil Rights, 1986). At the same time, research based on yearly earnings provides a more realistic picture of the differences in the quality of life among racial and status groupings.

The PSID recorded father's education as a categorical variable, assigned the following values: 0 = could not read/write; 1 = 0–5 grades; 2 = 6–8 grades; 3 = 9–11 grades; 4 = 12 grades; 5 = 12 grades + nonacademic training; 6 = some college, associate degree; 7 = college, bachelors degree; and 8 = some graduate work, advanced degree. These codes were retained in the present analysis. The same codes were used for respondent's education, but in 1975 the PSID switched education measures to grades of school completed. The 1975 education variable was used in this analysis because it is more precise than the 1974 measure. It is reasonable to assume that from 1974 to 1975 very few respondents changed on educational attainment because all were in the labor market in 1974.

A continuous measure of respondent's education was preferred because it has been strongly suggested that the effects of graded schooling and college education operate differently in determining job placement and occupational mobility (Featherman and Hauser, 1978; Goodman, 1979; Wilson, 1978). To incorporate these differential effects into the model, the education variable was split into separate variables for graded schooling (coded 1–12 up through high school, and 12 if more than 12 years completed) and
college education (coded 0 if 12 years or less completed, and number of years completed minus 12 if more than 12 years completed).

**Hypothesis Testing**

We tested interaction effects by race by restricting a path sequentially to be equal across racial groups and then assessing the change in the likelihood ratio chi-square statistic going from an unrestricted model (in which separate coefficients were estimated for each group) to the restricted model. If the constraint did not lead to a significant increase in the chi-square statistic, we retained the constraint in the model; otherwise, the parameter was freed (estimated separately for each group) before proceeding to the next test in the sequence. The paths were constrained in the order of temporal occurrence in the model shown in Fig. 1. For example, the first path constrained was the path from father's education to 1974 occupational status. The last path constrained was the path from 1981 occupational status to 1981 income.

After testing the equality of structural coefficients, we tested equality of intercepts for the endogenous variables. The order of testing was 1974 occupational status, 1974 income, 1981 occupational status, and 1981 income. If for a given equation the equality constraint on the intercept for each group did not significantly increase the value of the chi-square statistic, we retained the equality constraint; otherwise, separate intercepts were estimated for that equation.

The resulting model is conservative in assuming as a null hypothesis that the two systems do not differ. In this way, large demonstrable differences between the two groups are highlighted, while weaker nonsignificant differences (if they exist) are smoothed over. Although there is some risk of a Type II error in this procedure (each group may really differ on all parameters), the model captures the major differences between the two groups.

**RESULTS**

Table I presents means and standard deviations of the variables in the model, separately for blacks and whites. As expected, the means for blacks on all of the variables are lower than those for whites. The statistics in Table I suggest, first, that although the racial difference in graded schooling (through high school) is quite small, the difference in college education is substantial. In this sample, approximately half (50.7%) of the whites experienced at least one year of college education, compared to only one-fifth (19.6%) of the blacks. When the means in Table I are adjusted to reflect
Table I. Means and Standard Deviations of the Variables in the Model

<table>
<thead>
<tr>
<th>Variable</th>
<th>Blacks (N = 176)</th>
<th>Whites (N = 449)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean SD</td>
<td>Mean SD</td>
</tr>
<tr>
<td>1974 Occupational status</td>
<td>31.89 13.23</td>
<td>40.97 16.93</td>
</tr>
<tr>
<td>1981 Occupational status</td>
<td>34.11 13.32</td>
<td>42.98 12.77</td>
</tr>
<tr>
<td>1974 Income (in 1980 dollars)</td>
<td>12,950 5660</td>
<td>17,190 8380</td>
</tr>
<tr>
<td>1981 Income (in 1980 dollars)</td>
<td>14,650 8130</td>
<td>20,570 10,310</td>
</tr>
<tr>
<td>Graded schooling (years completed)</td>
<td>11.48 1.28</td>
<td>11.75 0.84</td>
</tr>
<tr>
<td>College education (years completed)</td>
<td>0.51 1.15</td>
<td>1.68 1.94</td>
</tr>
<tr>
<td>Father’s education (9-point scale)</td>
<td>2.84 1.57</td>
<td>3.67 1.79</td>
</tr>
<tr>
<td>Father’s occupation</td>
<td>32.39 9.92</td>
<td>39.10 10.28</td>
</tr>
<tr>
<td>Years since split-off</td>
<td>2.12 1.66</td>
<td>2.38 1.68</td>
</tr>
</tbody>
</table>

Table I presents the means and standard deviations of the variables in the model for Blacks (N = 176) and Whites (N = 449). These percentages, blacks and whites scarcely differ in graded schooling (an adjusted mean of 11.4 years for blacks vs. 11.5 years for whites), but differ by almost a year on college education (an adjusted mean of 2.6 years for blacks vs. 3.3 years for whites). This racial discrepancy is of concern since, as we will see shortly, college education plays a key role in the status attainment process.

The second conclusion to be drawn from the statistics in Table I is that although both groups increased their incomes and occupational status during the years between 1974 and 1981, there is no indication that the gap between the two groups narrowed. Black and white gains in occupational status scarcely differed (2.22 points for blacks vs. 2.01 points for whites), while whites pulled ahead on income by as much as $1680. They gained $3380 while blacks gained only $1700, thereby widening the gap between the two groups from $4240 to $5920. The finding of a widening gap in income and a stable racial gap in occupational status appears paradoxical in light of black progress made in the 1960s and 1970s. A few other studies (Blum, 1972; Coleman et al., 1972; Lyon and Abell, 1979) that used longitudinal or retrospective data also found a widening racial gap within an age cohort as blacks and whites stayed in the labor force. This apparently contradictory finding may be interpreted in the following way. Even though the racial gap is widening in an age cohort, the rate of widening within a younger age cohort has slowed down recently, primarily because of the achievements of educated young blacks and the leveling of background resources, particularly education. Therefore, when compared cross sectionally at different time points, the gap between blacks and whites as a whole appears to be narrowing because of the entrance of younger workers and the dropping out of older workers. Yet when analyzed longitudinally with a single cohort, the racial gap still widens or remains constant (cf. Lyon and Abell, 1979). Thus, young black males in the labor force do not appear to have profited from the more vigorous
enforcement of affirmative action guidelines during the late 1970s, as the U.S. Commission on Civil Rights (1986) has maintained.

Table I suggests that lower resource levels, particularly college education, may account for the widening gap in black and white incomes. Parameter estimates of the model presented in Fig. I demonstrate, however, that differential effects of these resources also contribute to the outcomes shown in Table I. That model, developed through a sequential testing of all direct effect coefficients and intercepts, is presented in Table II.
Occupational Status in 1974

In attaining 1974 occupational status, college education operated more efficiently for blacks than for whites. Every year of college education adds 7.5 points to a black's occupational status, but only 4.0 points to the status of a white respondent. Holding constant years since split-off, a black completing 1.6 years of college education has the same expected status as a white with 1.6 years of college. Below that break-even point, blacks fall behind whites, while those with more than 1.6 years of college tend to enter jobs with higher occupational status than do whites.

Compared with college education, the effect of graded schooling on occupational status at this early stage is rather weak for both blacks and whites. Respondents with 12 years of schooling have only 8.0 status points more than respondents with no schooling. By contrast, a college education adds 16.1 points to the status score of whites and 30.1 points to the status score of blacks. This discovery suggests that for both groups college education is the critical factor in determining status at job placement. As shown in Table II, the number of years since leaving one's family of origin (a rough indicator of years in the labor force) has no appreciable effect on 1974 occupational status. If a man split off in 1969, only 2.6 points would have been added to his 1974 occupational status score. Father's education and occupational status do not have significant effects on 1974 occupational status. This result suggests that the effects of father's SES are primarily indirect, through education (Featherman and Hauser, 1978; Parcel and Mueller, 1983), and the magnitude of these effects becomes small once the effect of education is controlled.

Income in 1974

For blacks, the direct effect of college on 1974 income is nil. Although a coefficient of \(-275\) is estimated, its significance level is so low that one may assume it is zero. For blacks, the effect of college education on income is indirect, via 1974 occupational status. That effect is estimated at \$1137 for every year of college completed. When the total effect (direct plus indirect effect) of college education on 1974 income is considered, the racial difference declines (\$1126 for whites; \$862 for blacks). Overall, blacks and whites do not differ greatly on the effects of college on gaining income, but they differ in the way college education is converted to income. Whites with some measure of college education appear to enter jobs where pay scales are more directly pegged to educational qualifications than to occupational prestige.
Graded schooling has an appreciable direct effect on 1974 income that is equal for both blacks and whites, amounting to nearly $1000 per year. Those who have completed high school can be expected to earn $3844 more than those who did not go beyond the eighth grade. In this respect, only educational attainment makes a difference. As indicated in the discussion of Table I, blacks and whites who do not go to college differ very little in terms of graded schooling.

The number of years since split-off contributes substantially to the incomes of whites, but not of blacks. For whites, each year since split-off is met with an average raise (in real income, adjusted for inflation) of $1199, or roughly 6.9%, but for blacks, the average raise is only $284, or only 2.2%. Father's education and occupational status do not show significant effects, once the effect of education is controlled.

Occupational Status in 1981

In determining 1981 occupational status (and therefore occupational mobility between 1974 and 1981), the effects of education were the same for blacks and whites. College education has a strong effect, about 2.5 points for each year of college, while graded schooling has a negligible effect of about 0.6 points per year. Thus, a man with a college degree will gain about 10 points in occupational status over one with a high school diploma, whereas finishing high school leads to no more than a 2.4 point gain over one who did not go beyond the eighth grade. These findings strongly imply that college education is crucial for reaching the higher echelons of the occupational structure, although the mechanisms responsible for this result are uncertain (Bielby, 1981). Education could signal a variety of characteristics, including productive investment in human capital, scarce credentials designed to diminish applicant pools, or personality traits desired by employers (Jencks et al., 1979).

Father's occupational status has a sizable direct effect (about 17%, evaluated at the mean) on status mobility for blacks, but essentially no effect for whites ($b = -0.024$). The effect of father's educational attainment is negligibly small ($b = 0.341$ for blacks and whites). It appears that blacks who were raised by fathers in higher status jobs have an additional edge in advancing their occupational status that is not mediated by education or previous job status. Perhaps these advantaged blacks have acquired qualities, such as achievement motivation or social skills, that are effective in job advancement. These results parallel Hout's (1984) finding that in recent years middle-class black families have become more successful in passing their status on to their children than was the case in the past (Duncan, 1969).
The racial difference in the effects of 1974 occupational status on 1981 occupational status is striking. The coefficient for blacks is 0.279 points larger than for whites ($b = 0.451$ vs. $b = 0.172$). Evaluated in terms of stability, blacks appear more likely to remain in the jobs they enter than are whites. In terms of predicting change in status, the effects of 1974 status levels are $-0.83$ for whites and $-0.55$ for blacks. For both blacks and whites, the higher the status held in 1974, the less the increase in 1981 status over 1974 status. But for blacks holding high-status positions in 1974, the reduction in gain was less than for whites. Conversely, blacks holding low-status positions rebounded with a smaller gain in 1981 than similarly positioned whites.

**Income in 1981**

For blacks, college education had a strong effect on income gains between 1974 and 1981, amounting to $2296 for each year of college completed. For whites, the effect was much smaller, averaging $559 per year of college. The effect of graded schooling on income gains, estimated at $836 per year of schooling, was equal for blacks and whites. The effects of father's education and occupational status, equal for both groups, tend to have offsetting effects. Evaluated at the white means, father's education creates a gain of $2756$ that is offset by a loss of $3011$ attributable to father's occupation. The pattern of these coefficients suggests that status differentials, rather than father's education or occupational status per se, affect income changes. Thus, if a respondent's father has a higher educational attainment than his job status would suggest, the respondent may be expected to gain more additional income than would a respondent whose father had an occupational status more than commensurate with his educational attainment. To avoid the possibility of multicollinearity, the model was reestimated, with all coefficients with negative values set to zero, resulting in a new value of $593$ ($p < 0.05$) for the effect of father's education. The fit of the specified model is still acceptable ($\chi^2 = 24.98$, $df = 26$, $p = 0.520$).

Blacks maintained their previous income more consistently than did whites, as they did their 1974 occupational status. The stability of income is greater than the stability of occupational status for both blacks and whites ($0.447$ vs. $0.172$ for whites; $0.656$ vs. $0.452$ for blacks). As with occupational status, blacks with high incomes made comparatively greater gains than whites with high incomes, but blacks with low incomes made fewer gains than their white counterparts. For whites, the effect of 1981 occupational status on 1981 income is similar to that of 1974 occupational status on 1974 income ($b = 0.127$ vs. $b = 0.124$), but for blacks 1981 status has virtually no effect ($b = -0.036$). In sum, most of the differences between the races in the translation of resources into 1981 income were small. The exception was college education, which proved more meaningful to blacks than whites.
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Table III. Black-White Ratios of Expected Occupational Status and Income by Education

<table>
<thead>
<tr>
<th>Variables</th>
<th>Whites</th>
<th>Blacks</th>
<th>Black-white ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than high school</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1974 Occupational status</td>
<td>32.461</td>
<td>26.817</td>
<td>0.826</td>
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<tr>
<td>1981 Occupational status</td>
<td>35.670</td>
<td>29.070</td>
<td>0.815</td>
</tr>
<tr>
<td>1974 Income</td>
<td>12,867</td>
<td>10,648</td>
<td>0.823</td>
</tr>
<tr>
<td>1981 Income</td>
<td>14,531</td>
<td>9,348</td>
<td>0.643</td>
</tr>
<tr>
<td>High school graduates</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1974 Occupational status</td>
<td>34.159</td>
<td>28.080</td>
<td>0.822</td>
</tr>
<tr>
<td>1981 Occupational status</td>
<td>37.913</td>
<td>31.243</td>
<td>0.824</td>
</tr>
<tr>
<td>1974 Income</td>
<td>15,491</td>
<td>13,142</td>
<td>0.848</td>
</tr>
<tr>
<td>1981 Income</td>
<td>18,591</td>
<td>14,170</td>
<td>0.778</td>
</tr>
<tr>
<td>College graduates</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1974 Occupational status</td>
<td>50.746</td>
<td>59.800</td>
<td>1.178</td>
</tr>
<tr>
<td>1981 Occupational status</td>
<td>50.352</td>
<td>63.021</td>
<td>1.252</td>
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<tr>
<td>1974 Income</td>
<td>19,717</td>
<td>18,621</td>
<td>0.944</td>
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<tr>
<td>1981 Income</td>
<td>24,827</td>
<td>25,569</td>
<td>1.030</td>
</tr>
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</table>

SUMMARY AND DISCUSSION

A simple way of summarizing our results is to provide estimates of our dependent variables and the associated racial gaps by educational level and year. A tabulation of the expected occupational and income rewards predicted by our model appears in Table III. Looking first at occupational status, observe that the ratios of black to white performance changed little between 1974 and 1981. In absolute terms, members of both racial groups with a high school diploma or less achieved very modest increases in their occupational status, leaving the racial gap unchanged. The striking feature of these data is the very high occupational status levels achieved by college-educated blacks in both years. Why should black college graduates obtain more prestigious posts than their white counterparts? Employer sensitivity to affirmative action requirements seems to us the most plausible explanation. Concentration of educated blacks in the public sector (cf. Hout, 1984), where the employers are sensitive to affirmative action requirements, may also explain the present result.

When we turn to income, a slightly different story emerges. The black-white income ratios fluctuate considerably depending on education. Black men with less than a high school degree consistently earned the smallest proportion of their white counterparts' incomes. They were also the only group whose absolute earnings declined in real dollars, bringing their 1981 earnings to only two-thirds of comparably educated whites. Black high school
graduates fared slightly better, both absolutely and relatively. Nevertheless, the black-white earnings gap for men in this category was over 7% greater in 1981 than in 1974. The progress of black college graduates was considerably better. Although their 1974 incomes were just under 6% of that of their white counterparts, by 1981 black college graduates had caught up with white degree holders.

If one approaches polarization as a within-group issue and compares the earnings ratios between those with less than high school to those with college degrees, one also finds evidence of increasing polarization between 1974 and 1981. In 1974, blacks without a high school diploma earned 57.2% of what blacks with a college degree earned, while the comparable figure for the two groups of whites was 65.3%. By 1981, however, blacks lacking high school graduation earned only 36.6% of what black college graduates earned, while the analogous ratio for whites dropped only to 58.5%.

Again, affirmative action pressures seem the most appropriate explanation for the gains in occupational status and earnings by black college graduates. Our findings thus suggest that the U.S. Civil Rights Commission oversimplifies when it declares that "the approximate constancy of relative earnings during a period of strong enforcement casts doubt on the success of the OFCCP in raising black wages" (U.S. Civil Rights Commission, 1986:235). Disaggregation by educational levels indicates that the relative earnings of blacks and whites have not remained constant during this period. Our results cannot demonstrate a causal impact for affirmative action, but such an interpretation remains plausible.

At the other end of the spectrum, unmeasured declines in hours and weeks worked probably do account for some of the increased earnings gap observed among blacks with low education. The extent to which shortfalls in labor force participation are involuntary is impossible to know, but the demand for unskilled labor has surely been declining in recent years. In addition, structural factors such as black concentration in particular sectors or industries, or residential segregation in inner cities, may be responsible for the increased earnings gap. Whatever the confluence of causes, the economic well-being of less educated black household heads clearly deteriorated over the 7-year period.

This analysis supports the portion of the polarization hypothesis asserting that race is of declining significance in the determination of economic rewards for the black middle class and that civil rights policies have contributed to this outcome. At the same time, assertions about polarization generally go further, contrasting an employed, educated, black middle class with a socially deviant, jobless underclass. Although the PSID oversampled low-income households, very few of even these household heads
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would fall into this latter category. Nor did we explore the interpersonal experiences of black job holders and the social conditions in which they work. Further studies are necessary to ascertain the existence and degree of noneconomic racism on job holders. Nevertheless, studies such as ours have serious implications for all segments of the black community.

First, the widening discrepancy in earnings between blacks and whites in the lower rungs of the labor market reported in this study may be contributing to the alarming decrease in black male labor force participation. Black men with low skills may be rejecting jobs not only because they disdain less prestigious employment (Jencks, 1983), but also because they perceive the considerable racial disparities that we have uncovered in the rewards for such jobs. In this way the absence of equal opportunity policies for the less skilled may actually exacerbate the growth of the underclass.

Second, the advantages accrued by college-educated blacks could threaten the well-being of working-class blacks, even if the latter remain in stable employment. Recent studies reveal that blacks are undergoing heightened class-based residential segregation (Rickets and Sawhill, 1986; Nathan, 1987). The possibility that a select group of blacks are now sufficiently well rewarded to afford to move out of central cities is certainly implied by our results. Such decisions, while perfectly understandable on the individual level, have the aggregate effect of leaving the less affluent and disaffected to fend for themselves, without the resources and leadership they require for effective community action (Wilson, 1985).

Finally, our findings suggest that the racial parity achieved by young college-educated blacks in the 1970s will be maintained only if the government's commitment to affirmative action does not slacken. Ideological and economic pressures to reduce federal spending, coupled with a tighter business environment, could easily lead to fewer opportunities for blacks. The recently noted drop in black college enrollments (National Education Association, 1987) may be a harbinger of this prospect. Our research confirms that black youth were well advised to obtain higher education in the 1970s. Only future research can determine whether that advice remains justified in the 1980s.

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