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BLACK-WHITE ECONOMIC CONVERGENCE AND
THE CIVIL RIGHTS ACT OF 1964

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BLACK-WHITE ECONOMIC CONVERGENCE
AND THE CIVIL RIGHTS ACT OF 1964

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Richard Freeman argued in a recent article that "while black-white differences have not disappeared, the convergence in economic position in the 1950's and 1960's suggests a virtual collapse of traditional discriminatory patterns in the labor market."¹ Moreover, according to Freeman,

Much of the improvement in the black economic position that took place in the late 1960's appears to be the result of government and related discriminatory activity associated with the 1964 Civil Rights Act. Previous time trends, more education for blacks; and the general boom of the period cannot account for the sharp increase in relative incomes and occupational position of blacks after 1964.²

Freeman's conclusions are in marked contrast to those reached by others, who stress the limited economic progress made by blacks.³

We consider it very important to determine whether the economic position of blacks has improved and discrimination has collapsed. In some sense, the conservatives who argue that the problem has been solved and the "radicals" who argue that little or no progress has taken place are natural, if unwitting, allies, because both groups tend to immobilize forces to gain greater economic equality for blacks -- the conservatives by declaring

the battle to be won and the radicals by the discouraging news that the fight is hopeless, short of "revolutionary change." If "progress" has been made, moreover, it is important to determine the influence of various factors in producing the progress. If discrimination collapsed under the modest onslaughts launched by the Civil Rights Act of 1964, the "enemy" was nowhere as ferocious as most of us had deemed it to be.

This paper explores some of the dimensions of this controversy by exploring the convergence between black and white male incomes in the United States between 1960 and 1970. We concentrate on males in order to get a purer indication of discrimination, because discrimination against white women, and their probable higher levels of voluntary underemployment, could make the relative black-white female position appear to be improving faster than it really is because of the lack of progress made by white females. We also examine Freeman's position that discrimination has collapsed mainly under attack from the Civil Rights Act of 1964. By implication, of course, when presenting the evidence on convergence, we also examine the position of those who argue that blacks have made no progress.

We first turn our attention to the regional component of the income changes. While there is no question that the relative gap between blacks and whites has narrowed in the aggregate,⁴ it remains to be seen whether this convergence has resulted from a narrowing of wage differentials in each

region or, as Batchelder found between 1950 and 1960, it is largely because of the changing distribution of the black population.⁵

Table 1 presents data on relative incomes of males by region and place of residence for 1959 and 1969. The data are illuminating in several respects. They reveal that the racial convergence in incomes has not been at all uniform. Most of the gains made by black males have been in the Northeast and the South, and within these areas, incomes have converged most rapidly in rural rather than in urban areas.

Table 1

Black-White Income Ratios, 1959 and 1969, Males,
by Race and Region

	Northeast		North Central		South		West	
	1969	1959	1969	1959	1969	1959	1969	1959
Total Region	.75	.59	.80	.77	.56	.47	.72	.71
Urban	.74	.71	.76	.70	.57	.51	.71	.70
Rural								
Non Farm	.54	.54	.34	.41	.49	.40	.37	.49
Rural Farm	.76	.62	.49	.37	.47	.42	.70	.85

SOURCE: U.S. Department of Commerce, Bureau of the Census, Current Population Reports, Series P-60 (Washington, D.C.: Government Printing Office).

However, even within rural areas, different regional patterns emerge. In the South, incomes converged most rapidly in rural nonfarm employment, while in the Northeast, farm incomes show the greatest convergence. This undoubtedly reflects the very rapid increase in agricultural productivity in the nation (output per man-hour in agriculture increased by 280 percent between 1947 and 1969, as compared with an increase of only 82 percent for the nonfarm sector). In the South, however, blacks apparently did not share proportionately in these gains and were displaced from farming at a much faster rate than whites. The reasons for the failure of blacks to participate in agricultural gains include their lower levels of education, smaller farms, limited access to capital, and racial discrimination -- especially by the U.S. Department of Agriculture.

The rapid convergence in rural nonfarm incomes in the South is particularly interesting in view of the large reduction in the black farm population of the region between 1959 and 1969.⁶ Since it has been observed that people, especially blacks, who leave farming are most likely to remain in rural labor markets, it might be expected that this increase in the relative supply of black workers would tend to depress incomes in rural nonfarm employment.

However, it seems that the black migration out of agriculture has been offset by two major factors. First, the rural South is the most rapidly industrializing region in the country, and in the South, as in the rest of the country,

manufacturing employment is actually growing faster in nonmetropolitan than in metropolitan areas.⁷ Since blue-collar jobs are growing in rural areas and white-collar jobs are growing in metropolitan areas, it is not surprising that black males (who are heavily concentrated in blue-collar occupations) should gain in nonmetropolitan areas. Black females, on the other hand, have made greater relative gains in metropolitan areas, at least partly because of the greater growth of white-collar jobs, in which females traditionally have been concentrated.

Second, the black migration off the farms is apparently inducing a secondary migration flow of rural nonfarm blacks into urban areas. This migration pattern may be responsible for the generally slower income convergence in urban areas, both in the South and in the nation, reflecting the increased labor supply in these areas at a time when the demand for blue-collar labor apparently was declining.

The comparisons in Table 1 are "gross" in the sense that they fail to control for those determinants of incomes that may not have changed uniformly by region or place of residence. Ideally joint observations on all of these variables should be present, e.g., education, occupation, industry, region, residence, income, etc.; however, these cross-tabulations are not available in published form, and to generate them requires manipulation of the 1:1,000 samples of the 1960 and 1970 censuses.

Pending this further research, we present in Table 2 black-white earnings ratios by region and residence for

Table 2

Black-White Earnings Ratios of Husbands
in Husband-Wife Families,
1969, 1965, 1959: Craftsmen

	<u>1969</u>	<u>1965</u>	<u>1959</u>
<u>South</u>	.67	.63	.55
Metropolitan	.71	.63	.57
Central city	.76	.68	.61
Outside metropolitan	.63	.57	.51
Urban	.63	.50	.50
Rural	.63	.61	.50
<u>North and West</u>	.86	.81	.84
Metropolitan	.83	.77	.81
Central city	.87	.84	.83
Noncentral	.83	.78	.82

Average Annual Percentage Change in Earnings Ratio

	<u>1965-1969</u>	<u>1959-1965</u>
<u>South</u>	.015	.020
Metropolitan	.029	.016
Central city	.028	.018
Outside metropolitan	.025	.019
Urban	.058	.000
Rural	.008	.033

SOURCE: U.S. Department of Commerce, Bureau of the Census, Current Population Reports, Series P-60, No. 73, Table 1 (Washington, D.C.: Government Printing Office).

NOTE: Areas and residences correspond to U.S. census definition.

husbands who worked as craftsmen, the sole occupation for which the income data are available.⁸ If this occupation is representative of the income convergence that has occurred within the large group of occupations, then this table tells us something about the convergence within areas due to the intra-occupational compression of wage rates. It is evident that craftsmen's earnings have converged most rapidly in the South, as compared to the non-South, with the convergence being fairly uniform between metropolitan and nonmetropolitan areas in both regions.

These data also permit the 1959-1969 period to be broken into intervals, with the intermediate year being 1965. Examining these intervals for the South, where the data provide greatest detail, provides two important observations. First, it appears that there has not been a precipitous increase in the rate of income convergence in the region -- the 1959-1965 rate is very close to the 1965-1969 rate, which would seem to run counter to the Freeman thesis.

Second, the rural South, the area within the region that has experienced the most rapid convergence in racial incomes, exhibits precisely the opposite pattern of convergence from that predicted by Freeman's thesis -- the most rapid convergence occurred between 1959 and 1965, before the Civil Rights Act is likely to have had an impact on earnings.

In brief, the data discussed in this section indicate that the convergence in racial incomes has not been uniform across regions but has occurred most rapidly in the South and

the Northeast. In both regions, incomes in rural areas have converged rapidly, with nonfarm residents showing the most rapid convergence in the South and farm incomes converging most rapidly in the Northeast and north central regions. There is little evidence of an accelerated rate of convergence of incomes in the late 1960's in the South, as indicated by the income data for craft workers.

Analyzing the Causes of Income Convergence

In this section, we attempt a tentative assessment of the factors which underlie the convergence of racial incomes between 1960 and 1970. Unfortunately, the data permit only "partial" analysis of the problem, with each variable analyzed in turn, ignoring its interaction with other variables in the model.

The three variables considered to account for the income changes for each race are the industrial composition of employment, the occupational distribution of the labor force, and the educational attainment of the labor force. The change in income is decomposed as follows.

Average income in each racial group may be written as

$$(1) \quad \bar{W} = \sum_i W_i f_i,$$

where \bar{W} represents average income, and W_i represents average income in, say, industry i , and f_i represents the proportion of total employment of the racial group accounted for by industry i . The difference in average incomes for each race between 1959 and 1969 may then be decomposed as follows:

$$(2) \quad d\bar{w} = \sum_i w_i df_i + \sum_i dw_i f_i + \sum_i dw_i df_i$$

The first term on the right-hand side indicates the change in income that results from a changing distribution of the labor force, for example, across industries, holding incomes constant. The second term indicates the change in income attributable to changes in income within industries, holding the industrial composition of employment constant. The third term measures the interaction effects of changes in employment patterns and changes in incomes. In Table 3, the sources of income change for black and white males are analyzed by region for each variable.

This decomposition is a useful way of analyzing the data, because different theories of the causes of income convergence assign different weights to convergence within and between categories. Specifically, the hypothesis that the reduction in the level of racial discrimination is of primary importance in equalizing incomes would predict significant income convergence within occupational, educational, or industrial groups. This follows because, in the short run, mobility among these groups is likely to be constrained by the effects of past discrimination. As a result, the elimination of overt racial discrimination is likely to result in the narrowing of income differences within these categories.

On the other hand, those who emphasize the importance of structural changes between 1960 and 1970 would predict that where income convergence has occurred most rapidly, it is likely

TABLE 3. Decomposition of Income Changes between 1960 and 1970
for Regions, by Industry, Occupation, Education, and Race

	Proportion of Income Change Occurring	
	Among Categories	Within Categories and Interaction
<u>Industry</u>		
Northeast		
Total	.02	.98
Black	.00	1.00
North central		
Total	.06	.94
Black	.04	.96
South		
Total	.08	.92
Black	.15	.85
West		
Total	.03	.97
Black	.02	.98
<u>Occupation</u>		
Northeast		
Total	.05	.95
Black	.06	.94
North central		
Total	.06	.94
Black	.07	.93
South		
Total	.12	.88
Black	.19	.81

TABLE 3, cont'd.

	Among Categories	Within Categories and Interaction
West		
Total	.07	.93
Black	.08	.92
<u>Education</u>		
Northeast		
Total	.23	.77
Black	.18	.82
North central		
Total	.15	.85
Black	.07	.93
South		
Total	.16	.84
Black	.04	.96
West		
Total	.13	.87
Black	.09	.91

SOURCES: Industry - 1970 earnings and employment data: U.S. Census of Population, 1970, U.S. Summary, Tables 300 and 301; 1960 employment data: U.S. Census of Population, 1960, U.S. Summary, Table 260.

Occupation - 1970 earnings and employment data: U.S. Census of Population, 1970, U.S. Summary, Tables 260 and 296; 1960 employment data: U.S. Census of Population, U.S. Summary, Table 257.

Education - 1970 earnings and education data: U.S. Census of Population, 1970, U.S. Summary, Table 260; 1960 education data: U.S. Census of Population, U.S. Summary, Table 241.

to have resulted from the changing employment patterns or educational qualifications of the labor force.

The grouping of the data in the 1960 and 1970 censuses requires us to adapt the analysis to the constraints imposed by the data. Thus the comparisons in Table 3 are between the total black and white male populations. In addition, earnings or income data are unavailable in published form for 1960 by the breakdowns the analysis requires, and so the effects of income changes within groups and the interaction effects are impounded in a single residual. Finally, median incomes were used in 1960, while median earnings were used in 1970. We do not regard this last modification as very serious, since unearned incomes are important only in upper income groups and their inclusion should leave the median virtually unaffected.

As might be expected, the secular changes between 1960 and 1970 in incomes within industry, occupational, and educational groups account for by far the largest component of the increase in incomes, for both races and in all regions. More revealing is a comparison of the relative importance of the structural components of income change (first column, Table 3) across regions and races. In terms of both industry and occupation, changes in the distribution of employment contribute most to the change in income among Southern blacks. Changes in the distribution of employment by industry account for 15 percent of the total change in income, while changes in the occupational distribution account for 19 percent. The category in which these structural variables account for the second

largest increase in incomes is among all Southern males.

With respect to the contribution of education to income change, we find that this factor has its greatest impact on incomes in the Northeast, where 23 percent of income change for all males occurs in this category, as compared with 18 percent for blacks. In all of the region-race cells, education has the smallest relative impact among Southern blacks.

If industry and occupation changes are identified with changing patterns of labor demand, and changes in the educational attainment are identified as changes in the labor supply, then it appears that the Northeast and the South, the two regions that exhibit the greatest convergence in incomes between 1960 and 1970, have been affected by different economic forces.

Incomes in the South seem to have responded to changes in the pattern of demand. The rapid industrialization of the South is reflected in the relatively large increases in incomes in the region that are attributable to the industry and occupation variables. In contrast, a high proportion of the income growth in the Northeast reflects the change in a labor supply factor -- educational attainment. This reflects different stages of growth of the South and the Northeast. In the South, growth is more heavily concentrated in marginal low-wage industries and takes the form of greater quantitative changes in employment, whereas in the Northeast, employment growth is more in the higher wage industries, or more qualitative than it is in the South.

Civil Rights Activity and Income Convergence

In this section, we briefly consider Freeman's thesis that civil rights enforcement activity, which is believed to have reduced the incidence of racial discrimination, was a major cause of the income convergence between blacks and whites between 1960 and 1970. While it is generally conceded that the extent of racial discrimination is difficult to measure directly, Freeman's hypothesis implies several intermediate conclusions which can be expressed, and thus evaluated, in terms of more readily observable variables.

One important implication of his hypothesis follows from the fact that the 1960-1970 period contains an interval before the Civil Rights Act was passed in 1964. If the act was truly successful in eliminating discrimination, and the economic environment remained the same throughout the period, then an acceleration in the rate of convergence would be expected.

However, the economy did not advance at a constant rate of growth throughout the 1960's, and its acceleration during the latter part of the decade should reinforce the effect predicted by Freeman. While Freeman does present evidence, from aggregate data, that income convergence did accelerate during the latter half of the 1960's,⁹ the data in Table 2, which have the advantage of being specific to a region but the disadvantage of describing the experience of only a single, albeit important, occupational group, indicate that no acceleration occurred in the South as a whole or in the rural South.

Second, as discussed above, the elimination of discrimination should, in the long run, be manifested primarily by the rapid convergence in incomes within occupations, industries, or educational groups, since the mobility between groups that is possible at any point in time is likely to be limited as a result of past discrimination. However, Table 3 shows that where incomes have converged most rapidly (the Northeast and the South), a relatively high proportion of the income change occurred as a result of movement among either industrial, occupational, or educational categories. While structural changes and the elimination of discrimination may have both been concentrated in the same regions, this point remains to be demonstrated. Indeed, it would seem quite difficult to disentangle these hypotheses without much more detailed data than have thus far been brought to bear on the question.

Finally, the measure of civil rights activity used in Freeman's study should be considered -- the cumulative number of charges of racial discrimination filed with the Equal Employment Opportunity Commission (EEOC) as of a particular year.¹⁰ It is clear that this number is intended only to reflect the commitment to racial equality exhibited by the commission and thus does not represent a direct measure of the elimination of racial barriers. Unfortunately, this measure is open to a variety of interpretations. Suppose, for example, that the level of civil rights enforcement activity declined over time but the degree of racial discrimination in the society increased. It is quite possible that, given these occurrences, the number

of cases filed with the EEOC would increase each year, as more persons were victimized by discrimination,¹¹ so many more as to overcome the difficulties posed by a lower level of enforcement.

Alternatively, suppose that in each year the level of civil rights activity increased although racial discrimination declined. As more enforcement officers became available and more workers advised of their rights, the number of cases filed with the EEOC each year might increase, although the incidence of discrimination was declining. As these examples illustrate, an increase in the number of cases filed is consistent with both increasing and decreasing levels of racial discrimination and increasing or decreasing levels of enforcement activity. Consequently, we believe that little can be inferred about either the level of enforcement activity or changes in racial discrimination by observing the number of cases filed with the EEOC.

Moreover, it is very possible -- and we think probable -- that the most important effects of civil rights legislation would not even be reflected in enforcement activities. To a very significant degree, civil rights legislation carries moral impact -- reflecting what appears to be the will of the majority. To understand the impact of the moral implications of the law requires some conceptual framework postulating the nature of racial discrimination by employers, employees, and customers. We believe employers to be primarily concerned with profits and status. They are therefore willing to hire

blacks wherever it is profitable to do so without damaging their own status. Employers ordinarily must weigh the profitability of hiring blacks against possible losses from adverse reactions by white employees and customers. The law therefore makes it possible for employers who have economic motives for doing so to hire blacks and shift the blame for doing so to "legal requirements," whether or not there is a serious threat of losses from prosecution under the law.

We believe that this kind of process was responsible for many of the black gains in some of the South's leading industries -- like textiles -- during the 1960's. In other words, the law was most effective where employers had strong economic motives for hiring blacks in "nontraditional" jobs. In the South, rapid economic development had created large demands for whites, many of whom moved out of low-wage into higher paying industries. Marginal employers therefore had difficult recruiting and retaining whites and were ready to turn to blacks but were concerned with adverse white customer and employee reaction. Pressures from the government neutralized the threat of these adverse reactions.

This does not imply, however, "a virtual collapse in traditional discriminatory patterns in the labor market," as Freeman claims.¹² Discrimination continues even in those industries where blacks have made the greatest employment gains, because relatively few blacks are represented in the skilled, technical, or managerial positions in those industries. Overt discrimination -- where employers refuse to hire workers because of their

race -- has become less important, but the more important and pervasive forms of institutionalized discrimination -- segregated housing, education, social affairs, jobs, etc. -- remain very important and are not likely to be eradicated very rapidly by laws, which are more nearly suited to deal with overt rather than institutional discrimination.

The eradication of discrimination in white-collar and skilled occupations would present a better test for the effectiveness of antidiscrimination laws, because here the laws would encounter greater resistance. As noted above, integrating low-wage, marginal jobs was not too difficult as a result of the passage of legislation because employers had strong economic motives to comply with government pressures -- however mild those pressures were (and they were mild indeed, insofar as the EEOC was concerned, before the 1972 amendment which strengthened the agency's powers by making it possible for the commission to enforce its decisions in the federal courts; it will be noted that the commission's powers were increased after the time period during which Freeman thought they had their impact on relative economic positions). With higher level jobs, on the other hand, there will be greater resistance to change because:

(1) As integration moves up the occupational status line, there is greater "status" concern by bigoted whites who consider their job status to be denigrated by the inclusion of blacks, who are regarded as "inferior."

(2) Bigoted managers have limited status concerns in integrating blue-collar work forces but will resist integrating their own ranks for status reasons.

(3) Whites in low paying jobs have less power to resist integration than those in jobs requiring more skill and education; the latter also are more likely to channel their power through labor organizations.

(4) Finally, black groups are likely to have less power to integrate skilled jobs, because they often do not have sufficient labor supplies to meet the employer's needs if whites resist integration.

For these reasons, we would not argue that discrimination has virtually collapsed until there is a much more equal distribution of jobs and incomes than currently exists in the South or the nation.

Freeman's "collapse" thesis also is subject to the difficulty that he has not accounted for all of the factors responsible for changes in the relative income positions of blacks. In part, this is because he subscribes to the relatively narrow economic theory of discrimination postulated by Becker.¹³ By ignoring bargaining and group action, this theory fails to consider the impact of pressures for change emanating from blacks. For example, both the Civil Rights Act of 1964 and the relative economic progress of blacks thereafter could have been due to pressure from blacks and their civil rights allies, which would include the riots of the 1960's. These pressures

may have induced Congress to pass the Civil Rights Act and employers to hire blacks in some "nontraditional" jobs in an attempt to buy racial peace.

Conclusion

This paper has presented and evaluated evidence regarding the convergence in racial incomes among males between 1960 and 1970. To abstract from the effects of interregional migration flows, the paper has focused on the convergence in incomes within regions. It was found that a significant convergence in incomes occurred within the South and the Northeast. The Southern experience seems to reflect the continuing industrialization of the region at a rapid rate and the migration of blacks out of agriculture and out of the rural areas. The convergence in incomes in the Northeast does not appear to be attributable to changes in the industrial or occupational distribution of employment but as a result of improved levels of education and a narrowing of income differences within education groups.

The hypothesis that income convergence could be a reflection of increased civil rights activity was also considered. The results of indirect tests of the theory are regarded as inconclusive, indicating that more detailed work is required. However, there is considerable doubt that enforcement activities by the EEOC were large responsible for black economic gains during the 1960's.

Finally, we consider it important to counteract the argument that there has been no economic progress for black

Americans as well as the argument that discrimination has collapsed. Both positions are dangerous, because if widely believed, they would tend to neutralize forces for change.

It is our position that blacks have made some economic progress, but we are a long way from eliminating discrimination or producing greater economic equality for blacks.

FOOTNOTES

1. Richard B. Freeman, "Changes in the Labor Market for Black Americans," Brookings Papers on Economic Activity (Washington, D.C.: Brookings Institution, January, 1973), p. 67.

2. Ibid., p. 119.

3. Raymond S. Franklin and Solomon Resnik, The Political Economy of Racism (New York: Holt, Rinehart, and Winston, 1973).

4. The ratio of the median income of black males to the median income of all males was .56 in 1960 and increased to .64 in 1970.

5. Alan B. Batchelder, "The Decline in the Relative Income of Negro Men," Quarterly Journal of Economics, Vol. 73, No. 4 (November, 1964), pp. 525-548.

6. The number of nonwhite family workers in agriculture declined by more than 50 percent between 1959 and 1969, from 376,000 to 158,000. For a fuller discussion of the subject, see Virgil L. Christian, Jr., and Adamantios Pepelasis, "Regional Growth, Agricultural Displacement, and Surplus Labor in the South," in Ray Marshall and Virgil L. Christian, Jr. (eds.), The Employment of Southern Blacks (Salt Lake City, Utah: Olympus Publishing Company, forthcoming). The above figures were taken from this work.

7. Ray Marshall, Rural Workers in Southern Labor Markets (Salt Lake City, Utah: Olympus Publishing Company, forthcoming).

8. This occupation-demographic category contains approximately 8 percent of the black male labor force (50 percent of black males over 16 are husbands, and 15 percent of the black males are craftsmen), and consequently the experience of members of this group is not important in and of itself. The data are presented in the belief that the experience of this group may shed some light on changes occurring throughout the occupational structure.

9. Freeman, "Changes in the Labor Market for Black Americans," p. 102.

10. Ibid., p. 100.

11. In actuality, there was a marked increase in the number of race discrimination cases filed with the EEOC through 1970. For example, in 1967, 4,786 cases were filed, compared to 11,806 cases filed in 1970. See Equal Employment Opportunity Commission, Annual Reports (1965-1970).

12. Freeman, "Changes in the Labor Market for Black Americans," p. 67.

13. Gary S. Becker, Economics of Discrimination, second edition (Chicago: University of Chicago Press, 1971).