

Characteristics and Taxable Wages of Negro Workers, 13 Selected Southern States, 1938

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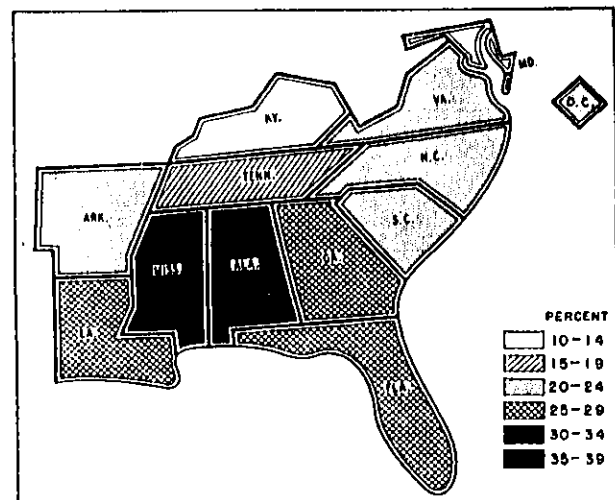
AMONG THE APPROXIMATELY 5.2 million workers who received taxable wages in 1938¹ under the old-age and survivors insurance program in 13 selected southern States, nearly 1.2 million, or 23 percent of the total, were Negroes.

The fact that large numbers of Negro workers are concentrated in agricultural labor and domestic service, which are excluded from coverage under the insurance program, suggests that the experience of Negro workers under the program is significantly different from that of white workers. This difference may be further indicated by analysis of information derived from the quarterly reports made by employers subject to the program. These data, for example, may be used in analyzing the extent to which the coverage provisions of the act cause disproportionate exclusions of Negro workers from covered employment. Similarly, wage data may be utilized to indicate the extent to which Negro workers, as compared with white workers, face difficulties in accumulating wage credits sufficient to qualify them, and their dependents or survivors, for the benefits provided under the program. The data also show differences in characteristics and taxable wages between Negro and white workers in covered employment.

For the year 1938, employee wage data were tabulated to show the race² of workers in 13 States in which at least 10 percent of the workers with taxable wages in 1937 were Negroes; these States were Alabama, Arkansas, the District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, South Carolina, Tennessee, and Virginia. In several other States, however, most of which are principally industrial, such as New York, Pennsylvania,

New Jersey, Ohio, Illinois, and Texas, there were heavy concentrations of Negro workers in covered employment, concentrations significant in terms of the total number of Negro workers in covered employment in the United States as a whole even though they constituted less than 10 percent of the State totals. It is estimated that the 13 States account for 58 percent of all Negro workers in covered employment and 42 percent of all taxable wages received by Negro workers in the United

Chart 1.—Negro workers with taxable wages in 1938 as percent of all workers, by State, 13 selected States



States. The average wage of \$388 for Negro workers in the 13 States in 1938 compares with an average of \$430 for all Negro workers in the country in 1937.³

The tabulation of employee wage data shows, in addition to race, the sex, age, and taxable wages for those workers who received taxable wages during the fourth quarter of 1938. As a result, all full-time workers who worked during all 4 quarters are included in the tabulation; but many seasonal, part-time, or intermittent employees who worked only during any of the first 3 but not the fourth quarter are excluded. The tabulation, therefore,

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¹ For general summary of 1938 wage data, see *Social Security Yearbook, 1939*, pp. 51-65; see also Corson, John J., "Characteristics of Employees Under Old-Age Insurance in 1938," *Social Security Bulletin*, Vol. 3, No. 12 (December 1940), pp. 3-16, 70-76. In table F of that article (p. 76), the following corrections should be made: the words "average annual taxable wage" should be "annual taxable wages"; "reported for 1938" in footnote 1 should read "reported for 1937."

² In these discussions only two designations are used—"Negro" and "white"; the latter includes all groups other than Negro.

³ See the *Bulletin*, September 1939, p. 20, table 3.

is a sample, constituting approximately 75 percent of the total number of covered workers in 1938 for the 13 States combined. Wage averages for the whole group would therefore tend to be somewhat lower than those here given for fourth-quarter workers. Several other minor factors—such as delayed or incorrect wage reports, wages reported under canceled account numbers, unknown race or sex of employees—slightly affect the representativeness of the fourth-quarter data. However, the combined effect of all these limitations is not substantial and does not give rise to significant errors.⁴ In order to show an over-all picture of the total number of Negro workers with taxable wages and the amount of such wages in the 13 States in 1938, estimates were made on the basis of race and sex proportions shown by the comparable 1937 employee wage data (table 1).

Number and Sex of Workers and Total Taxable Wages

Approximately 1.2 million Negro workers, or 23 percent of all covered workers, received \$372 million in taxable wages—12 percent of all such

⁴ For further discussion of these factors, see the *Social Security Yearbook, 1939*, pp. 51-65.

wages paid in 1938 to workers in the 13 States analyzed here. Negro men, constituting 20 percent of all male workers, received almost \$334 million, or 13 percent of all taxable wages received by men; Negro women, on the other hand, received only \$38 million in taxable wages. This amount represents 7 percent of the taxable wages received by all women in these States though the Negro women constituted 13.5 percent of this group.

The ratio of Negroes to the total number of covered workers in the 13 States varied widely from State to State, ranging from 11 percent in Kentucky to 39 percent in Mississippi. As might be expected, the higher percentages were found, in general, in the States of the deep South, where Negroes also constituted substantially larger proportions of the labor force (chart 1). There were also striking State differences in the percentages of the total taxable wages received by Negro workers. On the whole, these percentages of taxable wages were about one-half the percentages that Negro workers constituted of all workers who received such wages. These differences were also more pronounced in the deep South. In contrast,

Table 1.—Number and percent of Negroes and their taxable wages in covered employment, 1938, and percent of Negroes in the labor force, 1940, by sex and State, 13 selected States

[Wages in thousands]

State	Covered employment, 1938 ¹											Labor force, 1940 ¹			
	Total Negro				Male Negro				Female Negro			Negroes as percent of total	Male Negroes as percent of all males	Female Negroes as percent of all females	
	Workers		Taxable wages		Workers		Taxable wages		Workers		Taxable wages				
	Number	As percent of all covered workers	Amount	As percent of all taxable wages	Number	As percent of all male covered workers	Amount	As percent of all male taxable wages	Number	As percent of all female covered workers	Amount				As percent of all female taxable wages
13 States.....	1,183,390	22.7	\$371,635	12.0	994,093	20.1	\$333,778	12.9	189,297	13.5	\$37,767	7.2	30.0	27.2	40.6
Alabama.....	118,407	30.1	42,649	18.9	108,322	34.7	40,624	20.7	10,065	12.3	1,025	0.0	37.7	33.0	52.7
Arkansas.....	44,688	22.9	12,160	12.7	41,570	20.7	11,552	13.6	3,118	8.1	608	5.0	20.9	24.5	38.3
District of Columbia.....	45,360	22.2	24,247	13.5	37,763	20.9	20,804	14.6	7,597	11.0	3,443	9.2	28.7	27.3	30.8
Florida.....	112,503	25.9	29,521	13.2	96,499	30.0	28,882	14.4	10,004	14.0	2,639	7.2	31.0	27.7	41.4
Georgia.....	135,479	25.0	33,608	11.9	110,780	29.9	29,018	13.3	24,599	14.4	3,090	0.4	37.2	32.9	48.3
Kentucky.....	41,305	10.5	16,642	6.6	34,975	11.5	14,378	7.1	6,390	7.3	1,264	3.0	9.5	7.8	17.1
Louisiana.....	119,672	28.0	37,374	13.9	104,731	31.0	34,974	14.9	13,941	16.6	2,460	7.5	38.4	34.7	50.1
Maryland.....	64,574	13.7	29,741	7.9	54,283	16.1	27,434	8.8	10,291	7.6	2,307	3.8	18.1	16.1	23.7
Mississippi.....	82,260	30.0	17,018	20.2	75,015	46.3	10,983	22.7	6,645	14.1	935	6.8	53.0	49.4	63.7
North Carolina.....	142,776	21.8	40,982	11.3	100,830	23.2	32,156	11.4	41,040	19.0	8,796	10.0	28.9	26.8	34.8
South Carolina.....	73,542	23.1	17,279	11.3	64,896	28.5	16,061	12.9	8,640	9.6	1,218	4.1	43.5	40.0	52.0
Tennessee.....	84,529	17.4	28,213	10.0	71,626	20.0	28,415	10.9	12,903	9.5	2,797	5.7	20.9	17.7	31.9
Virginia.....	119,245	23.9	41,332	12.9	92,213	25.4	35,607	13.3	27,632	19.9	5,735	11.1	20.0	23.5	34.1

¹ Data (partly estimated) derived from basic tabulation adjusted for 1937 and 1938 carry-over with exclusions for workers holding railroad retirement account numbers and workers whose sex and/or race was unknown (see the *Bulletin*, December 1940, pp. 70-76). State of employment in basic tabulation was indicated only for workers for whom taxable wages were reported for fourth quarter of 1938 (see tables 3-6), and their wages for entire year were

allocated to that State. For remaining 1938 workers, State of registration was used in estimating distribution by State of employment.

² Based on 5-percent sample of preliminary data from 16th Census of the United States. Represents persons 14 years and over who at any time during week of March 24-30, 1940, were employed, engaged in public emergency work, or seeking work.

in each State the proportion of taxable wages received by white workers in covered employment was greater than the proportion of white covered workers, reflecting prominently race and geographic differentials in wage rates and regularity of employment.

In terms of the number of Negro covered workers in 1938, North Carolina ranked first with nearly 143,000; Kentucky, with about 41,000, ranked last (table 1). It is interesting to note, however, that Alabama was first and Arkansas last in terms of the total amount of taxable wages paid to Negro workers. Negro men in covered employment were heavily concentrated, in about equal numbers, in Georgia, Alabama, Louisiana, and North Carolina, while Negro women were greatly concentrated in North Carolina. Kentucky had the fewest Negro men and Arkansas the fewest Negro women.

Although there was a predominance of men among both Negro and white workers in all States, the proportion of Negro women among all Negro workers was substantially lower than the proportion of white women among all white workers—16 as against 30 percent for the 13 States as a whole. In Arkansas Negro women constituted only 7 percent of all Negro workers, while in North Carolina they constituted 29 percent. For white women, however, variations in State percentages were less marked; they ranged from 23 percent in Kentucky to 36 percent in Georgia (table 2).

Extent of Coverage

That exclusion of agriculture and domestic employment under the Social Security Act affects disproportionately the coverage of Negro wage earners could best be shown by comparing the number of workers who received taxable wages in 1938 with the total labor force for that year. Since, however, appropriate data on the labor force in 1938 are not available, use has been made of preliminary 1940 data on the labor force, from the 16th Census of the United States (table 1).

Comparisons between these preliminary 1940 data and the corresponding race and sex groups of workers in covered employment in 1938 have certain limitations. The racial designations used by the census are "white" and "nonwhite"; the 1938 wage data, on the other hand, include all racial groups other than Negro in the "white" group. Since the actual number of persons

Table 2.—Percentage distribution of workers with taxable wages in 1938, by race and sex, for each of 13 selected States¹

State	Negro		White	
	Male	Female	Male	Female
13 States.....	84.0	10.0	69.8	30.2
Alabama.....	91.5	8.5	73.9	26.1
Arkansas.....	93.0	7.0	70.3	23.7
District of Columbia.....	83.2	10.8	64.7	35.8
Florida.....	85.8	14.2	69.0	30.4
Georgia.....	81.8	18.2	63.8	36.2
Kentucky.....	84.6	15.4	78.5	23.2
Louisiana.....	88.3	11.7	70.3	23.7
Maryland.....	84.1	15.9	60.4	30.0
Mississippi.....	91.9	8.1	68.4	31.0
North Carolina.....	70.0	29.4	68.2	31.8
South Carolina.....	88.2	11.8	60.5	33.5
Tennessee.....	84.7	15.3	69.1	30.9
Virginia.....	77.8	22.7	71.8	28.7

¹ Based on table 1.

identified with these "other" groups is negligible in the States under consideration, the "nonwhite" census group can be considered essentially Negro, and therefore significant errors in comparisons may not arise from this discrepancy. The census tabulation represents a count of the labor force as of a particular week in the year, whereas the figures for Negro workers given in table 1 relate to the total number who had covered employment at any time during the year 1938. The census figures may represent an understatement of the total number of persons attached to the labor force at some time during the year. Moreover, during the 2-year interval between 1938 and 1940 there has been some interstate migration of workers, and an unknown number of new entrants into and withdrawals from the labor market that might have changed slightly the volume as well as the race and sex composition of the labor force. Comparison of these two sets of data should therefore be used as a relative rather than an absolute measure of the extent of coverage.

If employment of agricultural and domestic workers, as well as certain smaller groups, were not excluded from coverage under the act, and if there were proportionate employment of both races and sexes in covered industries, the percentage that each race and sex group comprises of the covered workers would be approximately the same as the corresponding percentage of the total labor force within each State. Differences in race and sex patterns in the percentages of covered workers and the percentages of the labor force are, therefore, an indication of differences in coverage and

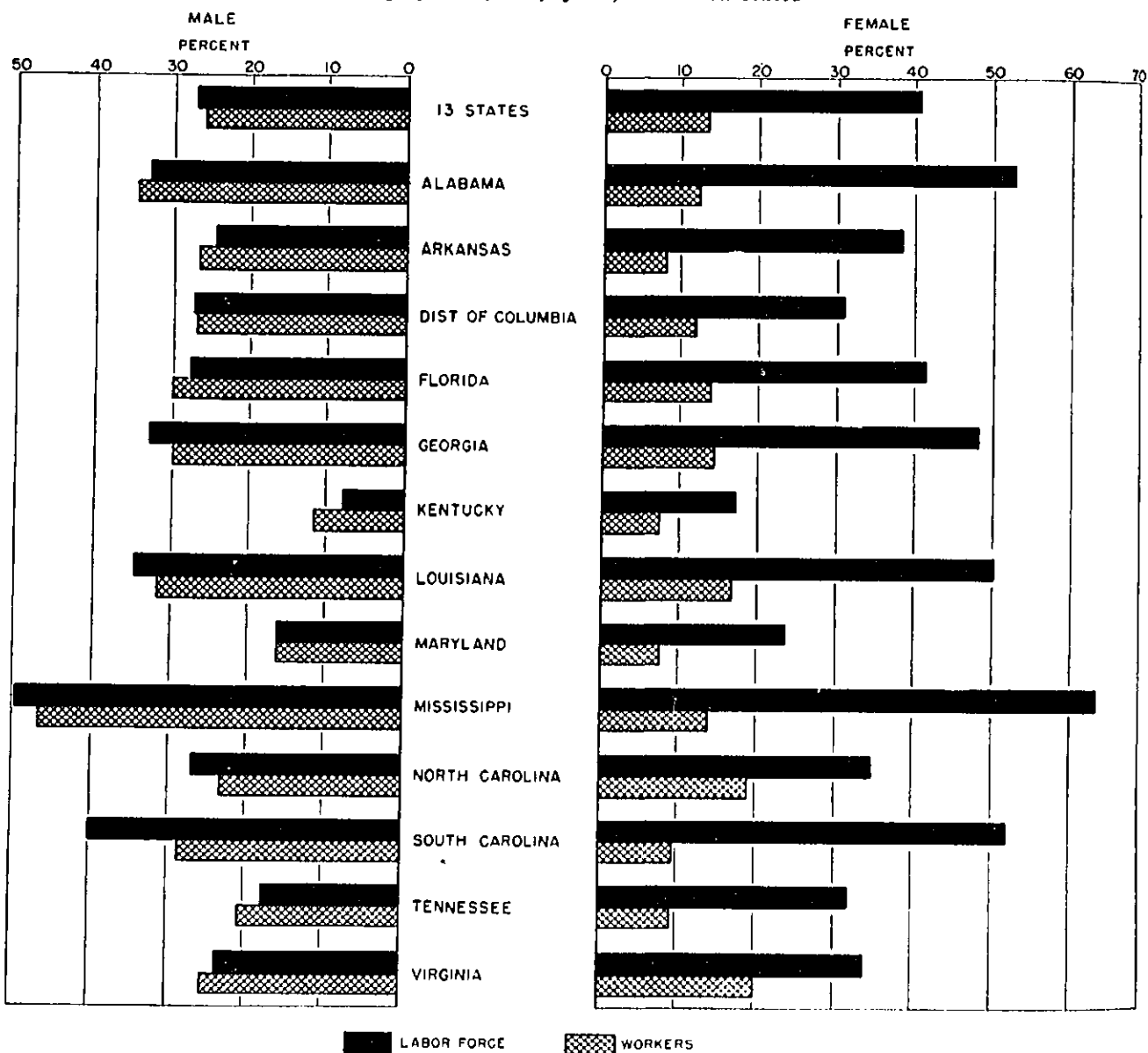
the extent of covered employment among the race and sex groups.

On the whole, Negro workers comprised a smaller percentage of the total number of covered workers than of the total labor force. For the 13 States combined they constituted only 23 percent of the covered workers but 31 percent of the labor force. In most States the differences between the two percentages were substantial; in a few States, however, these differences were small. In only one State—Kentucky—was the proportion of

Negroes among covered workers slightly greater than their proportion among the labor force.

These differences between the percentages of covered workers and the labor force were significantly smaller for Negro men than for Negro women. For the 13 States as a whole, the proportion of Negro men to all men in covered employment was only slightly lower than their proportion in the male labor force. In 5 States—Alabama, Arkansas, Florida, Kentucky, and Tennessee—Negro men represented a slightly greater

Chart 2.—Percent of Negroes in the labor force, 1940, and percent of Negroes with taxable wages in covered employment, 1938, by sex, 13 selected States



share of the male covered workers than of the male labor force (chart 2).

Negro women, on the other hand, represented 41 percent of the female labor force as compared with 14 percent of the female covered workers in the 13 States as a whole. The relative differences varied strikingly among the States. In Virginia, North Carolina, the District of Columbia, and Kentucky the differences between the percentages were relatively large, but still they were much greater in Mississippi, South Carolina, Georgia, and Louisiana. In no State did Negro women constitute a greater proportion of covered workers than of the labor force.

These comparative percentages reflect directly the industrial, occupational, and geographic differentials between Negro and white workers in the total labor force and in covered employment, due in part to the statutory occupational exceptions under the act which affect the extent of coverage among Negro workers and in part to the employment practices that limit job opportunities for Negro workers in covered employment. The higher extent of coverage of white workers, and especially white women as compared with Negro women, may be accounted for partly by a greater number of white women who entered the labor market in recent years and found increased employment opportunities in the new mills and factories using female labor. Moreover, white women are not as seriously affected by the occu-

pational exceptions of domestic service and agricultural labor under the act.

Age of Workers

Negro workers with taxable wages in the fourth quarter of 1938 were, on the average, less than a year older than white workers—33 years as against 32 for the 13 States as a whole (table 3). Median ages, for the 13 States, were about 1½ years lower than the mean ages. Negro men were in general slightly younger than white men; Negro women, on the other hand, were on the average 3 years older than white women.

The average age of Negro workers was found to vary more pronouncedly from State to State than the average age of white workers. For example, the range in average age was 6 years for Negro men as compared with 2 years for white men, and 6 years for Negro women as compared with only a year for white women.

More significant than average ages for this analysis, however, are the comparative distributions of Negro and white workers by age groups (table 3 and chart 3). Negro workers were concentrated in the ages 25–29, white workers in the ages 20–24.

Proportionately more Negro than white workers were under 15 years of age. This situation arises in part from the fact that Negro children must often supplement the generally low family income, and in part from the shorter school terms

Table 3.—Percentage distribution by age group of workers with taxable wages in the fourth quarter of 1938,¹ and median and mean age, by sex and race, 13 selected States

Age group (years)	Total			Male			Female		
	Total	Negro	White	Total	Negro	White	Total	Negro	White
Number of workers.....	3,870,598	881,470	2,989,122	2,844,353	742,000	2,101,753	1,020,245	138,876	887,309
Median age.....	30.8	31.6	30.5	31.8	31.8	31.8	28.4	31.0	28.0
Mean age.....	32.5	33.1	32.3	33.4	33.2	33.6	30.0	32.2	29.7
All ages.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Under 15.....	.1	.2	.1	.2	.2	.2	.1	.1	.1
15-19.....	8.9	7.0	9.5	7.4	6.9	7.9	13.1	7.5	14.0
20-24.....	19.5	17.0	20.0	18.0	17.0	18.0	23.3	17.9	24.1
25-29.....	19.0	19.5	18.8	18.7	19.3	18.4	19.9	20.8	19.8
30-34.....	15.0	16.2	15.5	15.8	16.0	15.8	15.1	16.9	14.8
35-39.....	11.8	13.2	11.4	12.3	13.1	12.0	10.5	13.8	10.0
40-44.....	8.8	9.5	8.0	9.4	9.5	9.4	7.3	9.5	6.9
45-49.....	6.3	6.3	6.3	6.9	6.5	7.1	4.7	5.5	4.0
50-54.....	4.0	4.8	4.0	5.2	5.0	5.3	3.0	3.9	2.9
55-59.....	3.1	3.0	3.1	3.5	3.1	3.7	1.7	2.1	1.7
60-64.....	1.8	1.5	1.8	2.1	1.6	2.2	.9	1.0	.9
65 and over.....	.2	.3	.2	.2	.3	.2	.2	.3	.1

¹ Data not adjusted for 1937 and 1938 carry-over (see the *Bulletin*, December 1940, pp. 70-76). For the United States, workers with taxable wages in fourth quarter of 1938 represent 77 percent of all workers, and their taxable wages represent 89 percent of total wages, in 1938 tabulation.

² Includes group of workers whose age is unknown and not shown in the table; therefore, the percentages add to slightly less than 100.0 in each case.

and less effective enforcement of school attendance and child-labor laws for Negroes in some of the States.

While the percentage of all Negro workers aged 15-24 was smaller than that for white workers, the difference was especially marked in the case of young women. Only 26 percent of the Negro women were in that age group, in contrast to 38 percent of the white women. This difference may be explained in part by the greater number of white apprentices, since in many cases union control seriously limits apprenticeship opportunities among young Negroes. Moreover, employers generally prefer older and more experienced Negro workers to do the type of work for which they employ younger white workers when they are available.

The differences in the age distribution become more significant with advancing age, particularly from the point of view of insured status, since to the older workers primary benefits are of more immediate concern. There were no substantial differences in the relative percentages of Negro and white men over 45 years of age. On the other hand, the proportion of older Negro women in covered employment was larger than that of white women, possibly because Negro women find it necessary to continue at work even after marriage and do not withdraw from the labor market to the same extent as white women workers. Their continuance in employment is to their advantage in accumulating additional quarters of coverage which may be used to maintain a currently insured status or acquire a fully insured status.

Chart 3.—Percentage distribution of workers aged 15-64 with taxable wages in the fourth quarter of 1938, by age group, sex, and race, 13 selected States

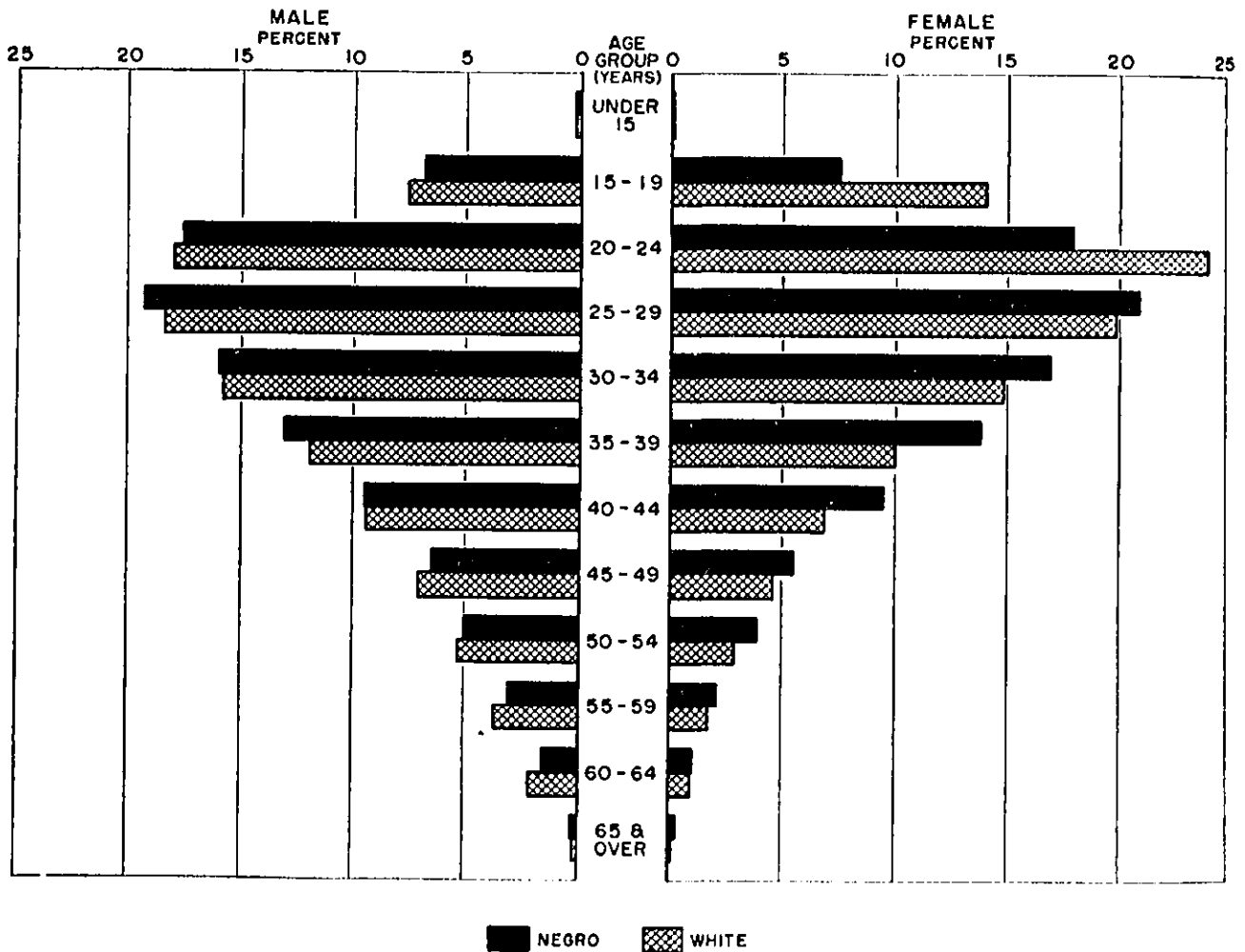
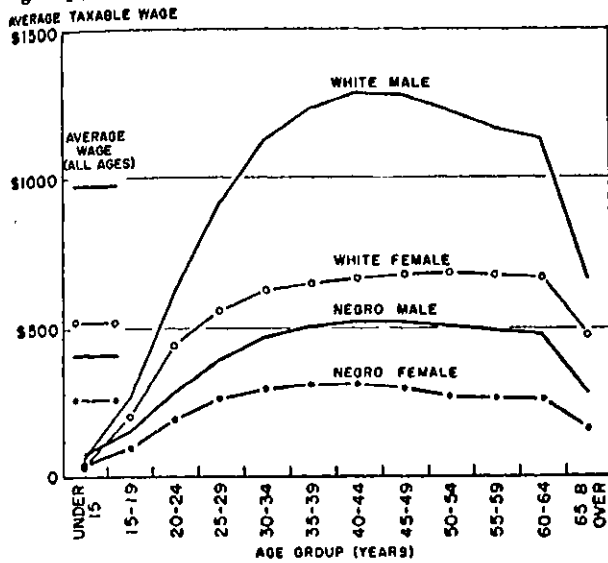


Chart 4.—Average annual taxable wage of workers with taxable wages in the fourth quarter of 1938, by age group, sex, and race, 13 selected States



As age 60 was approached, however, the proportion of Negro workers in the distribution decreased somewhat more rapidly than the corresponding proportion of white workers. To some extent this divergence is due to the fact that older Negro workers find it more difficult than older white workers to remain in gainful employment. Moreover, the greater mortality among older Negroes, and consequently the lower life expectancy of Negroes, results in a relatively smaller proportion of the Negro population—and in turn the Negro labor force—in the advanced ages. Thus, the indications are that smaller pro-

portions of Negro than of white workers in covered employment will reach age 65, when they can retire and apply for primary benefits. Because of this shorter life span, the protection of wives and children through the provisions for survivors benefits may be of relatively greater importance to those of the Negro group who have sufficient covered employment to attain currently insured status.

Age in Relation to Average Taxable Wage

Analysis of average taxable wages, by 5-year age groups, reveals that average wages of workers in covered employment increased with age, reaching the highest peak in the age groups 40-49 for Negro and white men, 40-44 for Negro women, and 50-54 for white women (table 4 and chart 4). The range in average wages by age for the respective age groups was significantly narrower for Negro workers—from \$74 to \$490—than for white workers—from \$52 to \$1,155—and the difference in the ranges for Negro and white men was much greater than for Negro and white women. For example, the range in the averages for Negro men was from \$76 to \$523, while that for white men was from \$55 to almost \$1,200; for Negro women, the average ranged from \$41 to \$312, for white women from \$34 to \$685.

An unusual finding in this analysis is the fact that in the age group under 15 years the average taxable wage received by Negro boys was 38 percent greater than that received by white boys, and the average for Negro girls was 21 percent greater than for white girls. It is only in this

Table 4.—Average annual taxable wage of workers with taxable wages in the fourth quarter of 1938,¹ and ratio (percent) of average for Negro workers to average for white workers, by age group, sex, and race, 13 selected States

Age group (years)	Total			Male			Female			Ratio (percent) of—		
	Total	Negro	White	Total	Negro	White	Total	Negro	White	Total Negro to total white	Male Negro to male white	Female Negro to female white
Average wage.....	\$730	\$388	\$839	\$827	\$413	\$974	\$483	\$255	\$519	46.2	42.4	40.1
Under 15.....	59	74	52	01	76	56	36	41	34	142.3	139.2	120.6
15-19.....	220	140	237	237	150	265	192	93	201	59.1	56.0	46.8
20-24.....	496	267	556	532	287	618	420	192	447	48.0	45.0	48.0
25-29.....	699	372	799	770	395	909	515	260	557	46.0	43.5	40.7
30-34.....	859	442	987	966	471	1,131	577	298	620	44.8	41.6	47.6
35-39.....	928	471	1,085	1,033	503	1,239	687	307	648	48.4	40.6	47.4
40-44.....	981	490	1,141	1,087	523	1,289	601	312	663	42.9	40.6	47.1
45-49.....	1,004	490	1,155	1,099	520	1,285	618	301	677	42.4	40.5	44.5
50-54.....	976	479	1,130	1,082	509	1,232	614	276	685	42.4	41.3	40.3
55-59.....	952	471	1,087	1,013	497	1,167	609	284	678	43.3	42.6	39.1
60-64.....	954	461	1,072	1,066	484	1,137	613	261	676	43.0	42.6	38.6
65 and over.....	513	271	639	531	284	604	380	162	481	42.4	42.6	33.7

¹ See table 3, footnote 1.

Table 5.—Average annual taxable wage of workers with taxable wages in the fourth quarter of 1938,¹ and ratio (percent) of average for Negro workers to average for white workers, by State, sex, and race, 13 selected States

State	Total			Male			Female			Ratio (percent) of—		
	Total	Negro	White	Total	Negro	White	Total	Negro	White	Total Negro to total white	Male Negro to male white	Female Negro to female white
13 States.....	\$736	\$388	\$830	\$827	\$413	\$974	\$483	\$255	\$510	46.2	42.4	49.1
Alabama.....	692	437	801	764	454	913	445	240	473	51.6	40.7	52.6
Arkansas.....	635	341	722	692	346	816	397	272	408	47.2	42.4	66.7
District of Columbia.....	1,060	635	1,182	1,185	649	1,382	777	661	806	53.7	47.0	69.6
Florida.....	685	342	805	700	361	945	440	227	475	42.5	38.2	47.8
Georgia.....	601	318	777	766	344	935	450	164	493	40.9	36.8	39.4
Kentucky.....	780	400	824	873	440	916	496	254	515	60.2	59.0	49.3
Louisiana.....	783	386	944	859	405	1,070	470	272	527	40.9	37.9	44.8
Maryland.....	948	548	1,013	1,094	607	1,190	572	293	596	54.1	50.2	49.2
Mississippi.....	557	293	725	606	303	864	386	187	419	40.4	35.1	40.8
North Carolina.....	653	330	742	751	370	868	463	253	500	45.3	42.0	54.6
South Carolina.....	606	294	703	677	308	829	425	189	451	41.8	37.2	41.9
Tennessee.....	730	413	805	831	437	934	488	276	510	51.3	46.8	54.1
Virginia.....	770	421	892	884	464	1,028	491	268	545	47.2	45.1	49.4

¹ See table 3, footnote 1.

age group that the average taxable wage of Negroes is greater than that of whites. This situation may be explained in part by the fact that many more Negro children find it necessary to work for longer periods than white children because of the economic circumstances of their families. Moreover, the seemingly greater indifference on the part of some officials in enforcing child-labor and compulsory school attendance laws and the shorter school terms for Negro children in many of the southern States encourage their employment.

Among both Negroes and whites the lowest average taxable wages were received by the youngest and the oldest workers, and it is among these workers that the differences in average wages of Negroes and whites were smallest, especially for women. Small differences in average wages of the oldest workers may be partly explained by the fact that the oldest Negro workers were mainly skilled and semiskilled workmen who had rather regular employment records with their employers.

As age 65 was approached, the average taxable wages for Negroes dropped somewhat more rapidly than the averages for whites, showing a greater loss of earning power for Negroes. The apparent decline in average wages of workers in the oldest age groups may be in considerable measure the result of the decline in the numbers of individuals in those successive age groups, resulting from the fractional years of potential coverage on the part of workers who were leaving the labor force per-

manently by reason of death, disability, and other factors. Negro workers drop out of coverage for such reasons at earlier ages than white workers, and possibly at a more rapid rate. Thus, it appears that greater difficulty will be experienced by Negro workers in maintaining their average wages, not only in the older age groups but throughout their working life, in amounts sufficient to acquire the necessary quarters of coverage and to accumulate wage credits which would qualify them for benefits equal to the average received by all workers.

The distribution of average wages by age groups within the States did not vary significantly from the pattern for the 13 States as a whole. Minor variations followed closely the State differences in average taxable wages.

State Differences in Average Taxable Wage

The average taxable wage² of all Negro workers in covered employment—\$388—was less than one-half the average for all white workers—\$830—for the 13 States (table 5). In the various States also there were substantial differences. The highest averages, received in the District of Columbia, were \$649 for Negro men as compared with \$1,382 for white men, and \$561 for Negro women as compared with \$806 for white women. On the other hand, the averages for Negro men were

² Averages were derived from the total 1938 taxable wages of workers with taxable wages in the fourth quarter of 1938; they therefore include taxable wages of all full-time, but not all part-time, seasonal or intermittent, workers and are consequently slightly higher than if they had been based on the taxable wages paid to all workers employed at some time during 1938.

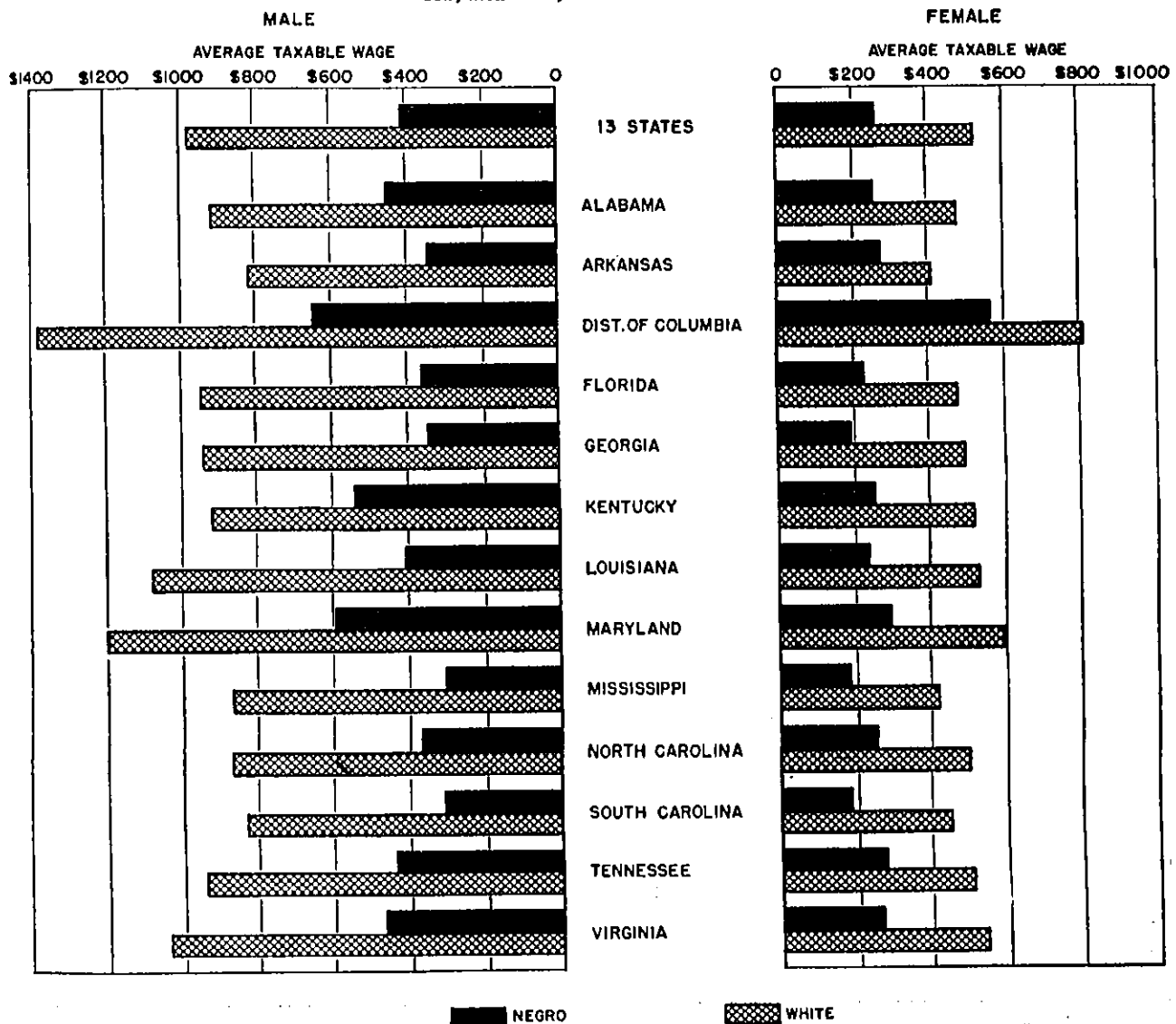
lowest—about \$300—in Mississippi and South Carolina, and for white men—\$816—in Arkansas. Mississippi had the lowest average—\$187—for Negro women and Arkansas—\$408—for white women (chart 5). The lowest average wage for white men was therefore greater than the highest averages received by any of the other groups of workers, and it was almost 5 times the lowest average for Negro women.

Distribution of Workers by Wage Interval

Striking differences in total annual taxable wages received by Negro and white workers in

covered employment are also shown in the comparative percentage distributions of workers by \$200 wage intervals. In general, a disproportionately heavy concentration of Negro workers was found in the lower wage intervals (table 6). For example, 33 percent of all Negro men in the 13 States, but only 16 percent of all white men, received less than \$200 in taxable wages during the year. Similarly, 51 percent of all the Negro women, in contrast to 28 percent of all white women, were in this wage category. As a matter of fact, the heaviest concentration of all workers in the 13 States, both Negro and white, was in the

Chart 5.—Average annual taxable wage of workers with taxable wages in the fourth quarter of 1938, by State, sex, and race, 13 selected States



wage interval \$1-199. This concentration was also found for all the workers in the United States.⁶

A further analysis of this \$1-199 interval indicated that 20 percent of Negro men and 32 percent of Negro women in fact earned less than \$100 in taxable wages during the year, in contrast to 10 percent of white men and 18 percent of white women. This pattern was general for all 13 States, but the corresponding percentages were substantially higher in the lower southern States.

Approximately 77 percent of all Negro workers and 40 percent of all white workers received less than \$600; and 95 percent of all Negro workers as compared with 69 percent of all white workers received less than \$1,000 in taxable wages. In the case of Negro women, only 9 percent received \$600 or more and 1 percent had wages of more than \$1,000. While at least a small proportion of white men and women were found to have received \$3,000 or more, the proportion of Negro men whose wages exceeded \$2,200 and of Negro women whose wages exceeded \$1,600 was in each case less than 0.1 percent. The lower taxable wages received by Negro workers are due to a large extent to a greater degree of shifting between covered and noncovered employment, more irregular and part-time work in covered employment, and the generally lower wage rates.

⁶ Corson, *op. cit.*, p. 2.

Taxable Wages and Insured Status

Since the major factor determining insured status of covered workers is the number of quarters of coverage they are able to accumulate, their earnings experience is of great significance in connection with their ability to qualify for insurance benefits, whether for themselves and their dependents or for their survivors. By definition, a "quarter of coverage" is a calendar quarter during which a worker received at least \$50 in wages for service rendered in an employment covered by the act. Therefore, employees who receive less than \$200 in taxable wages during a year could accumulate a maximum of 3 quarters of coverage for that year, while employees receiving less than \$100 a year could be credited with only a single quarter of coverage.

If the 1938 wage experience of these covered workers can be assumed to be indicative of what will occur in later years, the 22 percent of all Negro workers, and 12 percent of all white workers, who received less than \$100 in taxable wages during 1938 could never expect to acquire fully insured status unless they worked for at least 40 years, since such workers must have at least 40 quarters of coverage before they can be fully insured. Conceivably, during some years these persons may not acquire even a single quarter of coverage, for part-time, intermittent, or seasonal work or short periods of unemployment may spread the wages over the year in such a fashion

Table 6.—Percentage distribution of workers with taxable wages in the fourth quarter of 1938,¹ by \$200 wage interval, sex, and race, 13 selected States

Wage interval	Total			Male			Female		
	Total	Negro	White	Total	Negro	White	Total	Negro	White
Average wage.....	\$736	\$388	\$839	\$827	\$413	\$974	\$483	\$255	\$519
All workers.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
\$1-199.....	23.2	35.8	19.6	20.6	33.1	16.0	31.1	51.0	27.9
1-99.....	14.4	22.0	12.6	12.4	20.2	9.0	20.1	32.2	18.2
100-199.....	8.8	13.8	7.4	8.1	12.9	6.4	11.0	18.8	9.7
200-399.....	14.7	22.7	12.3	13.3	21.0	10.3	18.4	26.8	17.1
400-599.....	14.8	18.2	13.7	13.6	19.2	11.5	18.1	12.9	19.0
600-799.....	12.9	12.4	13.0	12.6	13.4	12.3	13.6	6.7	14.7
800-999.....	9.1	6.0	10.1	9.5	6.8	10.4	8.2	1.8	9.2
1,000-1,199.....	6.4	2.8	7.5	7.2	3.2	8.6	4.4	.5	3.1
1,200-1,399.....	4.8	1.2	5.8	5.5	1.3	7.0	2.7	.2	3.0
1,400-1,599.....	3.5	.5	4.3	4.2	.6	5.5	1.4	.1	1.6
1,600-1,799.....	2.4	.2	3.1	3.1	.3	4.0	.7	(0)	.8
1,800-1,999.....	2.2	.1	2.7	2.7	.1	3.7	.5	(0)	.6
2,000-2,199.....	1.5	.1	1.9	1.9	.1	2.6	.3	(0)	.3
2,200-2,399.....	1.0	(0)	1.3	1.3	(0)	1.8	.2	(0)	.2
2,400-2,599.....	.8	(0)	1.1	1.1	(0)	1.4	.1	(0)	.1
2,600-2,799.....	.6	(0)	.8	.8	(0)	1.1	.1	(0)	.1
2,800-2,999.....	.4	(0)	.6	.6	(0)	.8	(0)	(0)	.1
3,000 and over.....	1.7	(0)	2.2	2.2	(0)	3.0	.2	(0)	.2

¹ See table 3, footnote 1.

Less than 0.05 percent.

that not as much as \$50 will be received during any one quarter. Such irregular employment would also affect, though not to the same extent, workers who received more than \$100 during a year, especially those receiving less than \$200.

To be currently insured for the benefits payable to a widow who has the worker's child or children in her care and to such children, a worker must have received at least \$50 during each of any 6 calendar quarters out of the 12 immediately preceding the quarter in which he died. Obviously, a worker who does not receive at least \$100 a year in taxable wages—and of such an amount at least \$50 in each of 2 quarters—cannot obtain currently insured status. As has been pointed out, this protection is especially needed by Negro workers, among whom many deaths occur at ages when there are likely to be children in need of parental support. It seems clear, however, that among the large group who received less than \$200 in 1938, there are many who can become currently insured and obtain such protection for their survivors only if their covered employment is greater in duration or more remunerative in future years.

While some workers who receive less than \$200 in taxable wages during a year will be likely to accumulate a sufficient number of quarters of coverage to acquire fully insured status and qualify for primary benefits, annual taxable wages of less than \$200 will preclude the addition to the basic benefit amount of the 1-percent increments allowed in the formula for each year during which a beneficiary received at least \$200 in taxable wages. It is clear from the 1938 wage data that a substantially larger proportion of Negro than of white beneficiaries would suffer such a loss. The concentration of Negro workers in the lower wage intervals will result in relatively smaller benefits for those who actually qualify for benefits and in a relatively smaller number of beneficiaries among workers who have had some covered employment.

In Summary

It is clear that Negro workers are at a disadvantage with respect to the old-age and sur-

vivors insurance program, primarily because of three major factors: employment excluded from coverage; mortality rates; and amounts of earnings in covered employment.

With respect to the first factor, Negro men are affected adversely somewhat more seriously than white men, and the large majority of Negro women in the labor force are eliminated at the outset from participation in the program by reason of their principal employment as domestic workers in private homes—an employment specifically excluded from coverage. The extension of coverage to domestic service, and to agricultural and other employments now excepted, would at least make possible their participation in the program.

With respect to the second factor, the shorter life span among Negro workers precludes, for relatively more individuals, an opportunity to qualify for primary benefits at age 65. In the younger age groups, on the other hand, the greater mortality among Negro than among white workers would make benefits possible for a relatively larger number of Negro widows with young children, if the deceased wage earners have had currently insured status at the time of their death.

With reference to the third factor, the generally low wages among Negro covered workers will seriously affect their ability to qualify for primary benefits, and in numerous cases will preclude protection of families, since many will not have currently insured status at the time of death. Negro married women work to a greater extent than do white women; such continuance in employment after marriage, while generally necessitated by the relatively lower income of Negro men, may make it possible for them to build up wage credits toward their own benefits. Nevertheless, it would appear that in fact a double penalty may be suffered by Negro workers in covered employment and their families in that the duration of covered employment and the amounts of taxable wages will often be such as to make it impossible for individuals to qualify under the present eligibility requirements for either old-age benefits or, on occasion, for the benefits payable to survivors.