Successful Black Immigrants Narrow Black-White Achievement Gaps [☆]

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Abstract

Foreign-born blacks have become a large part of the American black population. Compared to native-born blacks, they are more likely to be high-earning, employed, educated, and not institutionalized. The systematic outcome differences have masked the widening of black-white achievement gaps.

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1. Introduction

During the 1950s and 60s and linked to the Civil Rights movement, many rulings, policies, and programs aimed at ending racial segregation, ending racial discrimination, and elevating blacks' economic status. In *Brown v. Board of Education*, the Supreme Court declared state laws establishing separate public schools for black and white students to be unconstitutional. Title VII of the 1964 Civil Right Act was passed in order to forbid discrimination in employment. Affirmative action programs were implemented to achieve equal opportunity for disadvantaged groups, especially in the fields of employment and higher education.

In order to not confuse success of these policies with population composition changes driven by selective immigration, we must focus on the economic status of native-born blacks. This is especially important when evaluating policies that aim to redress the long-term effects of slavery, Jim Crow laws, and segregation. When analyzing black-white achievement gaps, focusing on native-born blacks requires excluding foreign-born blacks. This is imperative for two reasons. First, foreign-born blacks have become a large part of the black population. Figure 1 illustrates how black immigration from the West Indies and Africa exploded, increasing the foreign-born share of the black population from 1% to 11%. Second, foreign-born blacks have outcomes that differ significantly from those of native-born blacks.¹ This paper shows that foreign-born blacks are more likely to be high-earning, employed, highly educated, and not institutionalized. Institutionalization is a good proxy for incarceration, especially for young men.² From these two facts it follows that including foreign-born blacks when calculating black-white achievement gaps masks the degree of divergence in economic status between native-born blacks and whites.

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¹Sowell (1978) was one of the first authors to compare economic outcomes of foreign-born and native-born blacks. Since Sowell (1978) a few studies used the 1980 and 1990 census to evaluate the relative success of foreign-born blacks.

²See Butcher and Piehl (1998) and Johnson and Raphael (2006) for studies that use the institutionalized as a proxy for the incarcerated.

Figure 1: Foreign-Born Blacks as Fraction of Black US Population by Origin

Note: The sample is drawn from the decennial censuses from 1940 to 2000 and the 2010 and 2014 ACS. All groups are limited to non-Hispanics.

The black-white achievement gaps have been studied extensively for the 1940-1980 period and to a lesser degree for the years post 1980. Economists that studied the 1940-1980 period have documented the large gains made by blacks.³ Economists that studied the evolution of black-white achievement gaps since 1980 have found that the convergence stopped. For example, Neal (2005) and Barton and Coley (2010) establish that the strong black-white educational achievement convergence stopped in 1980 and gaps have widened or failed to shrink ever since.

The literature on black-white achievement gaps does not typically exclude foreign-born blacks.⁴ Since black immigration is a relatively recent phenomenon, the results of studies of black-white achievement gaps before 1980 likely are not affected by the outcomes of foreign-born blacks, but more recent studies' results likely are. For example, separating blacks into native-born blacks and first- and second-generation blacks, would potentially exacerbate the test score gaps studied by Neal (2005) and Barton and Coley (2010) and thereby push us towards the conclusion that the

³ A large literature provides a more complete analysis. See Smith and Welch (1989) and others for evidence.

⁴ Studies that, to the best of my knowledge, focus on black-white gaps without taking into account immigrant background include Neal (2005) and Barton and Coley (2010), but also Neal and Johnson (1996), Flanagan and Grissmer (2002), and Sharkey (2009).

black-white educational achievement gaps not only failed to shrink, but widened.

This paper reevaluates achievement gaps as you exclude foreign-born blacks, thereby comparing native-born blacks to all whites. I refrain from excluding foreign-born whites in order to cleanly identify the effect of separating out foreign-born blacks. Limiting whites to native-born whites instead of all whites leaves all results virtually unchanged. Both whites and blacks are limited to non-Hispanic blacks and whites. In 2014, excluding foreign-born blacks only has a small effect on the black-white wage gap but increases the employment, college, and institutionalization gap by over 10%.⁵ This shows that an understanding of blacks' economic and social condition requires studying more than the black-white wage gap. While it is an important indicator of the labor market success of workers, it does not provide any information on the unemployed and incarcerated.

2. Data and Descriptive Statistics

Throughout this paper I use data from three sources, which are all accessed through the Integrated Public Use Series (IPUMS). I use the Current Population Survey (CPS) data from 2011 to 2015, decennial census level data from 1940 through 2000, and the American Community Survey (ACS) data from 2001 to 2014. In order to focus on the working age population I restrict the data to individuals between the ages of 21 and 65.⁶ All analyses in this paper focus on non-Hispanic whites and non-Hispanic blacks.

Table 1 presents the descriptive statistics for males and females in 1980 and 2014. In each of the four columns under both 1980 and 2014, the first two compare all blacks, native- and foreign-born, and all whites, native- and foreign-born, and the last two columns split blacks into native-born blacks and foreign-born blacks.

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⁵One exception is the female college attainment gap, which increases by only 4%.

⁶Data limitations and procedures are discussed further in Section B of the Appendix.

Table 1: Summary Statistics for 1980 & 2014

	1980				2014			
	Whites Non-Hisp.	Blacks Non-Hisp.	Blacks Nat.-Born Non-Hisp.	Blacks For.-Born Non-Hisp.	Whites Non-Hisp.	Blacks Non-Hisp.	Blacks Nat.-Born Non-Hisp.	Blacks For.-Born Non-Hisp.
Panel A: Men								
Annual Earnings	47,000	27,200	27,200	26,900	52,900	26,400	25,000	36,500
Employed (%)	84.07	71.06	70.88	75.07	78.11	62.06	59.81	78.03
Cond. Annual Earnings*	53,200	34,900	35,000	33,200	66,100	40,600	39,700	45,400
Age	39.95	37.98	38.05	36.49	43.63	41.11	41.00	41.94
Married (%)	73.06	54.20	54.01	58.60	55.89	35.07	32.56	52.83
Institutionalized (%)	0.69	3.29	3.38	1.26	1.34	6.91	7.68	1.42
HS (%)	35.72	33.46	33.55	31.52	36.43	45.24	46.68	35.07
Some College (%)	19.54	17.15	16.88	23.19	25.31	27.25	27.29	26.93
College (%)	11.47	4.60	4.47	7.42	21.73	11.36	10.31	18.80
Grad School (%)	10.96	3.93	3.67	9.81	11.25	5.27	4.32	11.98
Sample Size	2,490,000	296,000	283,500	12,500	601,300	90,200	80,200	9,900
Panel B: Women								
Annual Earnings	15,100	15,000	14,900	17,600	30,100	23,300	22,800	27,400
Employed (%)	56.13	57.90	57.54	67.24	68.73	65.73	64.86	72.36
Cond. Annual Earnings*	24,700	23,700	23,700	24,400	42,600	34,200	33,800	36,600
Age	40.56	38.49	38.52	37.71	44.06	41.79	41.74	42.19
Married (%)	71.86	44.87	44.66	50.34	57.87	29.42	27.27	45.84
Institutionalized (%)	0.29	0.44	0.45	0.18	0.32	0.61	0.67	0.15
HS (%)	43.96	35.26	35.20	36.83	31.89	36.86	37.25	33.92
Some College (%)	18.98	17.16	17.00	21.26	27.54	32.77	33.16	29.82
College (%)	9.19	5.08	5.07	5.43	23.56	14.12	13.62	17.94
Grad School (%)	5.76	3.71	3.68	4.56	13.01	8.13	7.92	9.72
Sample Size	2,600,000	357,000	34,3600	13,400	615,100	99,400	88,400	11,000

The sample consists of 21-65 year olds in the 1980 census and the ACS for 2014. Earnings are reported in 2014 dollars. High school dropouts are the omitted group in the schooling categories. *Conditional outcomes only refer to employed individuals.

Table 1 shows that being phenotypically similar does not translate into comparable labor market outcomes. In 1980, foreign-born blacks were more likely to be educated, employed, and not institutionalized than native-born blacks, but they still earned similar amounts. By 2014, foreign-born black men and women earn 46% and 20% more than native-born blacks respectively. Breaking up unconditional earnings into employment probabilities and annual earnings conditional on employment, we see that differential employment probabilities are the main driver of this gap.

3. Adjusting Black-White Inequality Measures

This section analyzes how the systematic differences in outcomes between native-born and foreign-born blacks affect inequality measures. In particular, it shows the evolution of various black-white achievement gaps when you make one simple change: exclude foreign-born blacks.

3.1. Labor Market Gaps

Figures 2 and 3 show the evolution of the white-black wage and employment gap. The much studied white-black wage gap narrowed significantly from 1940 to 1980, stagnated until 2000, and widened thereafter. Contrary to the wage gap, the employment gap widened from 1940 to 2000, and narrowed thereafter. Some of the widening of the gap from 1980 to 2000 can be linked to the explosion of incarceration rates that has disproportionately affected young black men as addressed in subsection 3.3.

Excluding foreign-born blacks who have higher wages and much higher employment probabilities than native-born blacks widens the white-black wage gap by a small margin and the employment gap by a big margin. This is especially apparent in recent years, as foreign-born blacks have become a large share of the black population. In 2014, excluding foreign-born blacks increases the white-black wage gap by 3% (from 29.5 log points to 30.2 log points) for men and 6% (from 16.5 log points to 17.2 log points) for women. It increases the white-black employment gap by 12% (from 17.0 to 19.1 percentage points) for men and 19% (from 4.1 to 4.9 percentage points) for women.

Figure 2: The Evolution of the White-Black Wage Gap

Note: The entries come from regressions of log wages on group dummies and age fixed effects. The sample consists of 21-65 year old male workers in the ACS from 2010 and 2014 and the decennial censuses from 1940-2000. All groups are limited to non-Hispanics.

Figure 3: The Evolution of the White-Black Employment Gap

Note: The entries come from regressions of employment on group dummies and age fixed effects. The sample consists of 21-65 year old men in the ACS from 2010 and 2014 and the decennial censuses from 1940-2000. All groups are limited to non-Hispanics.

3.2. College Attainment Gap

Figure 4 shows the evolution of the white-black college attainment gap including and excluding foreign-born blacks. The college attainment gap grew substantially from 1940 to 1980 and has since plateaued for men and has grown at a decreasing rate for women. Excluding foreign-born blacks only has a small effect on the female college attainment gap but widens the male white-black college attainment gap by 12% from 15.9 to 17.8 percentage points thereby erasing the plateauing of the male gap.

Figure 4: The Evolution of the College Attainment Gap

Note: The entries come from regressions of college attainment on group dummies and age fixed effects. The sample consists of 21-65 year olds in ACS from 2010 and 2014 and the decennial censuses from 1940-2000. All groups are limited to non-Hispanics. College graduates are those with 16 or more completed years of schooling for the 1940 to 1980 samples and those with a bachelors degree or higher in the 1990 to 2014 samples.

3.3. Institutionalization Gap

According to the Bureau of Justice statistics, 2.2 million adults were incarcerated in 2014. In addition, nearly 5 million were on probation and parole.⁷ It has long been clear that blacks, especially young black men with little schooling, have been disproportionately affected by the mass incarceration that started around 1980.

⁷See Kaebler et al. (2016).

Table 2 illustrates the disproportionate institutionalization likelihoods between whites, foreign-born blacks, and native-born blacks.⁸ It focuses on 21-35 year old men and breaks the percentage institutionalized down by schooling level. Among young native-born black men between the ages of 21 and 35, the percentage institutionalized reached 9.7% in 2014 compared to 1.7% for white men and 1.5% for foreign-born black men. Among high school dropouts, 32.5% of native-born black men were institutionalized compared to 8.2% of white men and 8.8% of foreign-born black men. The trend in institutionalization probabilities of foreign-born blacks closely follows the trend of white men, not that of native-born black men.

Table 2: Institutionalization Probabilities for Men, Ages 21-35

	1970	1980	1990	2000	2010	2014
<u>Whites Non-Hispanic</u>						
High School Dropouts (%)	2.30	2.49	3.95	7.12	8.79	8.21
High School (%)	0.68	0.79	1.43	2.35	2.75	2.82
Some College (%)	0.28	0.34	0.58	0.51	0.53	0.52
All (%)	0.89	0.78	1.18	1.72	1.83	1.69
<u>Blacks Foreign-Born Non-Hispanic</u>						
High School Dropouts (%)	2.86	3.80	9.70	16.13	9.51	8.81
High School (%)	0.99	1.61	3.73	3.75	2.82	1.75
Some College (%)	0.00	0.83	1.95	0.65	1.05	0.58
All	1.14	1.66	3.38	3.31	2.29	1.50
<u>Blacks Native-Born Non-Hispanic</u>						
High School Dropouts (%)	7.59	9.46	19.99	34.35	32.39	32.47
High School (%)	2.79	3.64	7.76	11.86	11.41	10.95
Some College (%)	1.63	2.49	5.05	3.53	3.26	2.58
All	4.83	4.88	8.86	12.60	11.23	9.74

The sample consists of 21-35 year old men in the ACS from 2010 and 2014 and the decennial censuses from 1940-2000.

Figure 5 shows the evolution of the black-white institutionalization gap including and excluding foreign-born blacks graphically. It focuses on 21-65 year old men and women. Given that foreign-born blacks have institutionalization likelihoods that resemble whites, not native-born

⁸This analysis follows Pettit (2012). An analogous table for women is shown in Appendix A.

blacks, they are effectively narrowing the black-white institutionalization gap. Indeed, excluding them widens the male institutionalization gap by 14% from 5.5 to 6.2 percentage points in 2014. Women’s likelihood of institutionalization is much lower than that of men but disproportionalities between native-born and foreign-born black women exist nonetheless. In fact, excluding foreign-born blacks increases the female institutionalization gap by 20% from 0.30 to 0.36 percentage points in 2014.

Figure 5: The Evolution of the Institutionalization Gap

Note: The entries come from regressions of institutionalization on group dummies and age fixed effects. The sample consists of 21-65 year olds in the ACS from 2010 and 2014 and the decennial censuses from 1940-2000. All groups are limited to non-Hispanics. To estimate the proportion institutionalized I use the group-quarters identifier included in the ACS and census data.

4. Adjustment for the Second Generation

Second-generation blacks follow the successful path laid out by their parents. Table 3 compares the earnings of whites and native-born blacks to foreign-born blacks and second-generation blacks. The last three columns reweight black groups to have the same age distribution as whites, which is especially important for the younger second generation. The summary statistics rely on CPS data as the ACS and censuses (post 1970) do not record parents’ birthplace. Given the small sample sizes I pool 2011-2015. I find that age-adjusted black men of the second generation have

earnings and education levels that are similar or higher than those of black foreign-born men, but employment and labor force participation likelihoods that lie in between those of foreign-born and native-born blacks. Age-adjusted black women of the second generation have outcomes that are not only higher than the first generation but also higher than whites.

Excluding second-generation blacks would further widen black-white achievement gaps. In 2015, in the US, 13.0% of blacks between the ages of 21 and 65 are foreign-born and 3.2% belong to the second generation. In other words, there are a quarter as many second-generation blacks as there are foreign-born blacks. Given that second-generation blacks have even higher education levels and earnings conditional on employment than foreign-born blacks, excluding them would likely increase the wage and college attainment gap by more than 25% of the foreign-born effect. For example, excluding foreign-born black men widens the male college attainment by 2 percentage points. This suggests that excluding second-generation blacks would likely further widen the gap by at least 0.5 percentage points. Regarding the employment gap, excluding second-generation blacks likely increases the male gap by less than 25% and the female gap by more than 25% of the foreign-born effect.

Table 3: 2011-2015 Summary Statistics

		Unadjusted			Age-Adjusted to Match Whites		
	Whites Non-Hisp.	Blacks Nat.-Born Non-Hisp.	Blacks For.-Born Non-Hisp.	Blacks Sec.-Gen. Non-Hisp.	Blacks Nat.-Born Non-Hisp.	Blacks For.-Born Non-Hisp.	Blacks Sec.-Gen. Non-Hisp.
<u>Panel A: Men</u>							
Annual Earnings	53,500	28,000	38,300	28,500	28,700	37,700	37,400
Labor Force (%)	82.20	70.34	84.78	76.82	69.42	83.19	72.24
Employed (%)	78.12	61.00	76.95	66.40	60.53	75.37	66.15
Cond. Annual Earnings*	65,900	42,800	47,800	40,600	44,100	47,900	53,300
Age	43.65	41.74	41.78	31.48	43.65	43.65	43.65
Married (%)	60.77	41.27	60.17	23.22	43.64	61.03	38.32
HS (%)	29.96	39.89	27.96	21.98	39.77	28.15	27.17
Some College (%)	29.15	31.36	28.34	39.67	30.82	28.19	29.83
College (%)	23.06	11.68	19.68	22.71	11.82	19.01	24.92
Grad School (%)	11.86	4.66	12.69	8.33	4.94	12.84	11.26
Sample Size	173,000	24,600	3,900	879	24,600	3,900	879
<u>Panel B: Women</u>							
Annual Earnings	30,000	22,700	26,000	27,000	22,800	25,300	34,900
Labor Force (%)	71.52	69.79	75.05	75.16	68.50	73.54	73.88
Employed (%)	68.04	62.22	68.13	67.63	61.37	66.86	68.43
Cond. Annual Earnings*	42,200	34,200	36,000	37,400	35,000	35,600	48,900
Age	44.01	42.06	42.12	33.31	44.01	44.01	44.01
Married (%)	62.98	35.43	55.24	26.81	36.96	53.44	38.93
HS (%)	25.74	32.36	26.79	15.68	32.43	26.95	16.64
Some College (%)	31.99	35.87	29.52	38.75	35.31	29.48	33.62
College (%)	24.79	14.23	19.88	22.94	14.24	19.19	20.58
Grad School (%)	12.84	7.39	10.94	18.24	7.62	10.32	25.39
Sample Size	182,100	31,500	4,400	945	31,500	4,400	945

The sample consists of 21-65 years olds in the March CPS samples from 2011-2015. The native-born black sample does not include second-generation blacks. Earnings are converted to 2015 dollars before pooling. In columns (5) through (7) groups are reweighted to have the same age distribution as whites. High School dropouts are the omitted group in the schooling categories. *Conditional outcomes only refer to employed individuals.

5. Conclusion

This paper adds to the existing literature on three dimensions. First, it documents the fact that foreign-born blacks have become a large part of the black population in the last decades. Second, it demonstrates that the characteristics of foreign-born blacks are very different from those of native-born blacks. Third, it adjusts inequality gaps to stress how the inclusion of foreign-born blacks has masked the degree of divergence in economic status between native-born blacks and whites since 1980. My intention is not to dismiss black immigration as a purely confounding factor. On the contrary, the black immigration to the U.S. deserves more study in its own right. Nevertheless, confusing black economic progress driven by internal factors with population composition changes due to immigration flows is a pitfall that future research needs to avoid. This is especially true for questions that address long-term effects of slavery, Jim Crow laws, and segregation.

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