Unequally Insecure:

Racial Disparities in Job Insecurity, 1979-2009

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A historical coincidence—perhaps calamity—is that the end of the civil rights era coincided with the beginning of economic restructuring. Thus, jobs that in the postwar era had provided stable paths to economic security for broad swaths of white Americans became open to larger numbers of Americans of color just as the jobs themselves may have become less secure. In this paper, I offer the first documentation of racial disparities in job insecurity, operationalized as the risk of displacement (e.g., layoffs), over the past three decades. Using the CPS Displaced Worker Survey, covering displacements 1979-2009, I document the size and persistence of racial disparities in displacement; evaluate the historical relationship between the racial composition of jobs and their rate of displacement; and explore whether incorporating displacement generates a substantively different view of racial patterns of economic inequality than considering wage inequality alone.

RESEARCH QUESTIONS

Documenting the racial disparities in displacement

By offering the first in-depth assessment of the racial disparities in displacement for the whole U.S. economy, this paper integrates three strands of previous research across the social sciences.

One is a fairly large literature, mostly in economics, on employment instability and insecurity. Strikingly absent from this literature is systematic attention to racial differences. The racial patterns that have been uncovered come from analyses of job instability—voluntary and involuntary turnover—not insecurity, with researchers documenting increased instability among African-Americans over the 1990s, while the patterns for whites appeared inconsistent (Jaeger and Stevens 1999, Neumark et al 2000). Little research has centrally incorporated race, analyzed race groups other than African-Americans and whites, or examined racial patterns of job turnover more recently than the 1990s (Hollister 2011). Indeed, Farber's (2011) historical analysis and

Neumark's (2000) comprehensive review of the instability and insecurity literature mention race only in passing.

The relative omission of race is surprising in light of the second strand of relevant research, mostly in sociology, on racial occupational segregation and racial disparities in unemployment. Couch and Fairlie (2010) show that black workers' rate of transition from employment to unemployment rises more sharply than whites' during economic downturns, suggesting that blacks may bear the brunt of layoffs. This may reflect occupational and industrial segregation, which may confine blacks to less secure jobs; such economic segregation continues to account for a significant degree of black-white income inequality (Kornrich 2009). Or it may reflect a higher rate of job loss for black vs. white workers within jobs. For example, in an analysis of discrimination cases verified by the Ohio Civil Rights Commission between 1986 and 2003, Byron (2010) found that private sector employers sometimes used cost-cutting as a rationale for discriminatory firings, while disguising them to workers and the public as displacement; in contrast, he found that documented discrimination in the public sector generally affected promotions, rather than dismissals. These lines of research also suggest the need to directly examine racial disparities in displacement.

Racial composition and the rate of displacement

A third strand of research argues that, in a cruel historical irony, black and Hispanic workers did gain access to a number of industries just as those industries became less secure; as MacLean (2006: 100) puts it in her recounting of the struggle against discriminatory hiring in the construction trades, "Blacks were being promised employment in an industry that was about to hemorrhage jobs." (See also Wilson 1978, 1987.) At the same time, relatively advantaged white workers may have faced a decrease in their own job security as jobs that once were relatively immune from layoffs may have become less so (Hollister 2011, Kalleberg 2011, Neumark 2000). These arguments therefore raise the possibilities of racial disparities in job insecurity either widening or narrowing over time.

In this paper, I offer the first economy-wide direct assessment of these competing possibilities by examining the historical association between the racial composition of occupations and industries and their rate of displacement.

Displacement: a distinct dimension of economic stratification across races?

Theoretical and empirical work on economic stratification across races was significantly advanced by work that incorporated wealth, not just income, as a distinct dimension of inequality. The classic studies (Conley 1999, Oliver and Shapiro 1995) showed that wealth and income disparities provide different insights into the economic patterning of racial inequality. In this paper, I investigate whether economic insecurity, operationalized as the rate of displacement, should also be understood as a distinct dimension of inequality, generating a different picture of economic inequality than the one provided by studies examining income alone. To do this, I compare explicitly the historical patterning of racial wage gaps by occupation and industry to the patterning of disparities in the rate of displacement.

DATA

I use as data the Displaced Worker Survey (DWS), which is the main source of nationally representative displacement data, asked of CPS households every other year beginning in 1984. Its chief virtue over the main alternatives, the PSID (e.g., Boisjoly, Duncan, and Smeeding 1998) and the NLSY (Bernhardt et al 2000), is that its sample size suffices to explore displacement, separately by race and gender, across time and occupation/industry.

Displacement is conceptualized as involuntary job loss for reasons other than individual performance. The DWS endeavors to identify every person aged 20 or older in each survey household who was displaced during the previous five (until 1994) or three years. Because the DWS is linked to the full CPS, displaced workers can be compared to non-displaced workers, together weighted so as to be demographically representative of the non-institutionalized national population, to estimate the rate of displacement for various demographic groups.

Beyond displacement, the most important construct in this study is race. I analyze race as black/white/Hispanic/other, following the common practice of allowing Hispanic status to trump black/white/other status, and, in the case of multiple reported races, black status to trump white/other status and "other" status to trump white status. Unfortunately, the sample sizes are too small to distinguish the "other" categories while analyzing occupational or industrial variation.

Also fundamental to the study are the occupation, industry, and public vs. private sector measures. The CPS records occupations and industries at three levels of detail. I use the broadest ("major") level, since the more detailed levels are too detailed for a sample in which the positive cases per year number only in the thousands. At this level, the survey defines 14 industries and 11 occupations. The occupational and industrial codes have changed several times during the

survey range of 1984-2010. I use the CPS-provided crosswalks as well as exercising caution in analyzing trends across the coding changes.

CONCLUSION

The consequences of displacement can be dire. Following layoffs, many workers are unable to find full-time employment and take refuge in temporary or involuntary part-time work (Farber 2000), and even when they do find full-time employment, it is often at substantially lower wages than in the lost job (Farber 2011). Moreover, the consequences of displacement reach far beyond employment status to affect laid-off workers' psychological well-being, health, and marriages (Gandolfi and Hansson 2011). These consequences can reach into entire communities: to the extent that urban African-Americans have been confined to declining industries and insecure employment, the results may be disastrous (Wilson 1990). This wider perspective makes it imperative to understand how these risks have been borne unequally by race in the United States and the processes of economic segregation that produce these effects.

In the context of the Great Recession and its aftermath, such insecurity may increasingly be an enduring dimension of American inequality with wide-ranging social and demographic implications. This paper elucidates the racial patterning of a key component of insecurity, the risk of displacement, in the crucial period of economic restructuring leading up to the Great Recession, and in its early years.