

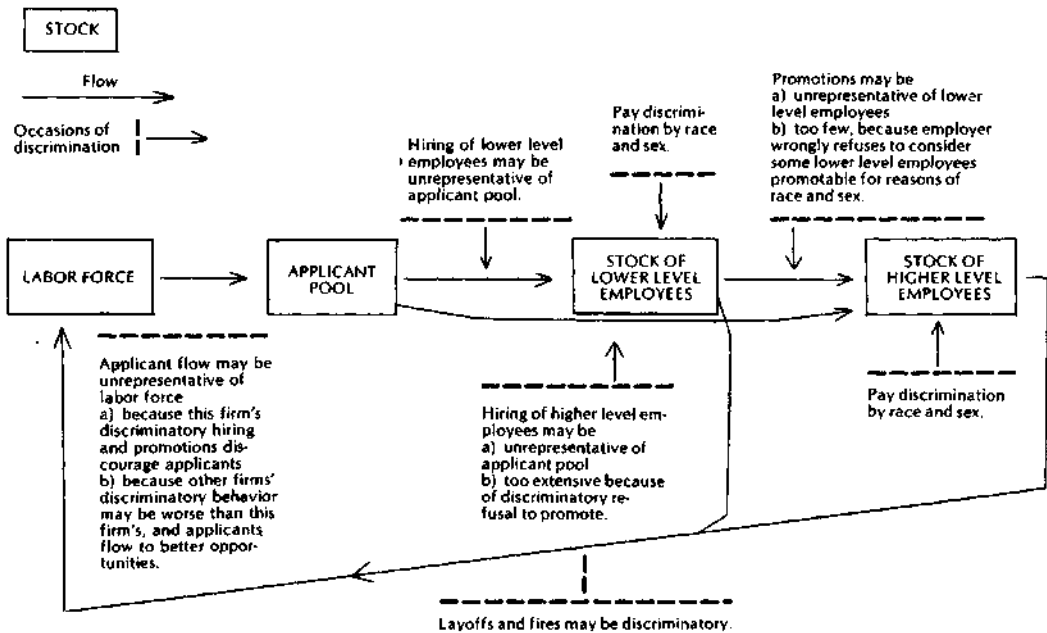
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Barbara Bergmann's background paper divides data needs in the antidiscrimination area into data that would be useful in the formulation of national policy and data that would be useful as an aid in enforcing the laws and executive orders against discrimination. Although the former are likely to be of greatest concern to the commission, she has performed a valuable service by discussing these interrelated needs in one place. I find much to agree with, and very little to disagree with or question, in her paper. The presentation is, in the main, an objective one and she tempers her desire for new and better data throughout by judgmentally weighing the benefits she perceives will accrue from the data against their likely cost. Presentation of estimates of the cost of the new data she recommends would aid the reader to draw his or her own conclusion about their value and I hope that the commission's staff can provide the commission with such estimates.

Bergmann stresses throughout that data stratified jointly by race and sex are preferable to data presented separately by race and by sex. For example, she would like to see occupational employment data presented for each race-sex group rather than simply occupational employment data by race and such data by sex. Similarly, she believes that it is preferable to present information separately for Hispanics and other racial and ethnic minorities for whom data currently are not reported. She is aware, however, that given the present sample size of the Current Population Survey, as we increase the number of dimensions on which the data are stratified and the number of racial and ethnic groups for whom data are reported, we will decrease the number of observations in each cell and increase the standard errors of the estimates. In her view, it is preferable to report such estimates and to indicate that they have large standard errors rather than to suppress them.

Figure 2. Occasions of Discrimination on the Part of a Firm



While no one can deny the value of having "good" labor market data for minorities, I question the usefulness of presenting estimates that are statistically imprecise, especially if these estimates will be used to evaluate the direction of month-to-month changes in labor market variables (for example, in male teenage Hispanics' unemployment rate). I believe it is preferable to ascertain the costs of increasing the sample sizes to the point where the estimates will be of the desired degree of "precision" and then to make judgments whether the benefits from the additional stratifications and racial and ethnic breakdowns exceed their costs. If the decision is made not to break down the data for small ethnic or racial minorities on a monthly basis, concur with Bergmann's recommendation that the government must commit itself to survey the labor market status of the nonincluded groups on a regular, but less frequent, schedule.

In her discussion of the availability of wage rate data by sex, Bergmann notes that only the annual *Area Wage Surveys* conducted by the Bureau of Labor Statistics provide occupational wage rate data by sex on a local labor market basis. She argues that these data are of little value for academic and policy research and that they may well contribute to the perpetuation of sex differentials in wages. She asserts that the latter may occur because the surveys often indicate that males are paid more than females in a given occupation and employers may use this information in determining their compensation policy. As such, she recommends that the Labor Department "...consider discontinuing publication of the data."

Although these data are deficient in many ways, they are the best source of local labor market wage data. They are in fact much more useful in academic and policy related research than she realizes. For example, several years ago I made use of these data in a study commissioned by the staff of a regulatory commission which sought to ascertain if a proposed wage increase for a utility's employees should be judged an allowable cost of doing business by the commission and passed on to the utility's customers in the form of higher prices. Recently, I have argued more generally that regulatory commissions should regularly utilize these *Area Wage Survey* data, whenever they are available, in their evaluations of all utility rate increase requests which involve increases in the wage scales paid a utility's employees.<sup>1</sup>

I, therefore, cannot concur with Bergmann's recommendation that the BLS cease collecting these data. One might question whether the data should be reported by sex, and here we face a bit of a dilemma. On the one hand, the data indicate what the male-female wage differentials are for a number of entry-level occupations in each city. If we continue to report the data by sex, this will enable us to track changes in the extent of discrimination (as crudely measured by these male-female wage differentials), over time and across geographic areas. On the other hand, if we stop reporting these data by sex to prevent employers from using the information in establishing their wage policies, we lose the ability to track changes in the extent of discrimination. Because of this conflict, it is not obvious to me whether it would be desirable to stop reporting occupational wage data by sex in the *Area Wage Surveys*.

Bergmann's previous research, cited in footnote 12 of her paper, has stressed the importance of job vacancy data in studying the dynamics of labor markets and in contrasting the workings of nondiscriminatory and discriminatory labor markets. As such, she justifiably bemoans the lack of vacancy data and suggests that vacancy data should be made available on an occupation-by-industry breakdown. While I agree with her appraisal of the usefulness of these data, she should be aware that BLS stopped collecting job vacancy data in 1974 at least partially because of the difficulties involved in obtaining accurate estimates.<sup>2</sup> Unless the commission has ascertained ways to obtain

improved job vacancy data, I would not expect that her suggestion will be implemented.

I also concur with Bergmann's conclusion that labor turnover statistics are important for antidiscrimination efforts. As she notes, however, obtaining data on turnover on a race-sex breakdown for major occupational and industry groups from the employer survey is likely to be expensive. If it proves to be prohibitively so, it may be possible instead to obtain some of the desired information from the quarterly continuous wage history records of the unemployment insurance system. Currently 39 states require employers subject to unemployment insurance provisions to submit data on the wages paid to each of their employees each quarter. From these data one can estimate the number of new hires by industry, sex and race on a state and/or local labor market basis.<sup>3</sup>

Bergmann devotes a good portion of her paper to data needs at the local level for antidiscrimination legislation enforcement. Her recommendation that the Equal Employment Opportunity Commission (EEOC) ask firms to report annual data on the gross flows into and out of broad occupational categories by race and sex, instead of (or in addition to) simply reporting the number of people in each race-sex group in each occupation is one with which I certainly concur. Presumably, however, the EEOC, rather than the National Commission on Employment and Unemployment Statistics, should make such a judgment.

I cannot concur as easily, however, with a number of her other recommendations relating to this topic. She suggests that the breadth of a number of occupational categories may conceal a good deal of discriminatory behavior. For example, even if we observe females proportionately represented in the professional category in an equivalent manner to males, females may be concentrated in the lowest level positions in the category. While I do not dispute the possibility (or even the probability) that this occurs, her recommendation that employers be required to report average compensation data by race-sex group for each occupation does not seem to be a useful one. If the seniority structure of workers in an occupational category varies across race-sex groups, then we will observe differences in the mean wage received by individuals in each group. To the extent that discriminatory behavior did occur in the past, it is likely that white males in professional occupations will have accumulated more job experience than either nonwhite males or females. As such, one would expect to observe them to have higher average wages; such average wage differentials would not in themselves be any evidence of *current* wage discrimination.

Bergmann concludes her paper with a discussion of the standards she feels should be used to determine if firms are currently behaving in a nondiscriminatory manner and the availability of data to judge if these standards are being met. Information is currently available for census years on a county or SMSA basis on the experienced labor force in each occupational group by race and sex. For years close to a census year (e.g., 1981), the census data will also be useful, although we are still faced with the problem of how to obtain more timely data for later years in the decade.

Bergmann goes beyond this problem, however, and asserts that information on the current race-sex distribution in each occupational group is in itself not sufficient to serve as a standard for nondiscriminatory behavior. She argues that since the current distribution reflects past discrimination, it is necessary to also define a pool of potential inexperienced job entrants by occupation for each race-sex group. In her paper she suggests a possible standard which one might use to define this latter group which has intuitive appeal to me. However, since this is such a controversial area, I doubt that the commission

should get involved in determining the standard. In a like vein, her recommendation that the EEOC publish data on individual firms' employment and hiring behavior, to provide pressure for the firms to behave in a nondiscriminatory way, is not as clear-cut as she makes it seem and I would again suggest that the commission not consider this issue.

Let me conclude by noting, as I did in the introduction, that Bergmann's paper is a fine one. Since my charge was to "cover any substantive gaps that exist in the paper and present a balance of viewpoints where different views exist," my comments may not have sufficiently emphasized my general agreement with the points that she has made. In fact, I concur with most of her judgments.

## Notes

1. See Ronald G. Ehrenberg, *The Regulatory Process and Labor Earnings* (New York: Academic Press, 1979) for details of my argument.
  2. See Paul Armknecht, "Job Vacancies in Manufacturing," *Monthly Labor Review*, August 1974, for a discussion of these data.
  3. The usefulness of these UI data has been under study for a number of years by the U.S. Employment Service. See, for example, James Hanna, "Employment Service Potential" report prepared for the Employment Security Research Division of the Nevada Employment Security Department, December 1976.
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