Black individuals earn about one-third less than white individuals over the course of their lifetimes.

Most research on differences in earnings between Black and white individuals has focused on differences at a point in time—for example, over the course of a month or a year. However, this approach may understate labor market inequality between Black and white individuals, especially if their lifetime employment differs. Differences in the incidence of unemployment may translate into differences in years worked over an entire career. Thus, entire lifetime earnings histories may provide a more accurate picture of labor market inequality.

In this article, Andrew Glover, José Mustre-del-Río, and Emily Pollard go beyond point-in-time measures of earnings and examine lifetime earnings differences between Black and white individuals. They find that, on average, Black individuals earn about one-third less than white individuals over the course of their lifetimes (a difference equivalent to about $550,000), though the size of this gap varies by sex and education level. In addition, they find that differences in years worked, which are not captured by point-in-time measures, contribute substantially to earnings differences between Black and white individuals.

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Lifetime Earnings Differences across Black and White Individuals: Years Worked Matter