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Volume Author/Editor: Victor R. Fuchs

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Chapter Author: Victor R. Fuchs

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SKILL LEVEL AND GEOGRAPHICAL DIFFERENTIALS

In the preceding sections it was shown that there are substantial regional and city size differentials in average hourly earnings after adjusting for color, age, sex, and education. It was also shown that there is a regional differential in standardized wages within city size classes and that there is a very large city size wage differential within regions. This section attempts to answer the question whether these geographical differentials are similar for different groups in the labor force, or whether they vary systematically with education, color, and sex.

Table 13 explores the non-South/South wage differential by city size for the sexes, colors, and educational classes. In each case the index is based on the South equal to 100, and the hourly earnings have been standardized for all demographic characteristics except the one being studied.

Inspection of Table 13 reveals that the standardized regional wage differential tends to vary inversely with skill level.[18] Thus, we observe that the ratio is lower for males than for females and lower for whites than for nonwhites; it also declines with increased years of schooling. This relationship tends to be present at all city sizes, except SMSA's of one million or more.

Table 14 presents a similar analysis for the city size wage differential. It shows standardized (for all demographic characteristics except the one shown) hourly earnings in SMSA's of one million and over relative to standardized earnings in areas outside of SMSA's. The evidence is mixed and reveals no clear-cut relation to skill level. In the South there seems to be some tendency for the city size differential to decline with increases in skill level; in the non-South there is some slight evidence of a reverse tendency.

Chart 2 also supports the view that the city-size differential is approximately the same at different skill levels. It shows average

[18] This finding is consistent with results reported in Joseph Bloch, "Regional Wage Differentials: 1907–1946," *Monthly Labor Review*, April 1948, p. 375; Lloyd Saville, "Earnings of Skilled and Unskilled Workers in New England and the South," *Journal of Political Economy*, October 1954, pp. 400–402; and Victor R. Fuchs and Richard Perlman, "Recent Trends in Southern Wage Differentials," *Review of Economics and Statistics*, August 1960, pp. 292–300.

TABLE 13

Index of Standardized Hourly Earnings in Non-South Relative to the South, by Education, Color, and Sex, 1959
(South = 100)

	Rural	Urban Places		Standard Metropolitan Statistical Areas				All City Sizes
		Under 10,000	10,000-99,999	Under 250,000	250,000-499,999	500,000-999,999	1,000,000 and More	
Years of Schooling								
0–4	133	148*	204	142	108	118	107	144
5–8	123	121	124	115	117	120	112	126
9–11	119	121	121	114	116	117	105	122
12	112	106	118	113	100	107	105	113
13–15	105	117	99	98	98	114	102	110
16 and over	108	111	93	111	97	90	108	109
Sex								
Male	115	114	112	111	105	109	107	116
Female	118	121	120	115	112	111	105	120
Color								
White	115	114	110	110	104	107	105	115
Nonwhite	147	153*	170	150	158	140	121	147
Total	116	115	113	112	106	109	106	117

Source: See Table 2.
Note: Earnings standardized by ratio of actual to "expected."
*Fewer than fifty observations in the Non-South.

TABLE 14

Index of Standardized, Hourly Earnings in SMSA's of 1,000,000 and More Relative to Outside SMSA's, by Education, Color, and Sex, 1959

(Outside SMSA's = 100)

	South	Non-South	Northeast	North Central	West	All Regions
Years of Schooling						
0–4	163	112	110	113	119	152
5–8	138	125	116	135	122	134
9–11	140	123	120	130	118	131
12	135	125	122	131	119	129
13–15	128	123	115	132	120	125
16 and over	128	135	120	137	152	135
Sex						
Males	135	126	120	132	124	131
Females	144	127	117	134	123	135
Color						
White	137	126	119	132	124	131
Nonwhite	137	106	92*	106	118	148
Total	137	126	119	132	124	131

Source: See Table 2.

*Fewer than fifty observations in "outside SMSA's."

hourly earnings of white males across city size for six different educational classes.[19] The rate of increase of wages with city size seems to be about the same at all levels of education.

Table 15 returns to the question of how the regional differential varies with skill level. The non-South/South index of standardized earnings is shown for whites and nonwhites with different amounts of schooling in three different city size groups. The regional differential is inversely related to education, especially for whites. At any given level of schooling the regional differential is greater for nonwhites than for whites, but it is smaller for well-educated nonwhites than for whites with little schooling.

[19] Separate earnings for the South and non-South were averaged with fixed weights for each educational class to eliminate the possible influence of regional differentials.

CHART 2

Average Hourly Earnings of White Males by Education and City Size: Weighted Average of South and Non-South, 1959

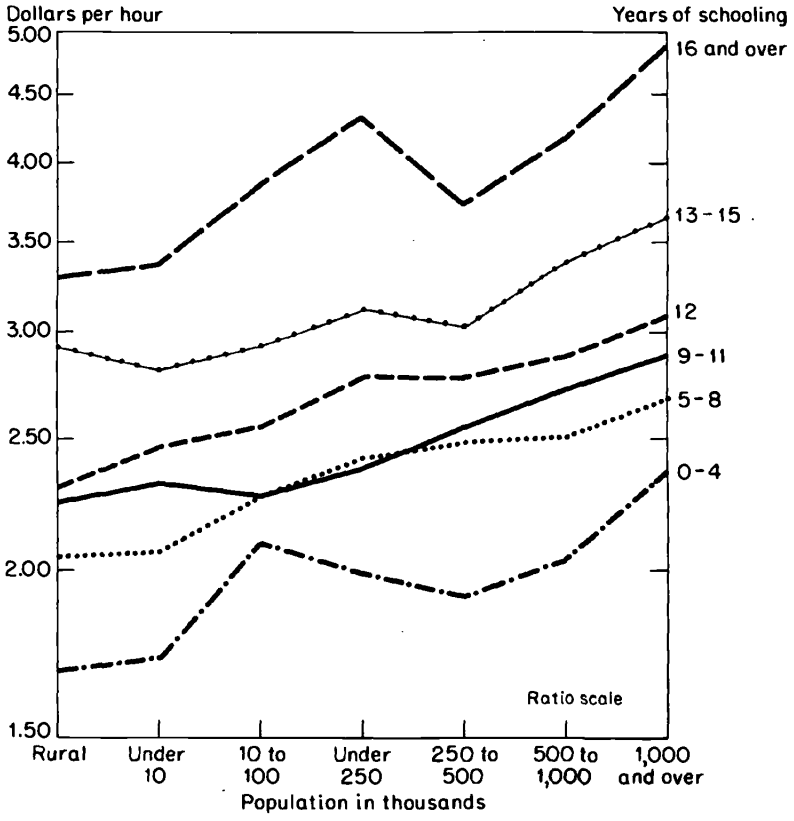

TABLE 15

Index of Standardized Earnings, Non-South Relative to the South, by Color, Education, and City Size

(South = 100)

Years of Schooling	Outside SMSA's	SMSA's under 1,000,000	SMSA's 1,000,000 and More	All City Sizes
Whites:				
0–4	155	118	104	142
5–8	121	113	109	123
9–11	118	113	102	119
12	111	105	103	112
13–15	106	104	101	109
16 and over	103	99	107	109
Nonwhites:				
0–4	164*	155	116	160
5–8	159	171	128	161
9–11	177*	162	131	155
12	160*	157	115	145
13 and over	133*	111	111	114

Source: See Table 2.

*Fewer than fifty observations in the non-South.