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Cycles of Wage Discrimination

by Jeff E. Biddle, Daniel S. Hamermesh
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Abstract:

Using CPS data from 1979-2009 we examine how cyclical downturns and industry-specific demand shocks affect wage differentials between white non-Hispanic males and women, Hispanics and African-Americans. Women's and Hispanics' real earnings are harmed by negative shocks, while the earnings disadvantage of African-Americans may drop with negative shocks. Negative shocks also appear to increase the earnings disadvantage of bad-looking workers. A theory of job search suggests two opposite-signed mechanisms that affect these wage differentials. It suggests greater absolute effects among job-movers which is verified using the longitudinal component of the CPS.

Text: See [Discussion Paper No. 5945](#)

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