Job displacement, 1979–86: how blacks fared relative to whites

Black workers bore a relatively heavier burden of widespread job displacement during the 1980's because of the industries and occupations in which they were concentrated; they also were less likely to be reemployed and were out of work longer

Lori G. Kletzer

Job displacement, caused by a variety of structural changes in the economy, is one of the dominant issues in contemporary U.S. labor market analysis. The labor market experience of displaced workers is a subject of considerable interest to economists, policymakers, and the general public. A number of research efforts have addressed questions concerning the size and composition of the group of displaced workers, the length of jobless periods, earnings upon reemployment, the usefulness of advance notification of plant closings, and losses of specific human capital.[1] This article reports on one potentially troubling aspect of job displacement: racial differences in postdisplacement labor market outcomes.[2] Using three surveys designed to identify displaced workers, the principal findings of this detailed examination of differences in postdisplacement experiences of whites and blacks are that:

- Because of the occupational composition of the black labor force over the 1979–86 period, blacks faced a higher risk of job displacement;
- The proportion of blacks reemployed was quite low and differences between blacks and whites in the likelihood of reemployment were large;
- The difference between blacks and whites in the likelihood of reemployment narrowed as economic conditions improved following the 1981–82 recession;
- Blacks experienced considerably longer periods of joblessness than did whites; and
- Following displacement, the proportion of blacks employed in manufacturing industries and production-related occupations fell by more than did the proportion of whites employed in the same industries and occupations. In addition, among employed men, whites were more likely to regain employment in a similar industrial or occupational group.

The importance of studying black and white differences in displacement outcomes is suggested by the nature of changes in the economy since the late 1970's. Manufacturing has played an important role in advances in black economic status, and was a major source of employment for black workers by the late 1970's.[3] These industries experienced substantial job losses during the early 1980's, and were slow to recover from the 1981–82 recession. Older industrial sectors in the Northeast and North Central regions of the country, where blacks had made significant labor force gains, were hit hard by the structural changes and recessions of the early 1980's. As the economy and labor market continue to respond to these changes, it is important to establish whether the burden is borne disproportionately by minority workers.

Measuring displacement

In January 1984, the U.S. Department of Labor's Employment and Training Administration sponsored a special supplement to the Current Population Survey (CPS)[4] designed to identify charac-

Lori G. Kletzer is an assistant professor of economics, Williams College, Williamstown, MA.

Table 1. **Characteristics of displaced workers, 1979–86**

Variable	Men		Women	
	Black	White	Black	White
Age	33.3	34.8	32.7	34.7
Standard deviation	(10.2)	(10.7)	(9.6)	(11.1)
Education, years	12.4	13.1	12.6	12.9
Standard deviation	(2.5)	(2.6)	(2.3)	(2.4)
Job tenure, years	5.7	6.3	4.4	4.6
Standard deviation	(7.3)	(7.7)	(4.7)	(5.7)
Percent of sample:				
Married	52.5	73.3	32.4	60.6
Received unemployment insurance	66.2	62.2	65.4	61.6
By cause of job loss:				
Plant closing	62.7	60.5	62.8	63.7
Slack work	26.4	25.2	24.7	19.7
Shift eliminated	10.8	14.3	12.5	16.6
Predisplacement industry:[1]				
Mining	3.4 (.5)	8.6 (1.5)	3 (.2)	2.6(.3)
Manufacturing	52.5 (30.4)	48.8 (28.9)	51.4 (19.5)	43.6 (18.2)
Durable goods	43.9 (19.4)	35.8 (19.0)	19.9 (8.8)	23.1 (8.7)
Nondurable goods	17.6 (11.0)	13.0 (9.9)	31.5 (10.7)	20.5 (9.5)
Transportation, communications, and public utilities	10.2 (11.0)	9.9 (9.2)	2.4 (4.4)	6.2 (4.0)
Wholesale and retail trade	15.3 (15.5)	18.0 (18.2)	16.7 (13.7)	20.8 (22.2)
Finance and services	18.5 (24.5)	14.8 (24.6)	29.2 (54.6)	26.9 (49.5)
Predisplacement occupation:[1]				
Managerial and administrative	3.9 (6.5)	10.6 (14.8)	7.1 (2.9)	1.7 (6.5)
Professional and technical	6.2 (9.8)	10.4 (15.3)	5.6 (13.8)	9.5 (15.9)
Sales and administrative support	12.5 (10.4)	15.9 (12.3)	24.1 (30.3)	35.2 (43.1)
Service	9.1 (15.9)	3.4 (7.8)	18.5 (33.4)	8.3 (18.8)
Precision production, craft, and repair	14.8 (15.4)	23.9 (21.7)	6.3 (1.3)	8.0 (1.9)
Operators, fabricators, and laborers	53.1 (38.2)	34.6 (24.0)	38.4 (17.2)	27.4 (12.4)
Farming, forestry, and fishing	.3 (3.9)	1.1 (4.2)	0.0 (.9)	.1 (1.4)
Number of observations	352	4,066	336	2,427

[1] Numbers in parentheses represent the employment distribution in 1978. Distribution for blacks is actually for "blacks and other."

teristics of displaced workers. The survey was repeated in January 1986 and again in January 1988. In each survey, individuals in the regular monthly CPS were asked if they had lost a job in the 5 years preceding the January survey date (1979–84 for the 1984 survey, and 1981–86 and 1983–88 for the last two surveys) because of ". . . a plant closing, an employer going out of business, a layoff from which he/she was not recalled, or other similar reasons." If the answer was "yes," a series of questions followed concerning the old job and the period of joblessness. These questions supplement the labor force and demographic information available from the regular monthly CPS. For the displaced, it is important to note that information on labor force status (employed, unemployed, or out of the labor force) can be determined only for the survey date.

The sample used in this study was obtained from these three displaced worker surveys. Individuals ages 20 to 60 at the time of displacement were included in the sample if they had lost full-time nonagricultural jobs in the private sector because of a plant closing or relocation, elimination of a position or shift, or slack work (layoff without recall).[5] These exclusions produced a sample containing 7,181 observations.[6] Blacks represent 9.6 percent of the sample.[7]

Characteristics of displaced workers

Individuals in this sample conform to a profile of a "typical" displaced worker: of prime working age, with education slightly beyond high school, in a long-term relationship with the former employer (measured as tenure on the job lost), displaced from a production-related occupation in a manufacturing industry. (See table 1.) This profile fits both black and white workers, although whites were slightly older and had more years of schooling.[8] Manufacturing accounted for almost half of all lost jobs. Among men, 52.5 percent of blacks and 48.8 percent of whites were displaced from manufacturing; among women, the corresponding proportions were 51.4 percent for blacks and 43.6 percent for whites.[9] These differences are consistent with the distribution of employment of both groups in the labor force.

Occupational distribution. The largest concentration of displaced workers was in production-related occupations (precision production, craft, and repair occupations and operators, fabricators, and laborers). These traditional blue-collar occupations were considerably overrepresented with respect to their overall proportion of the employed work force. (See table 1.) Among men, these occupations accounted for 46.4 percent of the work force and 59.2 percent of the displaced worker sample. For black men, these occupations were not only the ones hit hardest by job displacement; they had also provided the majority of jobs over this period. Blacks were most overrepresented in semiskilled and unskilled occupations (operators, fabricators, and laborers). Slightly more than one-half (53.1 percent) of black men in the sample were displaced from jobs as operators, fabricators, and laborers, compared with 34.6 percent of the white male sample. In the employed labor force, these jobs accounted for 38.2 percent of black male employment and 24.0 percent of white male employment.

Black women also were overrepresented in occupations at the highest risk of displacement. For black women, production-related occupations accounted for 18.5 percent of the work force and 44.7 percent of the displaced worker sample. For white women, these occupations accounted for 14.3 percent of the work force and 35.4 percent of the displaced sample.[10]

Outcomes of displacement

Reemployment. Because blacks are harder hit by downturns in the economy than are whites, the 1979–86 sample period is divided into two subperiods, 1979–83 and 1984–86, for the analysis of postdisplacement outcomes.[11] Data on reemployment indicate clearly that whites were considerably more likely to be reemployed (on the survey date) than were blacks. (See table 2.) Differences in the likelihood of reemployment were substantially larger during the 1979–83 period than during the later period, as seen in the tabulation below:

	Reemployment percentages	
	1979–83	*1984–86*
White men	77.9	78.7
Black men	63.1	69.2
Difference	14.8	9.5
White women	62.9	65.8
Black women	53.8	63.8
Difference	9.1	2.0

Particularly in the 1979–83 period, black reemployment rates were not only less than white reemployment rates, they were also relatively low; fewer than two-thirds of black men were reemployed following a 1979–83 displacement, and only slightly more than one-half of black women were reemployed. Reemployment rates were higher in the 1984–86 period for blacks and whites of both sexes. Labor market status improved substantially for blacks after 1983: the number of men reemployed in the 1984–86 period was 6 percentage points higher than in 1979–83, and the number of women reemployed was 10 percentage points higher. Differences in reemployment by race are statistically significant at the 0.05 level in both subperiods for men and in the 1979–83 period for women.

Table 2 also shows reemployment percentages broken down by labor market characteristics. These tables indicate that black workers were less likely to be reemployed than were white workers across many dimensions, despite similarities in predisplacement characteristics.[12] This was particularly the case in the 1979–83 period, in which black men with job tenure of 10 years or less had a more difficult time finding reemployment than did their white counterparts.[13]

Over the 1979–83 period, black men in manufacturing experienced more difficulties in finding reemployment: 62.2 percent were reemployed compared to 76.8 percent of white men. As noted above, manufacturing was an important sector for black men, accounting for approximately 54 percent of their employment before displacement. Differences narrowed over the 1984–86 period, during which the black male reemployment rate in manufacturing was 74.6 percent and the white male rate was 77.1 percent. (See table 2.)

For women, manufacturing reemployment rates were low compared with men's for both blacks and whites during the 1979–83 period: 50.8 percent for black women and 59.4 percent for white women. As was the case for men, the percentage reemployed rose over the 1984–86 period, to 63.2 percent for black women and 66.6 percent for white women.

Displaced operators, fabricators, and laborers who were black had particularly low reemployment rates. In the 1979–83 period, 61.6 percent of black men in these occupations were reemployed, compared with 73.5 percent of white men.[14] As expected, reemployment rates for women were even lower, 51.0 percent for blacks and 59.9 percent for whites. The improvement in overall economic conditions in the 1984–86 period did not bring appreciably higher reemployment rates for men or women in this occupational group.

Labor force exit. Despite relatively low reemployment rates, black men did not show

high rates of labor force exit. For example, during the 1979–83 period, nearly one-half (46.8 percent) of blacks who were not reemployed were still in the labor force but unemployed; another 36.4 percent were retired; and the remaining 14.3 percent were at home, attending school, or unable to work. By contrast, among white men who were not reemployed, exit from

Table 2. **Displaced workers who were reemployed, by race and selected characteristics, 1979–83 and 1984–86**

Worker characteristic	Men				Women			
	Black		White		Black		White	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1979–83								
Total	209	63.1	2,498	[1]77.9	208	53.8	1,459	[1]62.9
Tenure on last job:								
Less than 1 year	28	62.0	285	[1]82.1	39	56.4	224	62.9
1 to 3 years	88	57.9	1,026	[1]80.7	88	55.6	660	64.6
4 to 10 years	59	66.1	708	[1]79.5	62	50.0	402	[1]64.0
11 years or more	34	73.5	479	67.4	19	57.9	173	53.5
Education:								
Less than high school	50	54.0	410	63.2	57	47.7	241	44.8
High school graduate	75	64.0	937	[1]76.0	76	48.0	639	[1]63.1
Some college	62	64.5	693	[1]83.4	58	58.6	386	69.2
College diploma or more	22	77.2	458	87.2	17	93.7	193	[1]73.5
Predisplacement industry:								
Mining	9	66.6	197	68.2	—	—	42	61.9
Manufacturing	114	62.2	1,306	[1]76.8	125	51.2	684	[2]59.4
Transportation, communications, and public utilities	20	70.0	266	73.3	7	71.4	86	58.1
Trade	33	68.7	398	[1]83.7	27	59.2	278	67.6
Finance and services	34	55.8	31	[1]85.1	49	56.2	369	67.3
Predisplacement occupation:								
Managerial and administrative	7	71.4	246	87.8	11	72.7	163	67.5
Professional and technical	10	80.0	157	84.5	11	72.7	98	9.6
Sales and administrative support	28	78.5	467	83.7	51	56.8	529	65.7
Service	17	41.2	70	[1]77.1	29	44.8	113	51.3
Precision production, craft, and repair	36	61.1	639	74.6	10	60.0	137	54.7
Operators, fabricators, and laborers	112	61.6	892	[1]73.5	96	51.0	417	59.9
Farming, forestry, and fishing	—	—	25	64.0	—	—	2	50.0
1984–86								
Total	145	69.2	1,592	[1]78.5	131	[2]63.8	974	[2]65.8
Tenure on last job:								
Less than 1 year	18	66.6	226	81.7	21	52.4	165	61.2
1 to 3 years	70	67.1	623	[1]80.0	50	64.0	418	65.5
4 to 10 years	33	69.6	426	80.5	38	65.7	287	70.4
11 years or more	24	78.2	317	71.9	22	71.4	104	62.5
Education:								
Less than high school	29	51.8	198	62.6	28	42.8	114	50.9
High school graduate	23	73.9	249	76.5	17	64.7	144	65.2
Some college	72	66.6	766	79.8	66	66.6	538	65.0
College diploma or more	21	95.2	379	86.4	20	85.0	178	78.6
Predisplacement industry:								
Mining	3	66.6	156	69.2	1	100.0	20	55.0
Manufacturing	71	74.6	686	77.1	49	63.2	375	66.6
Transportation, communications, and public utilities	17	5.0	141	75.7	1	100.0	65	73.8
Trade	23	52.1	337	[1]82.2	29	48.3	227	59.9
Finance and services	31	67.7	272	[1]85.5	51	74.0	287	68.6
Predisplacement occupation:								
Managerial and administrative	7	85.7	188	86.2	13	92.3	122	78.7
Professional and technical	3	100.0	120	86.8	4	75.0	56	83.9
Sales and administrative support	25	72.0	338	81.9	36	80.5	403	[1]64.0
Service	15	73.3	67	85.1	33	48.4	88	61.4
Precision production, craft, and repair	17	82.3	341	75.6	11	54.5	56	66.1
Operators, fabricators, and laborers	77	63.1	519	72.4	34	52.9	249	60.2
Farming, forestry, and fishing	1	100.0	19	68.4	—	—	—	—

[1] Difference between blacks and whites in the percent reemployed is significant at a 0.05 level.
[2] Difference between blacks and whites in the percent reemployed is significant at a 0.10 level.

NOTE: Dash indicates no observations for this group.

Table 3. **Percent distribution of displaced workers by number of weeks without work for respondents employed at their survey date, 1979–83 and 1984–86**

Period covered and weeks jobless	Men		Women		Men		Women	
	Black	White	Black	White	Black	White	Black	White
	1984 and 1986 surveys				1988 survey			
1979–83								
Number of weeks:								
0	5.4	16.6	7.4	13.7	15.0	12.3	0.0	9.4
1 to 4	10.7	16.7	10.7	15.7	25.0	21.4	29.4	16.1
5 to 8	10.7	11.5	5.3	12.0	0.0	13.4	17.7	15.1
9 to 12	13.4	6.9	5.3	8.2	0.0	9.2	5.9	8.5
13 to 26	11.6	18.7	22.4	19.3	20.0	18.4	23.6	15.1
27 to 40	8.0	7.5	7.4	9.3	20.0	8.1	0.0	12.2
41 to 52	21.5	10.3	18.1	10.3	15.0	8.4	0.0	10.4
More than 52	18.7	11.8	23.4	11.5	5.0	8.8	23.4	13.2
Mean	34.8	[1]23.6	38.3	[1]24.2	20.8	20.6	28.4	27.2
Standard deviation	(31.7)	(27.8)	(33.7)	(27.2)	(19.7)	(25.1)	(37.8)	(29.9)
Median	26.0	12.0	26.0	13.0	13.0	10.0	10.0	16.0
Number of observations	112	1,672	94	809	20	261	17	106
	1986 survey				1988 survey			
1984–86								
Number of weeks:								
0	8.0	15.3	4.5	17.7	5.4	15.5	6.6	11.4
1 to 4	12.0	20.2	4.5	18.4	28.4	26.3	29.5	21.3
5 to 8	16.0	12.8	4.5	9.5	10.8	12.8	14.7	14.5
9 to 12	0.0	6.4	4.5	12.6	5.4	8.8	6.6	10.1
13 to 26	16.0	24.5	36.3	20.3	12.2	17.8	13.1	20.3
27 to 40	12.0	8.6	13.6	4.4	10.8	7.6	8.2	8.5
41 to 52	16.0	7.9	18.1	13.3	17.5	6.2	6.5	7.3
More than 52	20.0	4.3	13.6	3.8	9.5	5.0	14.8	6.6
Mean	34.9	[1]16.9	32.4	[1]17.6	24.4	[1]15.9	24.4	[2]18.8
Standard deviation	(32.1)	(19.1)	(23.3)	(19.9)	(25.6)	(20.9)	(31.8)	(22.8)
Median	26.0	10.0	26.0	11.0	13.5	8.0	8.0	10.0
Number of observations	25	327	22	158	74	922	61	483

[1] Denotes a statistically significant difference between blacks and whites in mean weeks without work at a 0.05 level.
[2] Denotes a statistically significant difference between blacks and whites in mean weeks without work at a 0.10 level.

the labor force was more common: the largest share of these white men (55.4 percent) were retired. Another 26.3 percent were unemployed, and the remaining 11.4 percent were at home, attending school, or unable to work. Overall in the 1979–83 period, 18.6 percent of black men were out of the labor force on the survey date, compared with 14.7 percent of white men. In the later period, 1984–86, exits from the labor force were less common: 11.8 percent of black men and 13.8 percent of white men were out of the labor force. Most of these black men were unemployed (56.8 percent) and most of these white men were retired (52.5 percent). Differences in labor market behavior between black and white men in this group may be because of the fact that blacks tended to be slightly younger than whites. Consequently, fewer black men may have been eligible for retirement.

Weeks without work

Displaced workers interviewed in the CPS were asked how many weeks they had been without work following their permanent job loss. For many workers, the reported time may include time spent out of the labor force. Therefore, "weeks without work" is not equivalent to weeks of unemployment; it is more accurately understood as "jobless" weeks. For workers surveyed in 1984 and 1986, reported weeks of joblessness can be an *interrupted* spell for those still searching for work as of the survey date. The eventual length of their *completed* spell is likely to be longer than the time reported in the survey. For these two surveys, the most unambiguous measure of weeks without work is obtained by looking only at the employed, for whom reported weeks are complete, although there may be problems in asking workers to recall job displacements occurring up to 5 years in the past. Even for the employed from those surveys, however, the respondent's answer may include multiple spells of joblessness if the respondent held more than one postdisplacement job.

The results were more reliable in the 1988 survey, for which individuals were asked to report weeks without work up to the first job held

after displacement. Although the 1988 survey provides the best measure of weeks without work, using data from that survey alone would result in small sample sizes and no observations for the years 1979–82. Because of the differences between surveys already noted in the weeks without work measure, summary statistics are presented for the 1984 and 1986 surveys combined, and separately for the 1988 survey.

Blacks experienced significantly more weeks without work than did whites. (See table 3.) For blacks, splitting the two time periods into separate surveys exacerbates the small-sample problem caused by their relatively low reemployment rates. As expected, jobless weeks in the 1984 and 1986 surveys exceed jobless weeks for the 1988 survey. Over the period 1984–86, jobless weeks fell considerably from 1979–83 levels for whites (a 22.8-percent reduction in the average length for men and a 30.9-percent reduction for women, using 1988 survey numbers). This reduction is measured from the mean observation for the 1979–83 period. The improvement in economic conditions did not result in similar improvement for blacks; jobless weeks actually rose 17.3 percent for black men, and fell only 14.4 percent for black women.

Two additional differences by race in weeks without work deserve emphasis. Table 3 shows that sizable fractions of the white sample reported experiencing no (or very little) joblessness following displacement—that is, they moved quickly to a new job following displacement.[15] Data from the 1988 survey show that, in the 1984–86 period, 15.5 percent of white men and 11.4 percent of white women reported experiencing no joblessness following displacement; among blacks, the percentages were much smaller, 5.4 percent of men and 6.6 percent of women. At the other end of the joblessness

Table 4. **Industrial and occupational distribution of displaced workers employed as of the survey date and percent of reemployed in same industry or occupation, 1979–83 and 1984–86**

Industry and occupation	1979–83				1984–86			
	Men		Women		Men		Women	
	Black	White	Black	White	Black	White	Black	White
Percent distribution by industry:								
Agriculture	1.5	1.5	—	0.7	1.0	1.6	—	0.5
Mining	1.5	2.4	—	.7	—	3.7	—	.5
Construction	5.4	9.9	—	2.1	5.1	8.4	—	1.9
Manufacturing	23.8	30.7	27.9	25.0	24.5	26.9	19.3	23.5
Transportation, communications, and public utilities	15.4	11.1	4.5	5.1	10.2	9.9	4.8	5.0
Wholesale and retail trade	18.5	20.7	21.6	24.8	24.5	21.5	19.3	22.3
Finance and services	30.8	22.5	42.3	38.8	28.6	26.9	53.0	43.9
Public administration	4.6	2.6	3.6	3.6	7.1	2.8	3.6	3.0
Farming, forestry, and fishing	—	—	—	—	—	—	—	—
Percent distribution by occupation:								
Managerial and administrative	6.8	10.5	4.5	10.2	6.1	12.2	8.4	12.2
Professional and technical	6.1	10.1	6.3	10.3	5.1	12.6	9.6	10.3
Sales and administrative support	13.6	17.4	31.5	45.4	12.1	18.7	36.1	46.2
Service	11.4	9.4	26.1	13.7	22.2	8.6	26.5	14.4
Precision production, craft, and repair	14.4	25.7	4.5	4.3	14.1	20.9	3.6	3.7
Operators, fabricators, and laborers	46.2	25.8	27.0	15.5	38.4	25.7	15.7	13.1
Farming, forestry, and fishing	1.5	1.2	—	.8	2.0	1.4	—	.2
Percent reemployed:								
In same 2-digit occupation	25.8	32.1	28.8	29.0	29.3	37.2	32.5	32.9
In same 2-digit industry	19.7	[1]28.2	17.1	[2]23.8	23.2	33.6	32.5	28.7
Number of observations	132	1,933	111	915	99	1,249	83	641

[1] Denotes a statistically significant difference between blacks and whites in percent reemployed in the same 2-digit industry at a 0.05 level.
[2] Denotes a statistically significant difference between blacks and whites in percent reemployed in the same 2-digit industry at a 0.10 level.

NOTE: Dash indicates no observations for this group.

distribution, long-term joblessness—that exceeding 26 weeks—was more prevalent for sampled blacks than for sampled whites. For the 1984–86 period, 37.8 percent of black men and 29.5 percent of black women reported at least 26 weeks without work, compared with 18.8 percent of white men and 22.4 percent of white women.[16]

Postdisplacement industry, occupation

The industrial and occupational distribution of jobs after displacement was considerably different from that before displacement. (See table 4.) As expected, manufacturing industries provided fewer job opportunities after displacement, and consequently there was a reduction in the share of employment in production-related occupations. Table 1 shows that differences by race in the predisplacement industrial distribution were fairly small. After displacement, however, the representation of blacks fell relative to whites in many manufacturing industries. For black men displaced during 1979–83, the manufacturing share of employment fell nearly 29 percentage points from its predisplacement level; for white men, the manufacturing employment share fell 18 percentage points.[17] For all four race/gender groups, the percent reemployed in manufacturing was lower for those displaced in the postrecession period (1984–86) than for individuals displaced in the recessionary period (1979–83). Construction accounted for a larger share of white reemployment than of black reemployment in both periods. Trade and services accounted for a larger share of jobs in the years 1984–86 than in the 1979–83 period. Specifically, there was a substantial amount of movement into the financial and services sector, particularly during the years 1984–86. Among women, the share of jobs in this sector rose by approximately 21 percentage points for blacks and 16 percentage points for whites; for men, service sector employment share rose 10 to 12 percentage points.

The ability to remain in the same industry and/or occupation is likely to be important for the retention of skills acquired before displacement. Using the percentage of workers remaining in the same two-digit industry or occupation, the bottom rows of table 4 present a summary measure of industrial and occupational mobility for displaced workers. The new jobs of white men were more likely to be in the same industrial and/or occupational category as their old jobs than was the case for black men. Differences in these mobility measures were small for women. For all groups, a higher percentage of workers stayed in the same industry and/or occupation in 1984–86 than in 1979–83.

Table 5. **Postdisplacement weekly earnings as a percentage of weekly earnings on lost job, by sex and race, 1979–83 and 1984–86**

Earnings percentage	Men		Women	
	Black	White	Black	White
1979–83:				
Less than 50 percent	17.4	22.6	23.9	19.6
50 to 74 percent	19.7	17.2	16.8	15.4
75 to 99 percent	22.7	24.0	17.7	26.0
100 percent or more	40.2	36.2	41.6	39.0
Mean percentage	94.2	88.1	89.5	92.7
Standard deviation	(65.5)	(97.0)	(65.1)	(72.1)
Median percentage	93.3	85.7	86.4	91.7
Number of observations	132	1,933	111	915
1984–86:				
Less than 50 percent	35.4	31.2	35.4	30.2
50 to 74 percent	11.1	13.2	15.8	13.8
75 to 99 percent	14.1	22.8	17.1	21.8
100 percent or more	39.4	32.8	31.7	34.2
Mean percentage	80.9	79.5	71.1	79.9
Standard deviation	(58.9)	(72.2)	(50.1)	(64.4)
Median percentage	82.6	82.8	73.7	83.4
Number of observations	99	1,244	83	641

Postdisplacement earnings

For those employed in wage and salary jobs, weekly earnings, pre- and postdisplacement, can be compared. (See table 5.) The earnings comparison uses the ratio of postdisplacement weekly earnings to predisplacement weekly earnings (all earnings are adjusted to 1982 dollars using the GNP deflator). This measure of relative earnings shows that, during the 1979–83 period, black men had smaller earnings losses than white men and white women had smaller earnings losses than black women, although the differences are not statistically significant.[18] For all groups, median losses were on the order of 8 to 15 percent, and there was considerable variation. Approximately 35 to 40 percent of reemployed workers were earning less than 75 percent of predisplacement earnings. A similar percentage were earning more on their current jobs than on their predisplacement jobs.

The years 1984–86 show larger earnings losses than the 1979–83 period.[19] Two factors may account for this result. As noted in the previous section, manufacturing as a share of postdisplacement employment was lower, and trade and services as shares of such employment were higher, in 1984–86 than in 1979–83. The relative scarcity of high-wage manufacturing jobs and the increase in relatively lower paid trade and services jobs in the economy may be one reason for the larger earnings losses in the later period. A second reason has to do with the construction of the sample: due to the division of the sample period, most workers in the 1979–83 period had

been on their postdisplacement jobs longer (as of the survey date) than had workers in the 1984–86 period. The rise in earnings with postdisplacement job tenure could lead to smaller measured losses for the years 1979–83.

THE BURDEN of widespread job displacement during the 1980's fell disproportionately on blacks because of their concentrated employment in production-related occupations. In addition, the costs of permanent job loss—as measured in terms of lower reemployment rates and longer durations of joblessness—were higher for blacks. These postdisplacement differences occurred despite many similarities in labor market characteristics prior to displacement.

The largest differences occurred in reemployment, particularly during the 1979–83 period. Renewed employment growth after the 1981–82 recession considerably narrowed the gap between blacks and whites in reemployment rates. The longer-term implications of low reemployment rates for blacks are an important line of inquiry for future research. Results of this analysis also suggest the need for further research into differences in job mobility between blacks and whites in the aftermath of job displacement. □

Footnotes

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[1] Previous research in this area includes: John T. Addison and Pedro Portugal, "The Effect of Advance Notification of Plant Closing on Unemployment," *Industrial and Labor Relations Review*, October 1987, pp. 3–16; John T. Addison and Pedro Portugal, "Job Displacement, Relative Wage Changes, and Duration of Unemployment," *Journal of Labor Economics*, July 1989, pp. 281–302; Richard M. Devens, Jr., "Displaced workers: one year later," *Monthly Labor Review*, July 1986, pp. 40–43; Ronald G. Ehrenberg and George Jakubson, *Advance Notice Provisions in Plant Closing Legislation* (Kalamazoo, MI, W.E. Upjohn Institute for Employment Research, 1988); Paul O. Flaim and Ellen Sehgal, "Displaced workers of 1979–83: how well have they fared?" *Monthly Labor Review*, June 1985, pp. 3–16; Daniel S. Hamermesh, "The Costs of Worker Displacement," *Quarterly Journal of Economics*, February 1987, pp. 51–76; Daniel S. Hamermesh, "What Do We Know About Worker Displacement in the U.S.?" *Industrial Relations*, Winter 1989, pp. 51–59; Francis W. Horvath, "The pulse of economic change: displaced workers of 1981–85," *Monthly Labor Review*, June 1987, pp. 3–12; Lori G. Kletzer, "Returns to Seniority After Permanent Job Loss," *American Economic Review*, June 1989, pp. 536–43; Lori G. Kletzer, "Earnings After Job Displacement: Job Tenure, Industry, and Occupation," in J.T. Addison, ed., *Job Displacement: Consequences and Implications for Policy* (Detroit, MI, Wayne State University Press, 1991); Douglas L. Kruse, "International Trade and the Labor Market Experience of Displaced Workers," *Industrial and Labor Relations Review*, April 1988, pp. 402–17; Janice F. Madden, "Gender Differences in the Cost of Displacement: An Empirical Test of Discrimination in the Labor Market," *American Economic Review*, May 1987, pp. 246–51; Michael Podgursky and Paul Swaim, "Job Displacement and Earnings Loss: Evidence from the Displaced Worker Survey," *Industrial and Labor Relations Review*, October 1987, pp. 17–29; Michael Podgursky and Paul Swaim, "The Duration of Joblessness Following Displacement," *Industrial Relations*, Fall 1987, pp. 213–26; Christopher J. Ruhm, "The Economic Consequences of Labor Mobility," *Industrial and Labor Relations Review*, October 1987, pp. 30–49; Christopher J. Ruhm, "Labor Market Discrimination in the United States," in F.A. Blanchard and F.J. Crosby, eds., *Affirmative Action in Perspective* (New York, Springer-Verlag, 1989), pp. 149–58; and Paul Swaim and Michael Podgursky, "Advance Notice and Job Search: The Value of an Early Start," *Journal of Human Resources*, Spring 1990, pp. 147–78.

[2] Most of the works listed in footnote 1 control for race in their empirical analysis and note race as an important factor in labor market adjustment following permanent job loss. In the case study literature on worker displacement, race has often been a theme. See H.L. Sheppard and J.L. Stern, "Impact of Automation on Workers in Supplier Plants," *Labor Law Journal*, October 1957, pp. 714–18; and M. Aiken, L.A. Ferman, and H.L. Sheppard, *Economic Failure, Alienation, and Extremism* (Ann Arbor, University of Michigan Press, 1968).

[3] See J.J. Heckman and B.S. Payner, "Determining the Impact of Federal Antidiscrimination Policy on the Economic Status of Blacks: A Study of South Carolina," *American Economic Review*, March 1989, pp. 138–77.

[4] The Current Population Survey (CPS) is a monthly sample survey conducted by the Bureau of the Census for the Bureau of Labor Statistics. The sample includes about 60,000 households that are scientifically selected to represent the civilian noninstitutional population 16 years old and over in the 50 States and the District of Columbia. Information currently is collected on more than 150,000 persons living in these households. A detailed description of this survey appears in *Concepts and Methods Used in Labor Force Statistics Derived from the Current Population Survey*, BLS Report 463.

[5] The omitted categories for cause of job loss are self-employed business failures, end of seasonal job, and other. The omission of these categories is consistent with Flaim and Sehgal, "Displaced workers of 1979–83"; Devens, "Displaced workers"; and Horvath, "The pulse of economic change." Unlike these three works, this study is based on a sample that is not limited to workers with 3 or more years of job tenure. The construction industry was excluded because the notion of permanent job displacement is not well defined in that industry.

[6] Individuals displaced in the calendar year preceding their survey date were excluded to reduce the incidence of truncated postdisplacement labor market histories. Records of individuals with missing information on the variables of interest also were excluded.

[7] Hispanics were excluded due to small sample sizes.

[8] These differences are statistically significant at a 5-percent level of significance.

[9] For all groups, manufacturing is overrepresented in the displaced worker sample. For men, manufacturing accounted for 28 percent of jobs in the white work force at the beginning of the period (1978); for blacks, the proportion was 30 percent. For women, manufacturing accounted for 18.1 percent of jobs in the white work force; for blacks, the corresponding figure was 19.5 percent. For both blacks and whites, trade and services were underrepresented in the displaced worker sample.

[10] Blacks are only slightly overrepresented in the displaced worker sample relative to their proportion of civilian employment. The displaced worker sample is 9.6 percent black; over the period 1979-86, approximately 9.5 percent of civilian employees were black.

[11] There is some overlap in the years covered by the three surveys. The 1984 survey provided all the data for the years 1979 and 1980. For 1981 and 1982, approximately 45 percent of observations came from the 1984 survey and the remainder from the 1986 survey. For the years 1983 and 1984, approximately 59 percent of observations were from the 1986 survey and the remainder from the 1988 survey. The 1988 survey provided all the data for the years 1985 and 1986. As with other retrospective data, accuracy may be subject to problems of respondent recall. Characteristics of displaced workers shown in table 1, and differences between blacks and whites are not sensitive to the division of the sample period.

[12] The comparisons in table 2 are univariate; therefore, they do not control for other factors that may be correlated with the variable of interest. Results from a multivariate analysis of the probability of reemployment are reported in Lori Kletzer, "Black-White Differences in the Labor Market Outcome of Job Displacement," working paper, July 1989.

[13] As noted in table 2, these differences are statistically significant at a 0.05 level.

[14] This difference is statistically significant at a 0.05 level.

[15] The zero coding includes "no joblessness" and very short spells that last less than 1 week.

[16] For the two subperiods, a Chi-square test rejects a null hypothesis that the "weeks without work" distributions for blacks and whites are the same, at a 0.05 level.

[17] Differences in the postdisplacement industrial distributions by race are not, however, statistically significant at standard levels (using a Chi-square test).

[18] Across subperiods and by gender, a Chi-square test fails to reject the null hypothesis that the black and white distributions of relative earnings are the same. Smaller earnings losses for black men were due in part to the fact that black men generally were earning less than white men before displacement.

[19] For black and white women and for white men, the difference in the mean percentage between the two subperiods is statistically significant at a 0.05 level; for black men, the difference in the mean percentage over time is statistically significant at a 0.15 level.

A note on communications

The *Monthly Labor Review* welcomes communications that supplement, challenge, or expand on research published in its pages. To be considered for publication, communications should be factual and analytical, not polemical in tone. Communications should be addressed to the Editor-in-Chief, *Monthly Labor Review*, Bureau of Labor Statistics, U.S. Department of Labor, Washington, DC 20212.