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CITY SIZE DIFFERENTIALS

Table 5 presents average hourly earnings by city size. We find a very strong and consistent positive relation between these two variables which confirms the results reported in earlier studies of income and city size.¹³ Average hourly earnings tend to rise with city size in every region and for every color-sex group. The rate of increase is sharpest in the South, and least pronounced in the Northeast and West.¹⁴ It is also sharper for nonwhites than for whites. Because the South has a relatively large proportion of nonwhites, a question arises whether the sharper city size gradient is predominantly a regional or color phenomenon. The last four rows of Table 5 and Chart 1 show that only the regional difference is significant. Holding color constant, the city size gradient is steeper in the South than in the non-South for both whites and nonwhites. Holding region constant, there is no evidence of a steeper gradient for nonwhites than for whites.

Table 6 shows that very little of the city size wage differential can be explained by differences in color, age, sex, or education. There is a slight tendency for "expected" earnings in rural areas to be below average, but on the whole the labor force "mix" is similar in all city size categories.¹⁵ Strictly speaking, similarity of expected earnings only proves that the "mix" is similar on average; there could be significant offsetting differences in the distributions by years of schooling or other variables. In fact, the distributions are quite similar, but there is a tendency for the larger cities in the non-South to have a greater than average share of workers in the lowest and the highest educational classes, as may be seen in Table 7.

The sharp variation in actual earnings, combined with great similarity in "expected" earnings, means that the ratio of actual to "expected" will vary greatly with city size. These ratios, shown in

¹³ See, for instance, an excellent study by Edwin Mansfield, "City Size and Income, 1949," in *Regional Income*, Princeton for NBER, 1957. Mansfield provides also an extensive bibliography.

¹⁴ Cf. *ibid.*, p. 306, for a similar conclusion based on income data. It should be noted that Mansfield compared means of medians, whereas this study is based on means. This may account for the slightly steeper gradients found here.

¹⁵ When the differences in "mix" are very small, the problem of choosing between alternative standardization procedure is unimportant.

Table 8, indicate that *within* each region there is a very considerable range of earnings, after standardizing for color, age, sex, and education. They also show that within each color-sex group, wages vary considerably by city size after standardizing for age and education.¹⁶

¹⁶The city size differential may be biased upward to the extent that some non-agricultural employed persons may have been employed in agriculture in 1959, and a disproportionate share of such persons may be in the areas outside SMSA's. The chances of this being an important source of bias seem very slight. Even if we assume that all workers who changed from agricultural to nonagricultural employment from January 1959 through March 1960 resided in rural areas, hourly earnings in rural areas would be depressed by only about 2 per cent.

TABLE 5

*Average Hourly Earnings, Nonagricultural Employed Persons,
by City Size, 1959*

| | | Urban Places | | Standard Metropolitan Statistical Areas | | | |
|---------------------------|-------|--------------|---------------|---|-----------------|-----------------|--------------------|
| | Rural | Under 10,000 | 10,000-99,999 | Under 250,000 | 250,000-499,999 | 500,000-999,999 | 1,000,000 and More |
| <i>(Dollars per Hour)</i> | | | | | | | |
| South | 1.71 | 1.82 | 1.94 | 2.15 | 2.31 | 2.34 | 2.62 |
| Non-South | 2.22 | 2.30 | 2.39 | 2.54 | 2.50 | 2.67 | 2.87 |
| Northeast | 2.33 | 2.37 | 2.41 | 2.41 | 2.36 | 2.51 | 2.79 |
| North Central | 2.11 | 2.22 | 2.33 | 2.61 | 2.61 | 2.79 | 2.90 |
| West | 2.36 | 2.43 | 2.50 | 2.65 | 2.62 | 2.71 | 2.98 |
| White males | 2.24 | 2.43 | 2.61 | 2.78 | 2.77 | 2.96 | 3.29 |
| White females | 1.45 | 1.49 | 1.57 | 1.65 | 1.69 | 1.82 | 2.00 |
| Nonwhite males | 1.28 | 1.26 | 1.33 | 1.53 | 1.89 | 2.00 | 2.08 |
| Nonwhite females | .83 | .69 | .91 | .85 | 1.05 | 1.24 | 1.47 |
| South Whites | 1.80 | 1.98 | 2.14 | 2.34 | 2.46 | 2.54 | 2.86 |
| South Nonwhites | 1.06 | .99 | .99 | 1.13 | 1.28 | 1.37 | 1.54 |
| Non-South Whites | 2.22 | 2.31 | 2.40 | 2.56 | 2.52 | 2.71 | 2.96 |
| Non-South Nonwhites | 1.80* | 1.62 | 1.84 | 1.90 | 2.13 | 2.18 | 1.96 |
| Total | 2.00 | 2.12 | 2.23 | 2.39 | 2.43 | 2.56 | 2.84 |

Source: See Table 2.

*Based on fewer than fifty observations.

CHART 1

*Average Hourly Earnings of Nonagricultural Employed Persons
by City Size, by Region and Color, 1959*

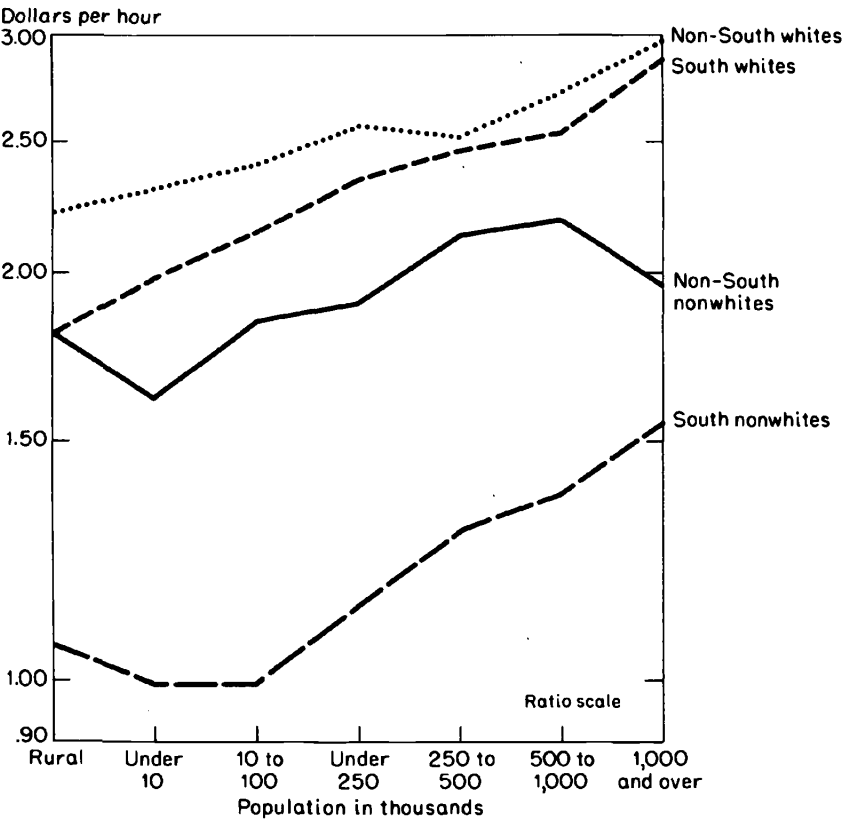


TABLE 6

"Expected" Average Hourly Earnings, by City Size, 1959

| | | Urban Places | | Standard Metropolitan Statistical Areas | | | |
|---------------------------|-------|--------------|---------------|---|-----------------|-----------------|--------------------|
| | Rural | Under 10,000 | 10,000-99,999 | Under 250,000 | 250,000-499,999 | 500,000-999,999 | 1,000,000 and More |
| <i>(Dollars per Hour)</i> | | | | | | | |
| South | 2.26 | 2.39 | 2.35 | 2.41 | 2.46 | 2.43 | 2.47 |
| Non-South | 2.53 | 2.62 | 2.55 | 2.54 | 2.52 | 2.54 | 2.54 |
| Northeast | 2.56 | 2.59 | 2.55 | 2.51 | 2.46 | 2.53 | 2.54 |
| North | | | | | | | |
| Central | 2.49 | 2.60 | 2.51 | 2.54 | 2.54 | 2.52 | 2.51 |
| West | 2.59 | 2.72 | 2.64 | 2.63 | 2.62 | 2.57 | 2.61 |
| White | | | | | | | |
| males | 2.70 | 2.89 | 2.86 | 2.86 | 2.85 | 2.91 | 2.95 |
| White | | | | | | | |
| females | 1.74 | 1.77 | 1.78 | 1.76 | 1.76 | 1.78 | 1.76 |
| Nonwhite | | | | | | | |
| males | 1.63 | 1.68 | 1.76 | 1.86 | 1.82 | 1.87 | 1.89 |
| Nonwhite | | | | | | | |
| females | 1.10 | 1.09 | 1.18 | 1.17 | 1.18 | 1.23 | 1.23 |
| South | | | | | | | |
| Whites | 2.37 | 2.56 | 2.53 | 2.57 | 2.59 | 2.60 | 2.66 |
| Nonwhites | 1.44 | 1.45 | 1.49 | 1.55 | 1.55 | 1.56 | 1.61 |
| Non-South | | | | | | | |
| Whites | 2.54 | 2.63 | 2.57 | 2.57 | 2.55 | 2.61 | 2.63 |
| Nonwhites | 1.67* | 1.55 | 1.63 | 1.74 | 1.63 | 1.77 | 1.69 |
| Total | 2.41 | 2.53 | 2.48 | 2.49 | 2.50 | 2.50 | 2.53 |

Source: See Tables 2 and 3.

*Based on fewer than fifty observations.

TABLE 7

*Distribution, by Years of Schooling, of White Males in
Nonagricultural Employment Across City Size in the Non-South, 1960*
(per cent)

| Years of Schooling | Rural | Urban Places | | Standard Metropolitan Statistical Areas | | | |
|-----------------------|-------|-----------------|-------------------|--|---------------------|---------------------|-----------------------|
| | | Under 10,000 | 10,000- 99,999 | Under 250,000 | 250,000- 499,999 | 500,000- 999,999 | 1,000,000 and Over |
| 0-4 | 2.3 | 1.8 | 2.0 | 2.5 | 3.0 | 3.1 | 2.6 |
| 5-8 | 31.6 | 26.4 | 23.7 | 25.7 | 24.0 | 20.9 | 22.3 |
| 9-11 | 21.0 | 22.1 | 23.0 | 22.1 | 24.3 | 24.1 | 23.0 |
| 12 | 30.8 | 28.5 | 28.2 | 28.6 | 28.2 | 26.5 | 26.3 |
| 13-15 | 7.1 | 9.2 | 11.2 | 9.8 | 10.1 | 12.7 | 12.4 |
| 16 and over | 7.3 | 11.9 | 11.7 | 11.3 | 10.3 | 12.7 | 13.4 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Source: *U.S. Census of Population and Housing: 1960, 1/1,000 Sample.*

TABLE 8
*Ratio of Actual to "Expected" Hourly Earnings,
 by City Size, 1959*

| | Rural | Urban Places | | Standard Metropolitan Statistical Areas | | | |
|-----------|-------|--------------|---------------|---|-----------------|-----------------|--------------------|
| | | Under 10,000 | 10,000-99,999 | Under 250,000 | 250,000-499,999 | 500,000-999,999 | 1,000,000 and More |
| South | .76 | .76 | .83 | .89 | .94 | .96 | 1.06 |
| Non-South | .88 | .88 | .94 | 1.00 | .99 | 1.05 | 1.13 |
| Northeast | .91 | .92 | .95 | .96 | .96 | .99 | 1.10 |
| North | | | | | | | |
| Central | .85 | .85 | .93 | 1.03 | 1.03 | 1.11 | 1.16 |
| West | .91 | .89 | .95 | 1.01 | 1.00 | 1.05 | 1.14 |
| White | | | | | | | |
| males | .83 | .84 | .91 | .97 | .97 | 1.02 | 1.12 |
| White | | | | | | | |
| females | .83 | .84 | .88 | .94 | .96 | 1.03 | 1.13 |
| Nonwhite | | | | | | | |
| males | .78 | .75 | .76 | .84 | 1.04 | 1.07 | 1.10 |
| Nonwhite | | | | | | | |
| females | .76 | .63 | .78 | .76 | .90 | 1.00 | 1.19 |
| South | | | | | | | |
| Whites | .76 | .77 | .85 | .91 | .95 | .97 | 1.07 |
| Nonwhites | .74 | .68 | .66 | .73 | .83 | .88 | .96 |
| Non-South | | | | | | | |
| Whites | .88 | .88 | .93 | 1.00 | .98 | 1.04 | 1.13 |
| Nonwhites | 1.08* | 1.05 | 1.13 | 1.09 | 1.31 | 1.23 | 1.16 |
| Total | .83 | .84 | .90 | .96 | .97 | 1.02 | 1.12 |

Source: Tables 5 and 6.

*Based on fewer than fifty observations.