



PRESS RELEASE: Racial wage differentials persist even for second and further generations in developed countries

Recent research summarized in a [new IZA World of Labor report](#) suggests that to eliminate persistent racial wage differentials policymakers need to address a number of minority specific characteristics such as lower education levels and job segregation

In many developed countries, racial and ethnic minorities are paid, on average, less than the native white majority. While racial wage differentials are partly the result of immigration, studies show that they persist for racial minorities of second and further generations. According to the economist Simonetta Longhi of the University of Reading, these differences cannot simply be explained by discrimination. Longhi summarizes a number of recent studies identifying differences in characteristics as a reason why racial minorities may receive lower wages.

Among the first characteristics considered in the literature are education, qualifications, and skills. Evidence for various countries, including the US, the UK, France, and Germany suggests that racial wage differentials are partly due to lower levels of education of many minority groups. One explanation why racial wage differentials may persist even in cases where minority groups are better qualified is that minorities are more likely to attend lower-quality schools than the white native population, which may have a negative impact on their overall skill level. Further characteristic that were identified by research as determinants of racial wage differentials include concentration in low-pay occupations and residential segregation.

An important finding from a policy perspective is that in many countries there are differences across and within minorities. While some minorities experience large wage penalties, some are paid similarly or even more than white natives. Racial wage differentials tend to be smaller among women than among men, and they may also vary by other characteristics such as education penalties.

Simonetta Longhi suggests: “Policy should move away from a “one size fits all” approach, where race is seen as one single issue, and instead target, where possible, specific issues affecting specific minorities.” “New policies to reduce racial wage inequalities should be based on a better understanding of what characteristics and situations prevent racial minorities from moving into better jobs.”

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Media Contact:

Please contact Anna von Hahn for more information or for author interviews:
anna.vonhahn@bloomsbury.com or +44 7852 882 770



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The site offers relevant and succinct information on topics including diversity, migration, minimum wage, youth unemployment, employment protection, development, education, gender balance, labor mobility and flexibility among others.

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