

Race, Class, Work, And Recessions: Navigating Economic Justice in The Covid-19 Pandemic

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Rethinking the Conventional Wisdom

Conventional
wisdom

- Black workers are worse off during recessions due to distribution of education

Our story

- Black “professional class” workers are even worse off during recession, relative to White “professional class” counterparts

At the market stage, for professional class workers, race is more relevant

- We consider the effects of labor market scarcity and enhanced discrimination using the CPS – March Supplement from 1988 to 2017.
- During this period, we consider:
 - The trend in the Black-White wage disparity
 - The impact of recessions on wage disparity and workers' returns to their labor market characteristics
 - The variation in these trends between the working class and professional class

How much do workers' characteristics account for the trend in the Black-White wage disparity?

We used repeated Blinder-Oaxaca decompositions to decipher which portions of the wage disparities across business cycles are due to: (Blinder 1973, Oaxaca 1973, Fairlie 2003):

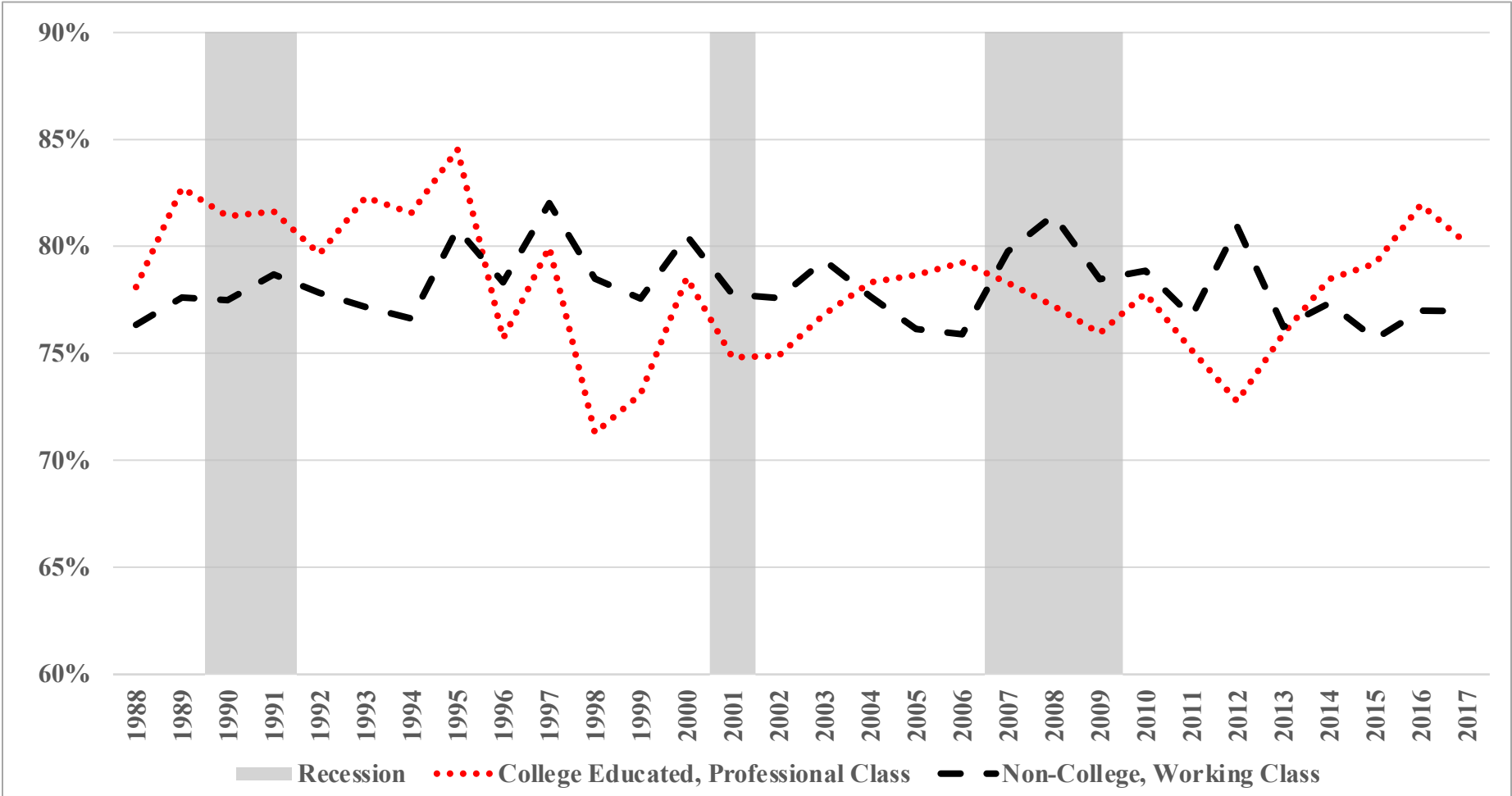
- Racial differences in worker characteristics **versus**
- Racial differences in how those characteristics are translated into wages (e.g. racial labor market discrimination)

Blinder-Oaxaca Decompositions

The socioeconomic and demographic characteristics controlled for in our analysis of wage disparity include:

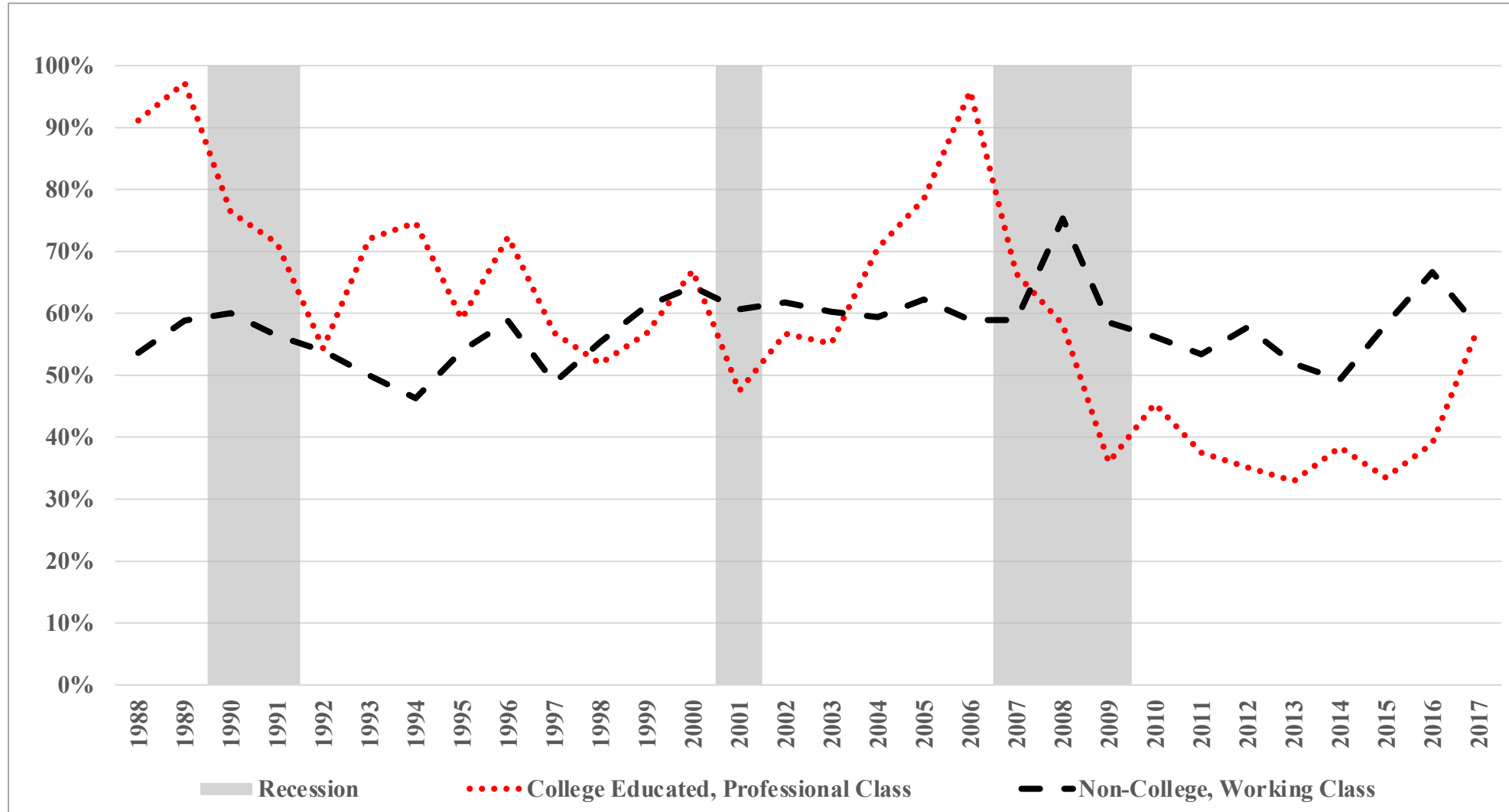
- Age
- Gender
- Marital status
- Number of children in household – (a) under 18 and (b) under 5
- If public sector worker
- If in metro area
- Region
- Industry
- Occupation

Wage Disparity Among Working Class/<BA and Professional Class/BA



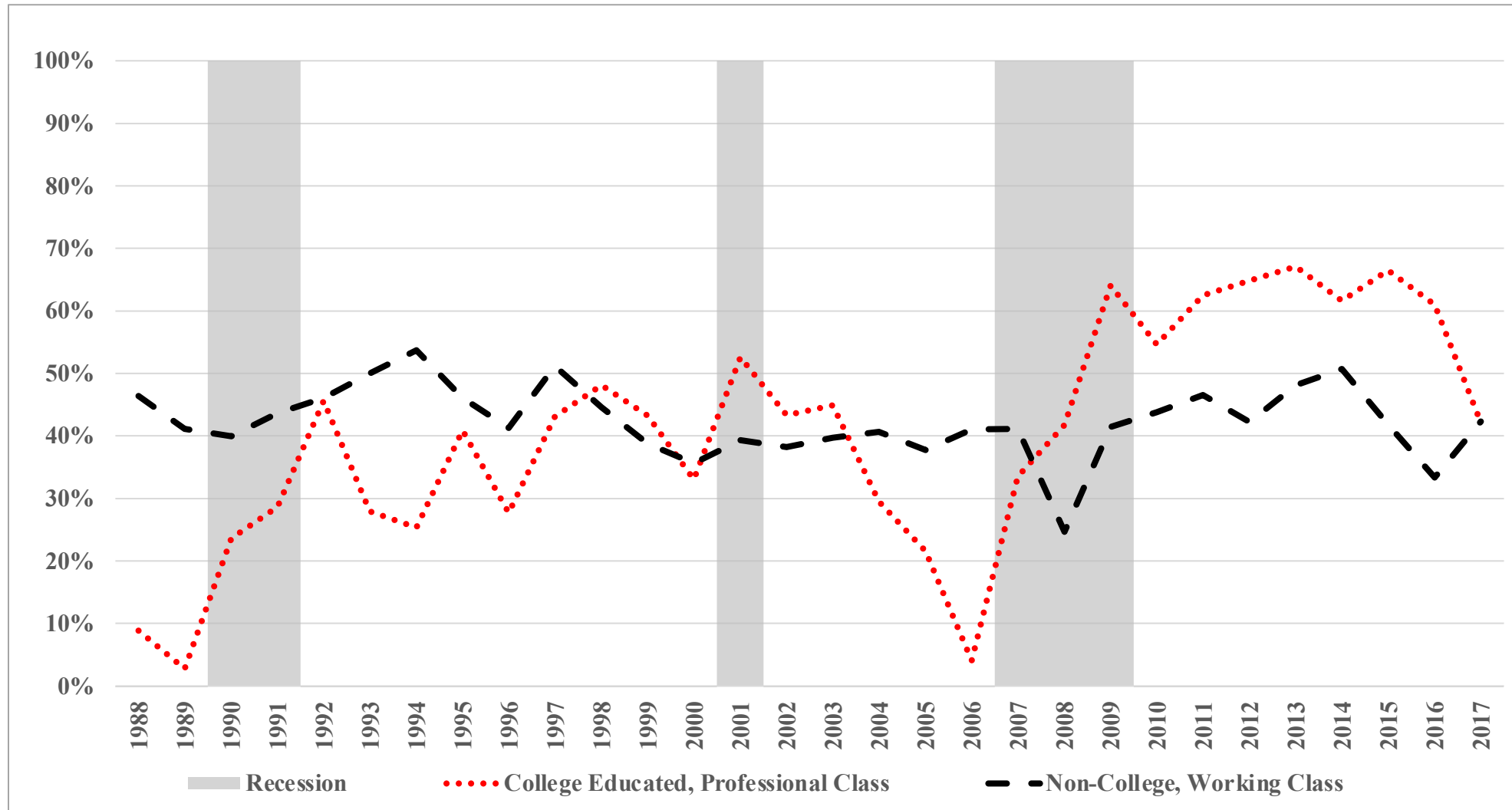
Trends are based on estimates from CPS-ASEC, 1988 to 2017. Analysis is of working age, positive wage earners in civilian population. Data Source: Sarah Flood, Miriam King, Renae Rodgers, Steven Ruggles and J. Robert Warren (2020). "Integrated Public Use Microdata Series, Current Population Survey: Version 7.0" [dataset]. Minneapolis, MN: IPUMS.

For professional class workers, characteristics account less of the disparity during recessions



Note: Trend-based on estimates from repeated cross sections of CPS-ASEC, 1988 to 2017. Analysis is of working age, positive wage earners in civilian population. Data Source: Sarah Flood, Miriam King, Renae Rodgers, Steven Ruggles and J. Robert Warren (2020). "Integrated Public Use Microdata Series, Current Population Survey: Version 7.0" [dataset]. Minneapolis, MN: IPUMS.

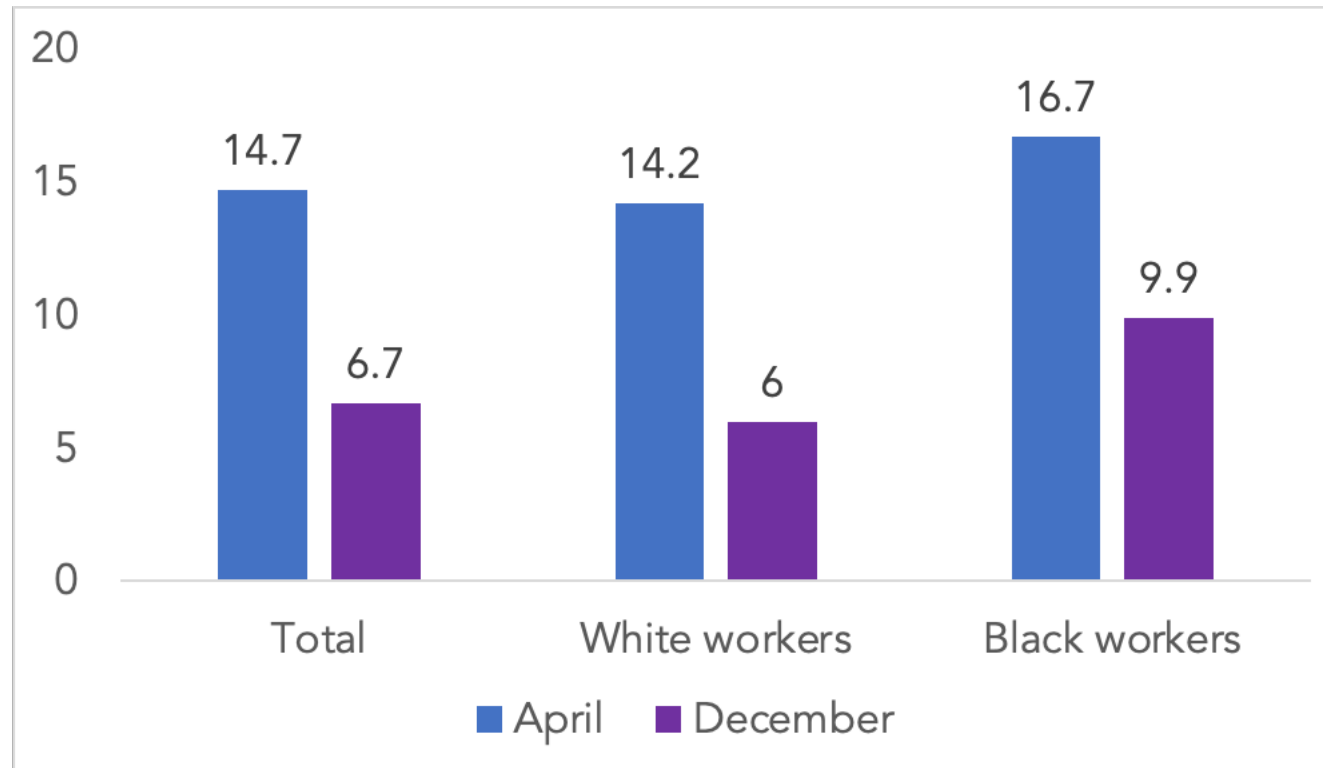
Among professional class workers, decompositions show an increase in discrimination during recessions



Note: Trend-based on estimates from repeated cross sections of CPS-ASEC, 1988 to 2017. Analysis is of working age, positive wage earners in civilian population. Data Source: Sarah Flood, Miriam King, Renae Rodgers, Steven Ruggles and J. Robert Warren (2020). "Integrated Public Use Microdata Series, Current Population Survey: Version 7.0" [dataset]. Minneapolis, MN: IPUMS.

COVID-19 Recession

Unemployment in the Pandemic



April 2020 source: Source: EPI analysis of Bureau of Labor Statistics Current Population Survey public data.
October 2020 source: Bureau of Labor Statistics Current Population Survey public data.

Disparities in COVID-19 Deaths

Rate ratios compared to White, Non-Hispanic persons	American Indian or Alaska Native, Non-Hispanic persons	Asian, Non-Hispanic persons	Black or African American, Non-Hispanic persons	Hispanic or Latino persons
Cases ¹	1.8x	0.6x	1.4x	1.7x
Hospitalization ²	4.0x	1.2x	3.7x	4.1x
Death ³	2.6x	1.1x	2.8x	2.8x

Image Source: Centers for Disease Control and Prevention (CDC). Cases, Data & Surveillance

Identifying Essential Work

- Chemical Sector
- Commercial Services
- Communications and IT
- Critical Manufacturing
- Defense
- Emergency Services
- Energy
- Financial Sector
- Food and Agriculture
- Healthcare
- Government and Community Based Service
- Transportation, Warehouse, and Delivery
- Water and Wastewater management

Occupational Crowding

$$CROWD_INDEX_X^i = \left\{ \frac{Actual\ Share_X^i}{Expected\ Share_X^i} \right\} = \left\{ \frac{\frac{X^i}{Y^i}}{\frac{X^{k^i}}{Y^{k^i}}} \right\}$$

X^i = the number of workers of racial/gender group X employed in the i occupation (e.g. black women)
 Y^i = the total number of persons combined with the comparison group (e.g. black women & white men)

X^{k^i} = number of individuals from group X with the educational attainment commensurate with occupation i

Y^{k^i} = the total number of persons from combined comparison group with the educational attainment commensurate with the occupation i

Findings

Workers aged 25-64	Share in essential jobs
Black	0.52
Women	0.55
Men	0.50
White	0.42
Women	0.43
Men	0.40

Essential Work and Crowding

Reference Group	Crowding Index	Share of Avg. Wages*	Change in Crowding as Wages Increase by \$10K
Black women v. White women	1.2	0.81	-.04***
Black women v. White men	1.3	0.61	-.16***
Black men v. White men	1.1	0.69	-.09***
White women v. White men	1.0	0.83	-.05***
White Men v. Everyone	0.87	1.30	.07***

* p<0.05 ** p<0.01 *** p<0.001

Data source: American Community Survey 2018 5 Year Estimates. Minneapolis, MN: IPUMS, 2020

Essential Work and Class

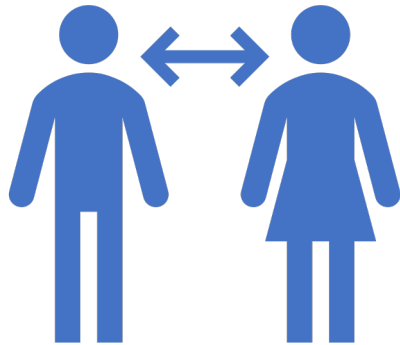
Reference Group	Working Class/Less than BA			Professional/BA		
	Crowding Index	Share of Avg. Wages*	Change in Crowding as Wages Increase by \$10K	Crowding Index	Share of Avg. Wages*	Change in Crowding as Wages Increase by \$10K
Black women v. White women	1.3	0.98	-0.051	1.0	0.86	-0.034**
Black women v. White men	1.1	0.63	-0.554***	1.4	0.58	-0.208***
Black men v. White men	1.1	0.82	-0.259***	1.1	0.67	-0.094***
White women v. White men	0.87	0.71	-0.297***	1.17	0.80	-0.076***
White Men v. Everyone	0.94	1.3	0.358***	0.82	1.4	0.081***

* p<0.05 ** p<0.01 *** p<0.001

Data source: American Community Survey 2018 5 Year Estimates. Minneapolis, MN: IPUMS, 2020

Proximity to Customers and Clients

U.S. Department of Labor
Employment and Training
Administration's O*NET OnLine



All Others



Arm's length

High Proximity Occupations

Reference Group	Crowding Index	Share of Avg. Wages*
Black women v. White women	1.1	0.86
Black women v. White men	1.8	0.63
Black men v. White men	1.1	0.72
White women v. White men	1.4	0.84
White Men v. Everyone	0.60	1.4

High Proximity Occupations and Class

Reference Group	Working Class/Less than BA		Professional/BA	
	Crowding Index	Share of Avg. Wages*	Crowding Index	Share of Avg. Wages*
Black women v. White women	1.6	1.0	1.0	0.94
Black women v. White men	1.8	0.65	1.4	0.63
Black men v. White men	1.1	0.79	1.0	0.71
White women v. White men	1.1	0.7	1.3	0.82
White Men v. Everyone	0.74	1.4	0.70	1.4

Conclusion and Policy Recommendations



OSHA and oversight of employers



Personal protective equipment



Hazard pay



Enhanced sick leave



Vaccine distribution



Paycheck protection



Jobs guarantee