

HYPHENATED AMERICANS—ECONOMIC ASPECTS*

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According to the 1970 Census of Population, nearly 10 million persons living in the United States were born in a foreign country, and either one or both parents of another 24 million are foreign born. The foreign stock (the foreign-born and the native-born with foreign-born parents) are therefore 17 percent of the population, making them one of the largest "minority" groups in the country.¹

There is absolutely no question that relative earnings of black Americans increased during the decade (1960s). There are, however, real questions about root causes of this change . . . [A]lthough by historical standards the gain of the sixties is truly prodigious, the absolute magnitude of the change is not overwhelming. In 1959, the average earnings of employed black men came to 57 percent of the amount earned by employed white men. This percentage had increased to 64 by 1969—i.e., about 16 percent of the wage differential was bridged during the decade.²

I

INTRODUCTION

This paper is an income-distribution theorist's attempt to discuss for noneconomists certain primarily economic problems of the hyphenated American in American society. This general discussion includes evidence relative to two embarrassing questions:

(1) How seriously has the notorious American "racial prejudice" or "racism" handicapped the eventual economic assimilation of American minority members? ("Economic assimilation" here means the attainment of parity in income, if not in wealth.)

(2) Marxian writers see "the economics of racism" as the effort by employers with monopsony (buyers' monopoly) power individually or as a group to keep "their" labor forces disunited on racial, linguistic, or religious lines, and therefore to keep them economically weak. Conservative and antiunion writers see "racism" as arising more commonly from unexplained exogenous and possibly genetic "tastes for discrimination" and/or from "cartel" activities of trade unions to bar newcomers and outsiders from the privileges of membership. What is the relative importance of each of these theories?

These questions interest me both as an economist and as a multiply-hyphen-

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1. Chiswick, *The Earnings of Immigrants and Their Sons*, CHALLENGE, May-June 1978, at 55.

2. J. SMITH & F. WELCH, BLACK/WHITE MALE EARNINGS AND EMPLOYMENT: 1960-70 v (1975).

ated American. (My father was born in Russia, my mother in Austria, both in mixed Jewish-Gentile families. I myself belong to the first American-born generation in my family. My wife was born in Japan, and is therefore an immigrant, i.e. a first-generation hyphenated American.)

II

HYPHENATED AMERICANS

A. Who Are "Hyphenated" Americans?

A hyphenated American may be an immigrant or a descendant of recent immigrants. His political allegiance to the United States may become questionable when the United States and the "Old Country" find themselves on opposite sides of international controversy. Or he may try in some organized way to embroil the United States in the Old Country's controversies with some third country, or at the very least, to maintain and strengthen linguistic and other cultural ties with the Old Country.³ The term "hyphenated American" arose to describe Irish Catholic immigrants who sought to use the United States as a staging area for rebellion against English Protestant rule in Ireland, and also to describe German and Scandinavian immigrants who sought to keep America neutral during World War I. America has thus far been spared actual hyphenated American separatism,⁴ except in Puerto Rico. (Our northern neighbor has been less fortunate as regards the French-Canadians of Quebec.)

I should consider our black population as hyphenated, whether or not their ancestors emigrated recently from Africa or from the West Indies, and whether or not they are concerned with the particular African or West Indian land from which their ancestors came. Alex Haley, author of the best-seller *Roots*, is a black American rather than a Ghanaian-American, even though search for his family's roots led him to present-day Ghana. He is "hyphenated" insofar as his ancestry makes him especially hostile to the Republic of South Africa. I also consider the American Indians hyphenated Americans, even though their ancestors inhabited the country for centuries before any white people arrived.

B. Two Confusing Terms

Much of our data are published in terms of two weasel words, "nonwhite" and "Spanish-speaking." Both require further discussion.

"Nonwhite" does not mean "black," although blacks dominate the category numerically. "Nonwhites" include both Asians, who have fared better than the

3. Americans see it as a sign of "hyphenation" when a linguistic minority insists upon public school instruction in the Old Country language for children (other than children who are themselves recent immigrants), but not when the minority community supplies such instruction at its own expense on a voluntary basis as a supplement to the public schools.

4. In the 1930's, the American Communist Party considered the advocacy of an autonomous black republic composed primarily of those southern counties with black majorities in their populations, but this proposal was shelved. Most of the counties in question became white by 1950 as the result of black migration during and after World War II, but some black nationalists continue to campaign for a "Republic of New Africa."

blacks in economic terms, and American Indians, who have fared worse. Black leaders are probably correct when they maintain that the average "nonwhite" is better off than the average black, so that our usage tends to understate the severity of the blacks' problems.

"Spanish-speaking" or "Hispanic" is an even more mixed bag. The representative Hispanic has Spanish or Portuguese as a native language, or has a name generally identified as Spanish or Portuguese. He is racially mixed: sometimes pure white (from Spain), more commonly a mixture of white and Indian (from Latin America), sometimes Asian (Filipino), pure Indian, or largely black (Puerto Rican). European immigrants coming directly from the Iberian peninsula constitute only a small minority of America's Hispanic population. Spanish-surnamed people in the Southwest are classified as Mexican-Americans (Chicanos), even though they may have emigrated from other Spanish-speaking countries, may have taken their Spanish names only by marriage, or may be members of families which have lived in Texas or California for hundreds of years without ever visiting present-day Mexico.

C. The Moron and the Crook

American racial prejudice is not simple, but manifold. The racists' denunciations of Immigrant Group A would lead a man from Mars to expect these same racists to welcome Group B, which they decidedly do not. Indeed, anti-A and anti-B racists are often the same people. I am reminded of the tale about a storekeeper who put a sign in his window, "This Store is 100 Percent American" because he hated Catholics, Jews, blacks, and Asians. A competitor then put up a sign "This Store is 200 Percent American" because *he* hated *everybody*!

American prejudices against the various hyphenated groups can be divided into two types, which I like to call "the moron" and "the crook." The moron stereotype reads: The typical A has a low I.Q. and is allergic to soap and water. He is academically subnormal; he is too "dumb" and lazy to learn proper English; he is incapable of anything but unskilled labor; he is given to violent crime and alcoholism; he is afflicted with a dangerously quick temper. The "crook," or "chiseler," on the other hand has a high I.Q. and may even be physically clean. He is academically gifted; he considers himself too good for manual labor; he is dishonest and unreliable; he is given to the "white-collar" legal and economic crimes of embezzlement, bribery, fraud, tax evasion, industrial espionage, price cutting, etc. Any new immigrant group may be shunted by common consent into the moron category until it, or its children, learns English, and then may be shifted into the crook category—"too clever by half," as the British put it. For examples of such shifts, consider the Eastern European Jews, Lebanese, Armenians, Greeks, Chinese, and Japanese.

Both these stereotypes, the moron and the crook, are still with us. We can see them operating in the cases of Koreans, Indo-Chinese, Cubans, and Central Americans. First we call them morons because their English is poor, and then we call them crooks or chiselers when they cut corners in their haste to get ahead.

My thesis is that Prejudice I, against "moron" immigrants, can and does inflict

permanent economic damage upon any hyphenated American group which can be recognized readily, and which cannot break loose from a set of concentrated ghettos. But Prejudice II, against “crooks” or “chiselers,” has yet to damage any hyphenated-American group economically. (Immigration restrictions have even insulated the early arrivals against the further competition of later ones. The concentration camps of World War II accelerated the Japanese-American breakout from “Little Tokyo.”) It is important that the “moron” stereotype be disproved, outgrown, or both; there is no faster means than by learning English well.

We can see the attitudes and activities of recent immigrants as directed primarily at overcoming Prejudice I, while letting Prejudice II take care of itself later. Even the black community is following a similar course. Its problem has become largely one of “two-stage” integration, first to “bourgeois” or middle class status within the immigrant community and from there to full integration. The first stage now seems both longer and more difficult than the second.⁵ A more general example is the widespread immigrant acceptance of the public school “melting pot” assimilation of their children, despite its often crude and sometimes racist accompaniments, and despite the cleavages “Americanization” often creates between their children and themselves.

I should like to expand on the “often crude and sometimes racist” aspects of the educational melting pot as they affected me personally as a child in Massachusetts and New York in the 1920’s. I experienced neither overt discrimination from teachers nor group conflicts along racial or national lines among my schoolmates; to this extent I seem to have been more fortunate than many others. I did experience Protestant Christian daily prayers in some school classes, and some linguistic teasing—not because of defects in my English but because I also spoke a foreign language. I had lived in France, picked up French, and was called “Frenchy.” Speaking a foreign language, I think, implied that one’s family could not speak English and was therefore inferior—the “moron” prejudice. (Not needing French to communicate at home, I may have lost my fluency in French earlier and more completely as a result of this teasing than I might otherwise have done.)⁶

D. The Boss or the Union

By mentioning the key question, whether “the boss” or “the union” has been the prime mover in economic prejudice against hyphenated Americans, or by some hyphenated Americans against the rest,⁷ I have doubtless suggested that I have

5. See R. FREEMAN, *BLACK ELITE* (1976).

6. Perhaps for the same reason, I never learned enough Russian to communicate with Russian relatives who *were* living with my family. I recall expecting my grandmother and uncle to speak English if they wanted to talk to *me*!

7. The subject of interminority relations fascinates sociologists. On the one hand, many hyphenated American groups have as common enemies such racist organizations as the Ku Klux Klan and American Nazis, and therefore join forces against them. But each minority group, in its search for acceptance and assimilation, is tempted to take over the majority’s prejudices against one or more other minorities.

The checkered history of Negro-Jewish relations is currently (1983) of special interest from this point of view. An earlier example involves Japanese-Americans. Confined in camps during World War II, Pacific Coast Japanese particularly resented the “inferior” Jews among the camp staff members, whom they scornfully called *kuichis*. (In Japanese, 9 (*ku*) + 1 (*ichi*) = 10 (*ju*).)

examined evidence on the points at issue, and have thereby drawn a conclusion. But this is not the case. I have no answer to this key question. In fact, I have no clear idea about what sorts of evidence would be directly relevant to answering it.

Historically speaking, organized labor—which includes earlier immigrants—has long been a leader in anti-immigration and similar agitation. Early examples were bloody Irish-led, anti-Negro “draft riots” in New York in 1863 and anti-Chinese riots in San Francisco in 1869. The obvious economic purposes of such agitation were to reduce labor supplies and to maintain or increase wage rates, but the great majority of the rioters could not have been union members. As unions grew in strength, however, they developed natural interests in safeguarding whatever degrees of skill and other monopoly they were able to secure.

After World War I and the Russian Revolution, however, organized labor was joined by members of the middle class, if not necessarily “the bosses,” who desired to quarantine the American masses against dangerous thoughts from central and eastern Europe, and who were also infected with a mild eugenic strain of the Nordic-supremacy disease which later culminated in Nazism. Given the continuing weaknesses of organized labor, it is doubtful that numerical restrictions on immigration, including the absolute ban on Asian immigration in 1924, could have been imposed by labor’s political influence alone. (I myself recall being told by middle class teachers in both public and private schools that non-Nordics were somehow less assimilable into American society and its institutions, at least in large numbers, than were Nordics. I do not recall resenting such remarks. Probably, I did not realize that my family did not qualify as Nordic, or that “nonassimilable” was a code word for “inferior.”)

However exclusive and antiforeign—or at least anti-“new immigrant”—American craft unions may have become by the first third of this century,⁸ the new industrial unions after 1933 ostensibly welcomed hyphenated Americans to full membership and often to positions as union officials. I say “ostensibly” because, at times, separate, industrial-union locals for skilled workers were established within the steel, auto, electrical, or other industries. These locals patterned themselves on craft union practice, remaining closed to certain hyphenated Americans, particularly to blacks.

E. Who Does What?

Visitors to America are often surprised by what one might call the “fine structure” of hyphenated American economic assimilation. Why are groups (a,b) disproportionately concentrated in occupations (x,y)? And why are occupations (x,y) disproportionately attractive to groups (a,b)? I doubt if anyone, even a professional historian of American immigration, can answer all the questions that come to

8. The “closed” union or union local was often an exemplar of nepotism rather than racism, despite racist statements in some union constitutions and charters. The right to union membership became a form of human capital, analogous to a share of stock. It was handed down from father to son, uncle to nephew, older to younger brother, and not uncommonly sold to friends and neighbors. Membership in an “Irish” local, then, was not in fact open to all Irish-American applicants. Why then, it was argued, should it be open to non-Irishmen, not to mention non-Catholics, non-Christians, or even nonwhites?

mind. (Why, for instance, do Iroquois Indians do so much of the lucrative and dangerous structural-iron work in skyscraper construction? How do we explain the affinity between Greek-Americans and the confectionery industry? Why are the best bakeries German in one city, Scandinavian in another city, Jewish in a third city?) A few generalizations, however, may be helpful:

(1) If an immigrant group has concentrated in certain occupations in its Old Country, it is apt to continue this specialization in the New World, other factors being equal. Thus, we find Jewish-Americans in the liberal professions, in banking and jewelry, in tailoring and the garment trades; Armenian-Americans and Lebanese-Americans are prevalent in the rug and carpet business and, more generally, in importing from the Middle East; while Welsh and Silesians (German, Polish, and Slovak) are found in the mines.

(2) When a country becomes known internationally for certain specialties, it is natural for immigrants from that country to bring those specialties to America. The international repute of French, Italian, and Chinese cuisine, for example, gives rise to numerous restaurants in America owned and managed by immigrants from these countries, or by their descendants. A smaller and localized example of the same phenomenon is a concentration of dairying and cheese making in a "little Switzerland" near the small city of Monroe in southern Wisconsin.

(3) The temporal order of immigration has been important. When German and Scandinavian peasants were immigrating in large numbers during the generation following the Civil War, good farmland was still abundant and cheap, and those immigrants turned naturally to agriculture. When waves of Italian and Slavic peasants arrived a generation later, the good land had already been acquired and the immigrants went into the mines, mills, and factories, often after apprenticeship in unskilled pick-and-shovel construction work. Had the order of immigration been reversed, the Swedish farmer of southern Minnesota and the Polish steelworker of western Pennsylvania might have traded places.

Similarly, the rise of closed unionism among Yankee, Irish, and Scandinavian building tradesmen operated to bar "new immigrant" (and later black and Hispanic) workers from the higher reaches of the skilled building trades. Perhaps because of skills they brought with them in stonework and masonry, however, Italians have been much more successful than other new immigrants in overcoming barriers against them.

(4) Prior knowledge of English has made a difference too, particularly in the case of the Irish-Americans. Why did the Irish so naturally assume, and retain for so long, political leadership among the hyphenated Americans? They arrived early and their English was fluent, though accented, while both their extreme poverty⁹ and their Roman Catholic religion aroused Yankee prejudice against them.

(5) As an example of historical accident approaching pure chance, consider Chinese laundries. These are products of the great California gold rush, which

9. The earliest concentration of Irish immigration came to the New England and Middle Atlantic states following the Irish potato famine or "great hunger" of 1845-1849, which was to directly or indirectly reduce the population of Ireland from nearly 9,000,000 in 1845 to 6,500,000 in 1851. See C. WOODHAM-SMITH, *THE GREAT HUNGER* (1962).

began in 1849 and lasted for most of the subsequent decade. Laundry facilities for the prospectors' and miners' clothing were almost entirely lacking. Chinese immigrants, not only in California, but as far away as Hawaii, found ready employment and income in the laundry business.

As an upshot of such considerations as these, we have retained such folk humor as the saying about New York City: "The Italians built it, the Irish run it, and the Jews own it."

III ECONOMIC ANALYSIS

A. The Whites and the Asians

We come at length to the technical economic analysis of the economic positions of the hyphenated Americans, which has become a special province of labor and manpower economists. The economic adjustments of white and Asian immigrants have become the particular interest of Professor Barry R. Chiswick of the University of Illinois (Chicago Circle). Interest in the economic problems of the blacks has been more widespread because they are still America's largest minority. (They may soon be displaced from this questionable honor by the Hispanics.) In descriptive economics my principal debts are to the work of two economists who happen to be black: Professors Thomas Sowell (Hoover Institute, Stanford University) and Walter Williams (George Mason University). For quantitative analysis, however, my three principal authorities are white: Professors Richard B. Freeman (Harvard University), James P. Smith (Pennsylvania State University), and Finis R. Welch (University of California, Los Angeles).

We deal first with the whites and Asians, and therefore with the work of Chiswick. A readable summary of his principal results is available for the layman under the title *The Earnings of Immigrants and Their Sons*,¹⁰ but at the other (scholarly) extreme of analysis, one is struck by his thoroughness in investigating even the minutiae of the subject.¹¹

The following sample of Chiswick's results tends to contradict standard views about discrimination in the American economy. He has found that, as for the immigrants themselves, the major determinants of their economic progress are (1)

10. Chiswick, *The Earnings of Immigrants and Their Sons*, CHALLENGE, May-June 1978, at 55 (largely based on Chiswick, *Sons of Immigrants: Are They at an Earnings Disadvantage?*, AM. ECON. REV., Feb. 1977, at 376). A later semipopular summary for lay readers is Chiswick, *The Economic Progress of Immigrants: Some Apparently Universal Patterns*, in CONTEMPORARY ECONOMIC PROBLEMS 357 (W. Fellner ed. 1979).

11. An example: The previously married, foreign-born wives of native-born Americans generally report only marginally lower hourly earnings in the United States for 1970 when their previous marriage came prior to immigration than when it did not. The exception is Japanese-born women, for whom the difference is highly significant. Apparently this difference is due to special characteristics of the wives of former U.S. servicemen. (Any Japanese-born woman whose first marriage was prior to immigration, was in 1945 or later, and whose current household head is either white or black, is assumed to be the wife of a former U.S. serviceman.)

Since Mrs. Bronfenbrenner is Japanese-born, Professor Chiswick included me in a sample of persons to whom he has inquired about this anomaly. Is it related primarily to something in Japanese society, or something in a special "serviceman's marriage market?" I do not know, and neither does my wife.

the transferability to America of whatever skills the immigrants acquired in their former country, and (2) their personal characteristics and motivations.

When male immigrants first arrive, they receive lower earnings than both native-born persons in general and native-born persons of similar ancestry,¹² age, sex, education, and other demographic characteristics. This is because their skills are often nontransferable.¹³ But ten to fifteen years after immigration—Chiswick estimates the cross-over point at thirteen years for Europeans—the economic immigrants (other than political refugees) overcome this initial handicap and earn, on the average, two to five percent *more* than the same comparison group.

Political refugees, however, are less fortunate economically. “Although with the passage of time their earnings approach those of the native-born, the catch-up never occurs or requires several decades.”¹⁴

Chiswick ascribes the superior economic performance of the nonrefugee immigrant to self-selection for both general ability and economic motivation. The differential between economic immigrants and political refugees supports this theory. So does the frequent Old Country complaint of ports being thronged with “the sturdiest of their peasantry” headed for the New World. “The most poor and ignorant remain (at home) involved in growing misery. Those who leave are those who have the physical energy and mental capacity to remake their destinies.”¹⁵

The pattern for women is significantly different from that for men.

Other things the same, foreign-born white women earned 6.7 percent more per hour in 1969 than their native-born counterparts. Although among white men, the foreign-born have lower weekly earnings during the first decade in the U.S., this is not true among white women. Foreign-born women have hourly earnings two percent greater than the native born when evaluated at arrival, five percent higher earnings at ten years since migration, and seven percent higher earnings at 20 years.¹⁶

At least in a New York sample, Japanese, Chinese, and black female immigrants initially have lower earnings than the native born, but catching-up occurs within five years. Among Mexican and Filipino immigrants, earnings do not seem related to the number of years since migration; also, these two groups are peculiar in that the foreign born have consistently lower earnings than the native born.¹⁷

Molière had no use for the medical profession; we recall *Le Médecin Malgré Lui* and *Le Malade Imaginaire*. Molière lets his doctors boast of the sun’s shining on their successes, but only to prepare for the rebuttal that the earth covers their failures. A similar difficulty is hard to avoid in statistical investigations like Chiswick’s. His samples cover only immigrants on whom the American sun was

12. Thus, Japanese immigrants would be compared in Chiswick’s studies not to native Americans generally, but to *Nisei* and *Sansei* of the same age, sex, and education.

13. “The disadvantage is greatest for refugees from countries with a different language and economy (for example, Cuban and Chinese refugees) and least for economic migrants . . . from English-speaking countries.” Chiswick, *The Economic Progress of Immigrants: Some Apparently Universal Patterns*, *supra* note 10, at 358.

14. *Id.* at 359.

15. Dadodag, *Source Regions and Composition of Illegal Mexican Immigration to California*, 9 INT’L MIGRATION REV. 499, 510 (1975).

16. B. Chiswick, *Analysis of the Economic Progress and Impact of Immigrants* (1979)(unpublished manuscript).

17. *Id.* at 9-32.

shining in 1969 or 1970, and who were to that limited extent “successes.” But what of the disappointed failures—whom the American tourist in Europe may often encounter—both those covered by the earth and those retired from the American sun to the more congenial shade of the old country? The Chiswick samples could not include them, and we cannot estimate the seriousness of the resulting bias in his results.

Passing from the immigrants themselves to their sons—from my parents’ generation to my own—Chiswick’s conclusions ring yet more optimistically. Comparing only males with zero, one, or two foreign-born parents, he finds 5% to 10% differentials in favor of the sons of immigrants with at least one foreign-born parent, the variation depending on the birthplace of the immigrant parent or parents. The differential is largest when the father is an immigrant and the mother native American without a foreign-born parent, smallest when the parental origins are opposite to these, and intermediate when, as in my case, both parents are foreign born. The results hold in varying degrees for all eleven countries studied. (The Mexican-Americans are to some extent special; we shall deal with them separately below.) On the average, there seems to be no economic *advantage* to being the son of a nonpolitical refugee immigrant parent.

B. The Black American

American blacks, Negroes, or Afro-Americans are unusual in several ways. Persons classified as black—including many who are less than half black, genetically speaking—are a full ninth, possibly an eighth, of the American population. The proportion is increasing, since black families are generally larger than other American families.¹⁸ Their color makes them both more identifiable—and, given American prejudices, less assimilable—than any white immigrant group, even after many generations and even though a certain number of light-skinned blacks “pass for white” every year.

Nearly all black Americans are of West African descent. Nearly all of their ancestors were captured or purchased by slave traders and were thus involuntary immigrants. These ancestors were a selected group only in the sense of surviving the abominations of the “windward passage” from West African to American or West Indian ports, followed by a variable number of generations in slavery, usually as field hands on corn fields, tobacco farms, or cotton plantations.¹⁹

Concern for blacks and for their future antedates the Civil War by more than a generation. Its initial manifestations were abolitionism and colonization. Abolitionism aimed to free all slaves without compensating their owners, while colonization aimed to found colonies of freed slaves in an area which later became the

18. The black percentage was 11.12% of U.S. population in 1970, up from 10.52% in 1960. STATISTICAL HISTORY OF THE UNITED STATES 9 (B. Wattenberg 1976).

19. The conditions of the field hand were harsher than those of the domestic servant or “house nigger” minority. To this day, “cotton-pickin” is used in black English as a derogatory adjective, as in “keep your cotton-pickin hands off me!” At the same time, the extremes of brutality made even less economic sense for slaves than for cattle or draft animals; this is not to deny their existence or even prevalence. See generally R. FOGEL & S. ENGERMAN, TIME ON THE CROSS 144-57 (1974).

Republic of Liberia in West Africa.²⁰ Northern victory in the Civil War led to three constitutional amendments (the 13th, 14th, and 15th), which not only abolished slavery but also purported to guarantee the civil rights and electoral suffrage of blacks. The 14th and 15th amendments, however, were widely ignored in the Southern States, where the bulk of the black population continued to reside.²¹

For nearly a half-century after *Plessy v. Ferguson*,²² most white Americans were content to sweep the Negro problem under the rug of "separate [decidedly] but equal [seldom]" and leave southern states free to perpetuate their "peculiar institutions" of race relations. In many circles, "nigger-lovers" were suspected of communism, since worldwide Communist propaganda laid great stress on black oppression in the American South.

Paradoxically, we can date much renewed interest and renewed sympathy for the black American from revulsion against the racist excesses of Nazi Germany, particularly after the United States entered World War II.²³ The Swedish social economist Gunnar Myrdal led a Carnegie Corporation team which published the influential *American Dilemma* in 1944.²⁴ Following the "G.I. Bill" and mass demobilization in 1946, a series of higher education court cases permitted black students to attend an increasing number of graduate facilities in southern white universities when black facilities in the applicants' home states were either nonexistent or flagrantly inferior. Finally, the landmark United States Supreme Court decision of *Brown v. Board of Education*²⁵ directly overruled *Plessy v. Ferguson* to begin a civil rights revolution. The Civil Rights Acts of 1956, 1960, and 1964 extended the *Brown* doctrine to other public facilities, and a Voting Rights Act (1965) revived the fifteenth amendment, which had lain moribund in much of the South. Boycotts against segregation in private transportation facilities began in Birmingham, Alabama in 1955 and made Martin Luther King a national figure. A movement for sit-ins in "white only" private facilities began in North Carolina in 1960. Both movements spread through the South. Gains in the South were offset by increasing hostility in other sections of the country, to which blacks had been migrating rapidly for economic as well as social reasons since 1940, and where the

20. The black historian, Lerone Bennett, Jr., dates abolitionism from the activities of a free Negro, David Walker, who published the pamphlet *Walker's Appeal* (Boston 1828). The first freed slaves were landed in the present Liberia even earlier (1822), but colonization under white auspices never had significant black support and was regarded as basically anti-Negro. L. BENNETT, *BEFORE THE MAYFLOWER: A HISTORY OF THE NEGRO IN AMERICA* 131 (1964). President Lincoln, incidentally, not only freed the slaves but seems to have favored the deportation of free Negroes back to Africa. L. BENNETT, *CONFRONTATION: BLACK AND WHITE* 62 (1965).

21. In the *Civil Rights Cases*, decided in 1883, the Supreme Court of the land said that the 14th amendment forbade states, not individuals, from discriminating. Finally, in 1896, the Court formulated the doctrine of separate but equal, holding in *Plessy v. Ferguson* that laws requiring segregation were a reasonable use of the police power of the state.

L. BENNETT, *CONFRONTATION: BLACK AND WHITE*, *supra* note 20, at 78.

22. 136 U.S. 537 (1896).

23. Japanese antiwhite propaganda directed to American blacks was not of great importance, although it had been feared widely in the period immediately following Pearl Harbor.

24. The original two-volume publication comprised 1024 pages of text and 526 pages of introductions, footnotes, appendices, and bibliography, divided into 45 chapters. A single-volume, 19-chapter, 324-page, authorized condensation is A. ROSE, *THE NEGRO IN AMERICA* (1944).

25. 347 U.S. 454 (1954).

black vote was becoming crucial in the urban areas. A series of race riots followed, beginning in the Watts area of Los Angeles in 1965 and culminating in a nationwide "long, hot spring and summer" following Dr. King's assassination in 1968.²⁶

A further development of the 1970's, resulting from earlier legislation, has been the rise of affirmative action. Under this principle, minority members and women²⁷ can, under some circumstances, be granted a preference in hiring, training, and promotion if they meet minimum standards for skilled occupations, even though white male candidates appear more promising, until their proportions in these occupations have been approximately equalized.²⁸ Furthermore, formal tests and examinations having the statistical effect of excluding minorities or women have been ruled illegal unless they can be related directly to entry-level competence in the jobs or professions concerned.²⁹

Economists are professionally less interested in these historical and legal developments than in their consequences for the position of the black worker in the American economy. The black worker has been the most acutely and the most prolongedly victimized by what I have called Prejudice I, against alleged morons. To what extent have his political and legal victories permitted the black to overcome this prejudice, or to rise economically despite the survival of this prejudice?

Economists have concentrated upon comparisons of the black male worker's condition, relative to the white male worker, as evidenced numerically (and therefore incompletely) by the 1960 and 1970 Censuses, between which the bulk of recent black economic gains have supposedly occurred. After the collection and tabulation of 1980 Census results, much of the work will surely be replicated, and the results confirmed or modified.

Attention has been concentrated upon the black *male* worker for two related reasons: (1) male-female sex differentials in earnings have historically been lower in the black than in the larger American community, even after allowance for the greater prevalence of full-time employment among black women and particularly among *married* black women; and (2) black-white earning differentials have historically been higher for males than for females or for families.

The quotation about black workers at the beginning of this piece, which was taken from a Rand Corporation report to the U.S. Department of Labor, shows that the historical black-white male earnings differential fell nearly one-sixth in a single decade—aided, the authors admit, by a decrease in measured unemploy-

26. American race riots directed *against* blacks are not new. These riots of the late 1960's were directed *by* blacks against whites. For equivalents, one must apparently go back to the occasional slave revolts of pre-Civil War days, some of which may have been only mass escapes from slavery. On these see L. BENNETT, *BEFORE THE MAYFLOWER: A HISTORY OF THE NEGRO IN AMERICA*, *supra* note 20, at 97-126, and H. APTHEKER, *Negro Slave Revolts in the U.S., 1526-1860*, in *ESSAYS IN THE HISTORY OF THE AMERICAN NEGRO 1-70* (1945).

27. The term "minorities" in this connection includes not only blacks but the Spanish-speaking and American Indians. The term does not include Asians or "poor whites."

28. Questions both of constitutionality and statutory interpretation in this field are in a state of flux, following the Supreme Court's decisions in *University of California v. Bakke*, 438 U.S. 265 (1978), and *Weber v. Kaiser Aluminum*, 444 U.S. 889 (1979). Further statutory enactments are, of course, possible.

29. The leading Supreme Court case on this point is *Griggs v. Duke Power Co.*, 401 U.S. 424 (1971).

ment from 5.5% to 3.5% of the measured labor force.³⁰ The authors, Professors Smith and Welch, also indicate the multiplicity of the explanations, none mutually exclusive, which may be combined to account for the changes.³¹ Their principal candidates are five:

(1) Blacks and whites have become more alike in their income-producing characteristics and attributes, particularly in their formal education.

(2) They have also become more alike in the *quality* of these attributes;³² again, particular emphasis is placed on education.

(3) Black workers have continued to migrate from historically low-wage areas (South and Southwest) to higher-wage areas (North, Middle West, Pacific Coast).

(4) Government policies of affirmative action and breaking down labor-market discrimination have become important only since 1960.

(5) A number of business-cycle variations operated favorably in the 1960-1970 decade.³³

Among these five explanations, Smith and Welch follow the "human capital" hypothesis, associated with Chicago and Columbia economists, in placing their primary emphasis upon the first factor, particularly its educational component.

[S]uccessive cohorts of blacks and whites are simply becoming more alike in those attributes producing higher wages. In 1930, the typical black male began a work career with 3.7 fewer years of formal schooling than his white counterpart By 1970, [only] 1.2 years of schooling separated black and white males at the time of their initial labor force experience.³⁴

However supported it may be by statistical regression analysis, this result runs counter to the conventional wisdom of the period immediately preceding, which had found much lower rates of return (as measured by income) for black and poor Americans than for the American population as a whole, and which had therefore attributed the black-white differential primarily to discrimination.³⁵ Why the difference?

Smith and Welch find this difference in their second explanation, namely educational *quality*, so that education accounts in all for 46% of "the relative growth in black male wages due to greater characteristics similarity."³⁶ They summarize their case on quality in the following passage:

30. The black worker has traditionally been last hired in a recovery and first fired in a recession.

31. J. SMITH & F. WELCH, *RACE DIFFERENCES IN EARNINGS: A SURVEY AND NEW EVIDENCE v passim* (1978). See also Smith & Welch, *Black-White Male Wage Ratios: 1960-1970*, *AM. ECON. REV.*, June 1977, at 323.

32. Equalization may result both from the improvement of facilities open to blacks and from the deterioration of facilities open to whites (or to all Americans).

33. See *supra* note 30.

34. J. SMITH & F. WELCH, *RACE DIFFERENCES IN EARNINGS*, *supra* note 31, at vi.

35. T. RIBICH, *EDUCATION AND POVERTY* (1968) uses this position to argue that the economic benefits of the educational components of the Kennedy-Johnson "war on poverty" would not be worth their costs; B. HARRISON, *EDUCATION, TRAINING, AND THE URBAN GHETTO 1-40* (1972) makes the case explicitly; L. THUROW, *GENERATING INEQUALITY 51-74* (1975) has perhaps become the standard statement of the anti-"human capital" position, building on L. THUROW, *POVERTY AND DISCRIMINATION* (1969). A more radical position is presented in S. BOWLES & H. GINTIS, *SCHOOLING IN CAPITALIST AMERICA 98-124* (1976). An early attempt at balanced weighting is M. BLAUG, *AN INTRODUCTION TO THE ECONOMICS OF EDUCATION 169-234* (1970).

36. J. SMITH & F. WELCH, *RACE DIFFERENCES IN EARNINGS*, *supra* note 31, at vii.

Data on schooling quality reinforce the story conveyed by nominal years of schooling. The data of nominal characteristics of schools clearly show the improving relative quality of black schools. In 1920, black youths attended school only two-thirds as many days as white students, but by 1954 there were no real black-white differences. Similarly, in 1920 teachers of black students had one and three-fourths times as many pupils as the average teacher in the country. By 1954, this difference had been substantially reduced. The extraordinarily high ratio of first- to second-graders suggests that on average a black student took about two years to complete the first grade in the 1930s. Retention rates that average 100 percent indicate low-quality education coupled with inflexible standards. Between 1940 and 1954, implicit retention rates in southern Negro schools moved toward the national norm. It is difficult to link attributes of schools to educational achievement. Indeed, some of the measures offered may have had little effect on achievement, but the consistent picture of simultaneous convergence in all these dimensions makes the case for improving quality of black schools plausible.³⁷

Migration is also an earnings-related characteristic, since a person is more likely to earn a high income if he lives where higher wages prevail. Contrary to many people's a priori beliefs, however, black migration from the South to the North and West has had only a marginal effect on the reduction of the black-white earnings differential. This result is apparently explained by the substantially greater degree of earnings equalization in the South itself, as compared particularly with the Northeast and West in which the racial differential was higher in 1974 than in 1956. (See table 1.) The South's pattern, however, remained most unfavorable to the blacks.

TABLE 1
CHANGES IN NONWHITE-WHITE EARNINGS DIFFERENTIALS

Region	Nonwhite-White Earnings Differential Ratio			
	1956	1974	Change	Percent Change
South	.423	.634	.123	29.1
Northeast	.730	.719	-.011	-1.5
North Central	.768	.811	.043	5.6
West	.764	.744	-.020	-2.6
Entire U.S.	.523	.634	.111	21.2

Source: J. SMITH & F. WELCH, RACE DIFFERENCES IN EARNINGS: A SURVEY AND NEW EVIDENCE 5, Table 2 (1978).

Turning to affirmative action, Smith and Welch doubt its effectiveness in the 1960's. (If one may generalize from the academic world, this result would be substantially different in the 1970's.³⁸)

If affirmative action has an effect, it should be strongest on the employment and wage trends in industries that are most susceptible to the government's influence. However, the rise in black-white wage ratios has not occurred primarily in those industries, and the popular notion that government pressures have driven these changes has little empirical support.³⁹

As for cyclical influences, Smith and Welch have regressed the black-white

37. *Id.* at vi. See also *supra* note 35.

38. Smith and Welch also admit this possibility. J. SMITH & F. WELCH, RACE DIFFERENCES IN EARNINGS, *supra* note 31, at 24.

39. *Id.* at viii. Professor Freeman, however, takes a more positive view of affirmative action, with special references to the highly educated. R. FREEMAN, *supra* note 5, at 119-49.

earnings ratio on four variables: (1) the measured unemployment rate of the economy, (2) a time trend, (3) the square of (2), and (4) the cross-product of (1) and (3). This statistical regression accounts for some 86% of the 1948-1974 variance; it does not explain the trend itself. It suggests that a fall (rise) of 0.04 points in the earnings ratio will result from every 1% rise (fall) in the unemployment rate.⁴⁰ This regression confirms conventional wisdom regarding its sign, but it suggests to me that cyclical oscillation is somewhat less important than seems to be implied by the "last hired, first fired" proverb.

These results, of course, fall significantly short of any full explanation of the results for even the 1960's. The results for the 1970's, not to mention the 1980's, may involve quite different statistical patterns, and perhaps also different choices of explanatory variables.

Conforming generally with the Smith-Welch hypothesis, the gains in the relative economic position of black Americans in the 1960's appear concentrated in the younger age cohorts and also in the more highly educated. Both of these groups have been in the best positions to gain from the improved relative quantity and quality of black education. Table 2 provides results for both annual and weekly earnings; the annual figures are influenced more strongly by differences in employment and unemployment. The pattern indicated by the table would surely be clearer had 1960 data for recent graduates been available.⁴¹

It is easy but inaccurate to ascribe these results to some conscious or semiconscious gesture, splitting and side-tracking the "black liberation" movement by co-opting much of its potential leadership, the "talented tenth" on which W.E.B. DuBois laid such stress. The reason for rejecting any such conspiratorial interpretation is historical. The black income distribution has *traditionally* been less equal than the white; black-white income ratios have *traditionally* been greatest at the low ends of the income distributions, and increased as one moves up, except at the very top. The most that can be said against the gains achieved in the last generation is that the traditional patterns have not changed greatly in any egalitarian direction, so that the elite position of the black elite has not been eroded. Tables 3 and 4 reveal these points.

We have not even sampled from the vast quantity of available statistical information showing convergence between the educational, occupational, and demographic patterns of the black and white populations. More meaningful, it seems to me, are the data of table 5, dealing with the poverty-stricken, which show opposite results. Although the incidence of measured black poverty has decreased along with the incidence of measured white poverty, the ratio between the two incidence figures shows no sign of decreasing, and the proportion of blacks in poverty remains between three and three and one-half times the proportion of whites.

40. J. SMITH & F. WELCH, RACE DIFFERENCES IN EARNINGS, *supra* note 31, at 25.

41. Professor Freeman includes data for a single occupation, college teaching. After adjusting for quality differences, he finds that male, black faculty members earn 6.6% more than white, or about \$1000 per year at the 1973 salary level. R. FREEMAN, *supra* note 5, at 195-213. There will, of course, be disagreements about the quality-adjustment factor. In Freeman's regression, an institution-quality factor has a high rating, and he ascribes his results largely to affirmative action by prestigious and high-quality institutions to hire black faculty members.

TABLE 2
BLACK-WHITE EARNINGS RATIOS FOR COHORTS, 1960 AND 1970

Years Out of School	Average Annual Earnings Ratio			Average Weekly Earnings Ratio		
	1960	1970	Difference	1960	1970	Difference
I. Elementary School Graduates (8 years)						
1 - 5	—	.835	—	—	.865	—
6 - 10	—	.779	—	—	.802	—
11 - 15	.673	.708	.035	.703	.737	.034
16 - 20	.688	.710	.022	.713	.717	.004
21 - 30	.671	.749	.078	.708	.763	.055
31 - 40	.719	.721	.002	.741	.740	.001
II. High School Graduates (12 years)						
1 - 5	—	.775	—	—	.806	—
6 - 10	—	.769	—	—	.791	—
11 - 15	.654	.729	.075	.714	.749	.035
16 - 20	.676	.731	.055	.714	.750	.036
21 - 30	.655	.678	.023	.685	.698	.013
31 - 40	.623	.675	.052	.648	.690	.042
III. College Graduates (16 years)						
1 - 5	—	.716	—	—	.775	—
6 - 10	—	.647	—	—	.692	—
11 - 15	.618	.662	.048	.655	.688	.033
16 - 20	.559	.654	.105	.582	.675	.093
21 - 30	.446	.519	.073	.470	.557	.087
31 - 40	.389	.504	.115	.421	.522	.101

Source: J. SMITH & F. WELCH, BLACK/WHITE MALE EARNINGS AND EMPLOYMENT: 1960-70 at 3, Table 1 (1975).

TABLE 3
 NONWHITE AND WHITE MONEY INCOME DISTRIBUTIONS, FAMILIES
 AND UNRELATED INDIVIDUALS, U.S., SELECTED YEARS,
 1947-1977: PERCENT OF TOTAL MONEY INCOME
 IN EACH FIFTH AND TOP 5 PERCENT

Year	Nonwhite					White					Quintile Ratios (Top/Bottom)			
	Bottom	2d	Middle	4th	Top	Top 5%	Bottom	2d	Middle	4th	Top	Top 5%	Nonwhite	White
1947	3.3	9.5	15.8	23.9	47.4	17.8	3.8	11.1	16.9	23.4	44.9	18.6	14.4	11.8
1952	3.7	10.3	17.1	24.7	44.1	16.8	3.6	11.4	17.5	23.9	43.6	18.2	11.9	12.1
1957	3.0	8.6	16.4	26.2	45.8	15.8	3.7	11.5	18.1	24.4	42.2	16.3	15.3	11.4
1962	3.3	8.8	15.8	25.1	47.0	17.5	3.7	11.0	17.7	24.6	43.1	16.5	14.2	11.6
1967	3.4	9.2	16.0	25.0	46.4	17.0	3.8	11.1	17.7	24.6	42.8	16.3	13.6	11.3
1972	3.4	8.7	15.4	24.9	47.6	17.6	3.9	10.4	17.1	24.5	44.2	17.1	14.0	11.3
1977	3.6	8.6	14.9	24.7	48.3	17.9	4.0	10.0	16.7	24.7	44.5	17.1	13.4	11.1

Source: U.S. Census, Current Population Reports, Ser. P60/118, *Money Income in 1977 of Families and Persons in the U.S.*, Table 13 (1979).

TABLE 4
NON-WHITE/WHITE INCOME RATIOS AT SELECTED POSITIONS ON
MONEY INCOME DISTRIBUTIONS, SELECTED YEARS, 1947-
1974

Year	Income Percentile				
	20	40	60	80	95
1947	0.43	0.49	0.53	0.58	0.64
1953	0.44	0.53	0.59	0.65	0.68
1959	0.40	0.45	0.57	0.62	0.67
1964	0.52	0.53	0.59	0.67	0.71
1969	0.55	0.60	0.66	0.73	0.74
1974	0.53	0.58	0.67	0.76	0.74

Source: U.S. Census, Current Population Reports, Ser. P23/80 *The Social and Economic Status of the Black Population in the U.S.: An Historical View, 1790-1978* 25, Table 18 (1979).

TABLE 5
PERCENTAGE OF PERSONS WITH MONEY INCOMES BELOW POVERTY
LINES, U.S., SELECTED YEARS, 1959-1976

Year	Nonwhite	Black	White	Black/White Ratio
1959	53.3	55.1	18.1	3.04
1964	49.6	—	14.9	3.33*
1969	31.0	32.2	9.5	3.39
1974 (revised)	29.5	30.3	8.6	3.52
1976	—	31.1	9.1	3.42

*Nonwhite/White ratio

Source: U.S. Census, Current Population Reports, Ser. P23/80, *The Social and Economic Status of the Black Population in the U.S.: An Historical View, 1790-1978* 41, 202, Tables 33, 147 (1979).

C. The Mexican-American

The immigrant group of Mexican-Americans is a hyphenated American minority on its way to becoming the largest of such groups. It is positioned economically midway between the ordinary immigrant from Europe or Asia and the native-born black American. Without the special handicaps of slavery, the "Chicano"⁴² has as yet outgrown neither his moron image nor his widespread relegation to low-paid unskilled labor, particularly in agriculture.

About three-fourths of all Mexican-American adult males are American born; half of them have no foreign-born parents. Concentrated in urban or rural ghettos in a half dozen southwestern states, where they have long been the principal minority element, Chicanos have been victims of both racial and religious prejudice. Their social and economic position is roughly comparable to that of the black minority in other sections of the country. Chicanos have also been outstandingly resistant to the melting-pot version of "Americanization"; 98% of even the native born with native-born parents were raised in Spanish-speaking homes

42. "Chicano" is an abbreviation of "Mechicano," which is itself a dialect pronunciation of the Spanish "Mexicano."

which often were not bilingual.⁴³ They have a low level of schooling, much of it of low quality, particularly when filtered through a language handicap.

This mixed picture presents us with mixed results. As Chiswick writes:

The significantly lower earnings of immigrants from Mexico appears to be a Mexican ethnic-group effect. Other things the same, the earnings of first, second, and higher-order generation Mexicans are lower than the earnings of other white men of the same immigrant status. The ethnic-group differential does not appear to narrow with the greater the number of generations in the United States. Otherwise, the patterns observed among men of Mexican origin are similar to the patterns observed among white men in general. For example, when the earnings of Mexican immigrants are compared with those of native-born men of Mexican origin, other things the same, the immigrants initially have substantially lower earnings, their earnings rise with time in the United States, and equal those of the native born after about 15 years, after which the immigrants have higher earnings.⁴⁴

The economic experience of Mexican-Americans confirms, or at least does not disconfirm, two hypotheses derived from comparisons between the immigrant European or Asian and the native-born black experiences.

The first hypothesis: The significant American prejudice against particular hyphenated groups is that they are considered morons, fit only for unskilled labor. Once this prejudice is overcome, it makes no economic difference whether or not it is succeeded by some other prejudice against the groups as crooks, or even as "rugged individualists—with accents." The Chicanos' resistance to learning English and acquiring effective English education has accentuated their difficulties.

The second hypothesis: Immigrants, or at least economic immigrants, are self-selected as potentially superior economic men. This explains why, after a relatively short period, they fare better economically than their native-born compatriots of similar ancestry, and why, after a longer period, their children fare better economically than native-born Americans without foreign parents.⁴⁵ In this view, the Chicano problem is precisely that so few Chicanos are immigrants, since the recent immigrants quickly outperform the native-born Mexican-Americans, while Mexican-Americans alone, of all the immigrant groups studied by Chiswick, fail to overtake native Americans without foreign parentage.

IV

A FEW CONCLUSIONS

(1) Prejudice and discrimination against recent immigrants and other

43. The statistics in this paragraph are from Chiswick, *The Economic Progress of Immigrants: Some Apparently Universal Patterns*, *supra* note 10, at 379.

44. Chiswick, *The Effect of Americanization on the Earnings of Foreign-Born Men*, 86 J. POL. ECON. 897, 914 (1978) (footnotes omitted).

45. We need not decide here whether the advantage of the immigrant's *son* is genetic or environmental. Chiswick puts the issue this way:

The higher level of ability or work motivation of the foreign-born may be passed on through genetic inheritance or environment to their native-born children, although presumably from one generation to the next there is a regression toward the mean. On the other hand, native-born men with foreign-born parents may be at a disadvantage if they were raised in a home less familiar with the institutions of the United States. This could occur because these factors affect productivity or because of discrimination against the children of immigrants. Apparently, however, the factors favorable to the earnings of the men with foreign-born parents tend to dominate.

Chiswick, *supra* note 1, at 60.

hyphenated Americans is of two types. Prejudice I calls them morons and Prejudice II calls them crooks or chiselers.

(2) Most immigrant groups proceed from being considered moronic, through being considered less than honest, to being almost accepted. The principal obstacles to this evolutionary process have been dark skins, concentration in ghettos, and resistance to learning proper English. These three weaknesses are not mutually independent.

(3) The Chiswick studies suggest that neither immigrants nor their children suffer long-term economic damage, measured by income, from the prejudice against them. The exceptions to this generalization have been black Americans and Mexican-Americans, the two largest hyphenated American groups.

(4) One reason for these important exceptions may be the lesser importance of self-selection of the original immigrants on any economic basis.

(5) Both organized labor and exploitative employers have at times delayed the economic progress of hyphenated Americans. Organized labor has reduced access to apprenticeship and skilled training. By setting one group of workers against another, employers have improved their bargaining positions and increased their monopsony power. We have reached no conclusion about the relative importance of these obstacles.

(6) In the special case of black Americans, the main gains from the civil rights revolution have thus far gone to middle-class blacks who have already escaped from the ghetto and the moron label.

(7) The most recent immigrants do not seem to be exceptions to our historical generalizations, although statistical evidence is not yet available. Asians (principally Koreans and Indo-Chinese) and Cubans are doing well. Black Haitians are doing badly. About non-Mexican Central Americans we know little; if the theories in this essay are correct, these immigrants should fare better than the Mexican-Americans because they are self-selected for economic reasons. On the other hand, many, if not most, are "illegal immigrants," hiding in and among Spanish-speaking Mexicans and Puerto Ricans in ghettos and barrios, and may not avoid the barrio culture.

