

## **Speech Patterns and Racial Wage Inequality**

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June 2008

Revised January 2009

### **Abstract**

Speech patterns differ substantially between whites and many African Americans. I collect and analyze speech data to understand the role that speech may play in explaining racial wage differences. Among blacks, speech patterns are highly correlated with measures of skill such as schooling and AFQT scores. They are also highly correlated with the wages of young workers. Even after controlling for measures of skill and family background, black speakers whose voices were distinctly identified as black by anonymous listeners earn about 12 percent less than whites with similar observable skills. Indistinctly identified blacks earn essentially the same as comparable whites. I discuss a number of models that may be consistent with these results and describe the data that one would need to distinguish among them.

The author thanks Kerwin Charles, Matt Gentzkow, Fabian Lange, Steve Levitt, Jens Ludwig, and Dan Nagin for helpful comments, along with seminar participants at Chicago, Harvard, St. Gallen, Texas, and the NLSY97 10th Year Anniversary Conference. Ben Dietrich, Dan Kreisman, and Joonsik Yoon provided excellent research assistance. Special thanks are due to Dan Black for his extraordinary efforts in making the speech data available. Any errors are the sole responsibility of the author.

## I. Introduction

Racial wage inequality is persistent. After declining between 1940 and 1980, the black-white wage gap has remained roughly constant. In 1980, black men earned an average of 73 cents for every dollar earned by white men. In 2000, the number was 70 cents (Neal 2006). One question is whether these persistent differences in wages can be explained by persistent differences in behavior.

One such difference involves speech patterns. Linguists have documented substantial differences between Standard American English (SAE), variants of which are spoken by whites (and many blacks) in the US, and African American English (AAE), variants of which are spoken by many African Americans. These differences arise at almost every level of linguistic analysis, including syntax (e.g., negation rules), morphology (e.g., rules for subject-verb agreement), phonology (e.g., the resolution of various consonant clusters), and even acoustics (e.g., vocal harmonics).<sup>1</sup>

At the same time, research shows that almost no one speaks a pure form of either SAE or AAE. Rather, regardless of their primary dialect, speakers mix standard and non-standard features. The mix varies among speakers, but also within individual speakers as a function of the setting (e.g., the level of formality). Furthermore, many speakers of AAE use SAE features in their speech (Labov 1972).

Despite such variation, race is a salient characteristic of speech. Listeners can identify a speaker's race from their speech, even small amounts of it (Thomas and Reaser 2004). For example, Purnell, Idsardi, and Baugh (1999) played a standardized single-sentence speech clip for listeners that varied only in its dialectical "guise," that is, in

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<sup>1</sup> See Bailey and Thomas 1992; Clopper and Pisoni 2004; Green 1992; Labov 1972, 1992; Martin and Wolfram 1992; Mufwene 1992; Rickford and Rafal 1996; Thomas and Reaser 2004; Walton and Orlikoff 1994; Washington and Craig 2002; Wolfram 1969, 1991.

whether the speaker delivered the sentence using typically SAE forms or typically AAE forms. They found that listeners could identify the African-American guise with 75 to 90 percent accuracy.

Furthermore, listeners act on racial information in speakers' voices. Purnell, Idsardi, and Baugh (1999) and Massey and Lundy (2001) have conducted audit studies in which black- and white-sounding callers are randomly assigned to inquire by phone regarding apartments that have been advertised for rent. Black-sounding callers are more likely than white-sounding callers to be told that the apartment is already rented.

My question in this paper is whether racial differences in speech patterns help explain racial differences in wages. To address the question I collected audio data from validation interviews administered to respondents from the 1997 cohort of National Longitudinal Survey of Youth (NLSY). The NLSY is a large, nationally representative longitudinal survey of the labor market behavior of youths who were aged 12 to 16 in 1997. It interviews respondents annually.

The validation interviews are carried out by telephone a few weeks after the main interview. They ask a few hundred randomly chosen respondents about five minutes' worth of questions in order to gauge the quality of key data elements collected during the main interviews. During the 2006-2007 interview round the validation interviews were recorded. I excerpted unidentifiable samples of speech from these recordings, then recruited listeners to listen to them and answer questions about their perceptions of the speakers, including the speaker's race. I then merged the listener responses to the rest of the NLSY data on the speakers. The data show strong links between speech patterns,

education, and test scores. They also show a strong correlation between wages, race and speech, even after controlling for measures of skill and family background.

This is not the first study to ask whether language affects labor market performance. Numerous studies have analyzed the role that language plays in the wages earned by immigrants.<sup>2</sup> Virtually by definition, those studies concern the worker's second language. This study is distinctive in that it focuses on the worker's native language in his home country, rather than a second language in a foreign country. I ask whether language differences can explain racial wage differences among natives.

This question has received some theoretical attention from Lang (1986), who provides a model of language minorities, but this is the first empirical analysis of the link between native-language differences and racial wage inequality. The paper also relates to recent work on ethnic identity, since speech patterns are widely viewed as an important element of ethnic identity (Fordham and Ogbu 1986; Baugh 1992; Pattillo 1999). Theoretical work in the field has focused on how certain aspects of behavior may simultaneously be viewed as favorable signals in the labor market but as unfavorable signals in the peer group (Akerlof and Kranton 2000; Austen-Smith and Fryer 2005). Recent empirical studies have analyzed such aspects of behavior as naming conventions and academic achievement (Bertrand and Mullainathan 2004, Cook and Ludwig 1998; Fryer and Levitt 2004, Fryer and Torelli 2005). This paper is the first to analyze the link between race, speech patterns, and wages.

The next section describes my data. Section III presents results. In Section IV I discuss a number of models that could explain the observed associations among race, speech patterns, skill, and wages. Section V concludes.

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<sup>2</sup> See, e.g., McManus, Gould, and Welch 1983; Chiswick 1991; Trejo 1997, and Bleakley and Chin 2004.

## **II. Data**

### ***A. Background on the NLSY***

The NLSY is an annually administered, nationally representative longitudinal survey of youths who were 12 to 16 years old in 1997. Early rounds of the survey focused on respondents' educational experiences, whereas recent rounds have focused on their labor market experiences. Most respondents took the Armed Services Vocational Aptitude Battery (ASVAB) in the first year of the survey. The Armed Forces Qualifying Test (AFQT), which is constructed from the ASVAB, has been shown to be an important correlate of wages and racial wage differences (Altonji and Pierret 2001; Cameron and Heckman 1993; Farber and Gibbons 1996; Grogger 1998; Neal and Johnson 1996).

### ***B. Speech Data from the Validation Interviews***

After every interview, a small random sample of respondents is chosen to participate in a short follow-up interview, the goal of which is to assess the quality of key data elements collected in the main interview. These validation interviews are carried out by telephone. In late 2006 and early 2007, the validation interviews were recorded in their entirety.<sup>3</sup> Technicians under my direction then excerpted samples from the raw audio (.wav) files. The excerpts were played to listeners to obtain their perceptions regarding characteristics of the speaker.

The audio excerpts were constructed with three goals in mind. The first was to ensure speaker anonymity. The second was to standardize the samples as much as possible. The third was to preserve as much language as possible. The first objective was straightforward, since it required simply that identifying information be removed.

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<sup>3</sup> Interviews were recorded over IP telephones manufactured by Cisco. The recordings were sampled at a rate of 8KHz and the sample size was 11 bits.

The second two were sometimes in conflict. The validation interviews are highly scripted, which aids in standardization. At the same time, however, many of the questions called for short, one- or two-word responses. As a result, complete-sentence responses were fairly rare. Because sentences convey more linguistic information than shorter utterances, I retained them whenever possible, even though they tended to reduce the standardization of the speech samples across speakers. The resulting audio excerpts were short, 15- to 20-second files that mixed responses to standardized questions and whatever short sentences were available.

The validation interviews yielded a total of 520 usable audio excerpts. Of these, 402 speakers were black or white; the remaining 108 were Hispanic, Asian, or of other race or ethnicity. Since the goal of this paper is to understand the role of speech patterns in explaining the wage gap between blacks and whites, I focus only on those speakers here. I refer to these 402 speakers as the "speech sample."

On several important dimensions, the speech sample closely resembles black and white respondents in the full NLSY. Table 1 reports means for both samples. The sex ratio is the same in the two samples and the age and race distributions are similar. The AFQT score is obtained by normalizing the percentile scores to have mean zero and standard deviation of one. Mean AFQT scores are similar between the two samples. They differ from zero because they were standardized over the full NLSY sample, not just the sample of blacks and whites.

About one-fifth of both samples were enrolled in 2006, owing to the young age range of NLSY respondents. Average completed schooling is similar between the samples at about 13 years. The share of southerners, who may speak with a regionally

distinctive accent, is similar between the speech sample and the broader NLSY. The speech sample is a bit more urban than the full sample.

### *C. Listeners' Perceptions of Speaker Characteristics*

As indicated above, listeners were recruited to listen to the audio excerpts and provide their perceptions about a number of speaker characteristics. Listeners also provided limited demographic information about themselves. Most of the listeners were students in a graduate degree program at a selective Midwestern university. Table 2 shows that their characteristics are reflective of the program's enrollment. They are disproportionately female and disproportionately white. A plurality was raised in the Midwest. Three non-native speakers took part, despite my attempts to limit participants to native speakers.

Listeners listened to the speakers' audio excerpts via an offline web-based interface. The interface first prompted listeners for their demographic information, then prompted the listener to play the first audio file. After the audio file played, the listener was prompted through screens on which he or she was asked to indicate the speaker's sex, race (White, Black, Hispanic, or Other), education level (Less than high school, High school, Some college, College or more), and region of origin (Northeast, Midwest, South, West, or Outside the US). Listeners were then prompted to repeat the process until they had listened to a total of 20 files. The entire process lasted an average of about 15 minutes. Listeners listened to the audio files using headphones throughout.<sup>4</sup> Of the 130 listeners, about 80 percent listened to a single 20-file batch, whereas the remainder

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<sup>4</sup> Most listeners used Listen Technologies LA-165 stereo headphones. A small number at the beginning of the study used Sony MDR-D777 headphones.

participated more than once, listening to an average of about 3 batches each. The 20-file batches were structured in such a way that 5 different listeners listened to each speaker.

Table 3 reports the accuracy with which listeners were able to ascertain the characteristics of speakers from the audio files. Since multiple listeners provided data for each speaker, the unit of observation here is the speaker-listener pair. Accurate identification of sex was nearly universal. Identification of race was fairly high as well. Nearly 84 percent of white speakers were accurately identified by the listeners, as were about 77 percent of black speakers. These numbers are similar to those reported elsewhere in the literature (Thomas and Reaser 2004).

Listeners were less successful in identifying speakers' education level and region of origin. Speakers lacking a high school diploma were accurately identified only 5 percent of the time; this very low identification rate may have been the result of socially correct reporting on the part of listeners. Nearly half of college-educated speakers were accurately identified by listeners, but accuracy rates for the other two educational categories were less than 30 percent. Listeners were more successful in identifying the region of origin of speakers from the Midwest and South than of those from the Northeast and West, but even for speakers from the South, where regional dialects are relatively strong, the accuracy rate was less than 50 percent.

Table 4 presents a regression analysis of factors that explain the accuracy of listeners' reports of the speaker's race. As before, the unit of observation is the listener-speaker pair. The dependent variable is a dummy equal to one if the listener accurately perceived the speaker's race. I divide explanatory factors into three groups: speaker characteristics, listener characteristics, and technical factors. The table reports



coefficients and standard errors from a least-squares regression. The standard errors are clustered by speaker and account for arbitrary forms of heteroscedasticity.

Black speakers are less likely to be accurately perceived by listeners, consistent with the data in Table 3. Other characteristics of the speaker do not influence the listeners' perceptions of the speaker's race. I had no reason to expect otherwise, but included these variables because they appear in the wage regressions below.

As for listener characteristics, black listeners more accurately perceived the speaker's race than did listeners of other race or ethnic groups (Asian listeners constitute the base group).<sup>5</sup> Older listeners were less likely to perceive the speaker's race accurately, all else equal, whereas listeners from the Western US had higher accuracy rates. Repeat listeners did no better or worse than listeners who listened to only a single batch of audio clips. Listeners were asked how well they understood each speaker, on a scale of 1 to 5. Those who reported being better able to understand the speaker perceived race somewhat more accurately.

Among technical factors, the number of phrases in the audio clip did not affect the accuracy of listeners' perceptions. In results not reported here, I found that the size of the audio file, which provides a measure of its length, similarly had no effect on listener accuracy. Three technicians prepared excerpts from the raw audio files; clips prepared by two of them were perceived somewhat more accurately by listeners than the clips prepared by the other one. Finally, the technicians rated the audio quality of each clip as low, medium, or high. Quality varied largely due to telephone line noise and the quality of cellular connections. Audio quality had no significant effect on the accuracy of

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<sup>5</sup> Further analysis indicated that black listeners were particularly adept at identifying white speakers.

listeners' perceptions. The last column of the Table reports results from a regression that included all three sets of variables.

Whereas Tables 3 and 4 analyze perception data at the level of the speaker-listener pair, Table 5 presents speaker-level measures of the accuracy with which listeners perceive speaker characteristics. Speaker-level data are required for the wage regressions estimated below. Furthermore, providing speaker-level measures provides a way to adjust the listener reports, at least implicitly, for inter-listener reliability.

Since the same number of listeners listened to each speaker, a natural speaker-level measure would be the number of correct reports. The shortcoming of this measure is that it imposes linearity between wages and listener reports in the regressions below. Since a preliminary analysis showed some non-linearity between listener reports and speakers' AFQT scores, I constructed an alternative binary measure that I focus on for most of the analysis. In this alternative measure, I classify speakers as “distinctly identified” if four or more listeners accurately judged their race from their speech. I classify as “indistinctly identified” speakers whose race was accurately judged by three or fewer listeners. I chose the four-listener cutoff because AFQT scores were very similar for speakers correctly identified as black by four or five listeners, but fairly different for speakers correctly identified by three or fewer listeners (see Appendix Table 1). Below I show that this binary measure produces stronger results than the simple number of correct listener responses, suggesting that the linearity assumption is at odds with the data.

Table 5 shows the share of speakers who were distinctly or indistinctly identified by each of the characteristics shown in Table 3. Considering that the speaker's sex was nearly universally correctly identified, it comes as no surprise that the speaker's sex was

also nearly universally distinctly identified according to my definition of the term. The share of white speakers distinctly identified as white is 82 percent. This is nearly the same as the 84 percent accuracy rate reported in the raw listener-speaker data in Table 3. However, the share of black speakers distinctly identified as black is only 67 percent, lower than the 77 percent who were accurately identified in the raw listener-speaker data. Thus inter-listener agreement was weaker for black speakers than for white speakers.

For three of the four speaker education categories, inter-listener agreement was almost non-existent. Only 6 percent of speakers with a high school diploma, and 4 percent of speakers with some college, were distinctly identified as such. Identification of the speaker's region was not much better. The one exception involves Southern speakers, of whom 30 percent were distinctly identified as Southern.

#### ***D. Speech Patterns and Speaker Skill***

Table 6 shows strong relationships between speech patterns and two important measures of skill: the speaker's AFQT score and highest grade completed. Means of both measures are reported for groups defined by actual race (the row variable) and by the racial distinctiveness of the speaker's speech. In each cell in the table, the top number is the mean AFQT score and the bottom number is the mean highest grade completed.

The final column indicates that the mean AFQT score for blacks is 0.85 standard deviations lower than the mean for whites. This is similar to the racial differences that appear in many standardized tests (Jencks and Phillips, 1998). Indistinctly identified whites score 0.16 standard deviations lower on the AFQT than distinctly identified whites. The difference is greater for blacks. Distinctly identified blacks score .66 standard deviations lower than indistinctly identified blacks.

It comes as no surprise that test scores differ between distinctly and indistinctly identified blacks, since test scores were used to define the speech categories. What is surprising is the magnitude of the difference. To put it in perspective, the speech-related test-score gap among blacks amounts to three quarters of the gap that exists between blacks and whites.

Similarly large differences appear in years of schooling, which was not used to define the speech categories. Mean highest grade completed among indistinctly identified whites is 12.84 years, compared to 13.52 years among distinctly identified whites. Indistinctly identified blacks average 13 years of schooling, compared to 12 years for distinctly identified blacks. The speech-related schooling gap among blacks is almost as large as the 1.07-year gap between blacks and whites.<sup>6</sup>

Table 7 further characterizes the speakers by race and speech pattern. Ideally, we would like to see how speakers differ with respect to characteristics that influence speech patterns. Since dialect acquisition is influenced by the speaker's peer group when the speaker is about 10 years old (Labov 1972), I would ideally report data on the speaker's pre-adolescent peer group. Since the NLSY contains no such measures, I consider variables that may be correlated with peer-group characteristics. These include family structure at age 12, parental education, and household income in 1997, when the speaker was 12 to 16 years old. Table 7 shows that the family backgrounds of whites are more advantaged than those of blacks on each of these measures. Within race, indistinctly

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<sup>6</sup> Since many speakers are still enrolled in school, the differences in highest grade completed do not necessarily reflect differences in completed education. If anything, however, the gaps reported here may understate the ultimate differences that will arise among the groups. The reason is that, among whites, 27 percent of distinctly identified speakers were enrolled as of 2006 (the most recent year for which enrollment data are available), as compared to 21 percent among indistinctly identified whites. Among blacks, 22 percent of indistinctly identified speakers were enrolled, compared to 13 percent of distinctly identified speakers. Thus educational attainment is likely to grow more in the future among those groups which currently have higher levels of attainment.

identified blacks fare better on each of these measures than their less advantaged counterparts. Indistinctly identified blacks are also more likely to attend private or parochial schools than their distinctly identified counterparts, which may also be correlated with peer group differences.

In summary, differences in speech are associated with other differences that may influence wages. Distinctly identified whites and indistinctly identified blacks fare better than their counterparts not only in terms of schooling and test scores, but also in terms of family background and private/parochial school attendance. Since previous work has shown such traits to predict wages, it will be important to control for them when I estimate the link between wages and speech patterns in the next section.

### **III. Regression Results**

#### ***A. Wage data***

As I have already noted, the speakers in the speech sample are young. Their youth accounts for a number of features evident in Table 8, which displays summary statistics for the survey years 2004 through 2006. First, annual employment rates are fairly low.<sup>7</sup> Nevertheless, 86 percent of the sample, or 345 speakers, report at least one wage observation over the 2004-2006 period.

Not surprisingly, the wages paid to these young workers are fairly low. The mean hourly wage over the three-year period is \$12.76, although growth is fairly substantial.

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<sup>7</sup> Wages are defined as the hourly wage on the most recent job held at each annual interview. I exclude wages from self-employment and reported hourly wages that were less than \$1 or greater than \$60. The apparent decrease in employment over time is likely the result of NLSY data collection procedures. Survey respondents who are not interviewed in one year are re-contacted in the following year. In that following year, data are collected covering not only the most recent period, but all previous non-interview periods. Accounting for these survey procedures, respondents have been at greater “risk” for reporting their 2003 wage than for more recent wages.

Mean wages grew \$0.84, or nearly 11 percent, between 2004 and 2005, and by \$1.10, or 8.4 percent, between 2005 and 2006.

Speech sample members range in age between 20 and 26, with a mean of 23. Many are still enrolled in school. The enrollment rate was 27 percent in 2004, but fell to 17 percent in 2006 as the speakers left school for work. I discuss how I treat these observations in the next section.

### ***B. Estimation***

To maximize precision given my small sample, I pool data from 2004 to 2006. Most of the wage regressions make use of the binary classification of speech patterns. They take the form

$$(1) \quad \ln w_{it} = \beta_0 + \beta_1 \text{BLACK}_i * \text{DISTINCT}_i + \beta_2 \text{BLACK}_i * \text{INDISTINCT}_i \\ + \beta_3 \text{WHITE}_i * \text{INDISTINCT}_i + X_{it} \delta + \alpha_i + \varepsilon_{it}$$

where  $w_{it}$  is the wage of the  $i$ th speaker in year  $t$ . The key explanatory variables are interactions between race and speech patterns. The variables  $\text{WHITE}_i$  and  $\text{BLACK}_i$  are race dummies, equal to 1 if speaker  $i$  is white or black, accordingly, and equal to zero otherwise. The variable  $\text{INDISTINCT}_i$  is a dummy equal to 1 if the  $i$ th speaker's race was indistinctly identified by the listeners, that is, if three or fewer listeners accurately assessed his race. The variable  $\text{DISTINCT}_i$  is a dummy equal to 1 if the  $i$ th speaker's race was distinctly identified by the listeners, that is, if four or more listeners accurately assessed his race. The omitted group in this regression model consists of whites who were distinctly identified as white by listeners.

Other regressors included in the model, represented by  $X_{it}$ , include controls for observable measures of skill. In the initial specifications, these include the speaker's highest grade completed and potential labor market experience, both of which vary over

time. The model also includes a sex dummy to control for otherwise unexplained differences in the wages of young men and women. Since I include enrolled workers in most of my regressions in order to maximize the sample size, I also include a time-varying dummy variable that is equal to one if speaker  $i$  is enrolled in school at time  $t$  and equal to zero otherwise. This accounts for the fact that young workers who are enrolled in school tend to earn less than young out-of-school workers (see, e.g., Borjas, Grogger, and Hanson 2008).

I control as well for listener and technician characteristics that predict the accuracy of listeners' assessments of speakers' race: mean listener age, the share of black listeners, the share of listeners from the Western US; the mean of the listener's rating of their understanding of the speaker; and technician dummies. These variables account for the possibility that some of my listeners were better able than others to judge the race of the speakers. Their coefficients are not shown in order to save space.

The unobservable disturbance term in the regression has two components. The term  $\alpha_i$  is a time-invariant person-specific component. The term  $\varepsilon_{it}$  is a time-varying component. The term  $\alpha_i$  generates dependence among the worker's wage observations, rendering the usual OLS standard errors inconsistent. I deal with this dependence by clustering the standard errors at the person level.

### ***C. Results***

Table 9 reports estimated wage regressions. Although most of the wage regressions take the form specified in equation (1) above, I begin with two that differ in their characterization of race and speech patterns. The first contains no information about speech patterns, but rather includes only the  $BLACK_i$  dummy and the other  $X_{it}$  variables.

This is presumably the specification that one would estimate in the absence of the speech data. The estimated coefficient on the  $BLACK_i$  dummy shows that blacks earn almost twelve percent less than similarly skilled whites, on average. This is roughly similar to estimated wage gaps based on other samples of young workers (Grogger 1996).

The next regression includes the  $BLACK_i$  dummy and an interaction between the  $BLACK_i$  dummy and the number of correct listener reports of the speaker's race. To capture speech variation among whites, it also includes an interaction between the  $WHITE_i$  dummy and the number of correct reports. Thus the base group here consists of whites whose race was correctly perceived by none of the listeners, whereas the coefficient on the  $BLACK_i$  dummy is an estimate of the mean wage difference between the base group and black workers whose race was correctly perceived by none of the listeners. The coefficient is positive but insignificant, showing that the most indistinctly perceived blacks face wages no different than those of similarly skilled whites. The interaction between the  $BLACK_i$  dummy and the number of correct listener reports shows that black workers' wages fall as the number of listeners who correctly perceive their race rises. Moreover, the coefficient is significant at conventional levels. In contrast, the coefficient on the interaction between the  $WHITE_i$  dummy and the number of correct listener reports shows that white workers' wages are largely independent of the number of correct perceptions.

The third column reports estimates of the specification given by equation (1). The first estimate shows that distinctly identified black workers earn wages that are roughly 19 percent lower than similarly skilled whites who were distinctly perceived as white. In sharp contrast, the wage penalty paid by indistinctly identified blacks is only 2.3 percent.



Whereas the wage penalty paid by distinctly identified blacks is significant, the wage penalty for indistinctly identified blacks is not. Indistinctly identified whites likewise suffer only an insignificant wage penalty.

Another way to interpret these estimates is to note that the racial wage gap estimated by the conventional specification in column (1) masks two very different groups of black workers. One group, characterized by racially distinctive speech, suffers a substantial wage penalty. The other, characterized by indistinctive speech, enjoys virtual wage parity with whites. Put differently, African American workers with distinctive speech account for almost all of the racial wage gap observed among these young workers.

The other regressors in the table largely perform as expected. Schooling and experience have positive, significant effects on wages. Workers who are enrolled in school earn less than their counterparts who are not enrolled. Males generally earn more than similarly skilled females. Residents of the South earn lower wages, but the difference is not significant. The one surprise is that urban dwellers earn less than their non-urban counterparts, although again, those coefficients are insignificant.

Of course, Tables 6 and 7 showed that other speaker traits are correlated with race and speech patterns. If those traits are also correlated with wages, they might explain the speech-related wage gap in Table 9. Table 10 adds a number of variables to the basic wage regression. I report results only from the specifications that involve the binary speech measure, since that specification provides the better fit to the data (see the R-square statistics at the bottom of Table 9).

The regression in column (1) of Table 10 adds to the specification from column (3) of Table 9 the speaker's AFQT score, on the grounds that speech patterns may merely be standing in for more general measures of labor market skill.<sup>8</sup> The AFQT score is positive and significant. Adding it to the regression reduces the wage gap between distinctly and indistinctly identified black workers, but the difference is still 14 percent and significantly different from zero.

The next four columns add variables that may influence the speaker's speech pattern, as discussed above. Family structure, parental education, household income, and private schooling are all associated with higher wages. Household income and the private-school dummy are significant at the 10 percent level. All of these variables reduce the wage gap between distinctly and indistinctly identified black workers, although the gap remains sizable and significantly different from zero. Column (6) adds a dummy equal to one if the speaker's voice was distinctly identified as Southern. Many Southern dialects and AAE share features in common (Fasold 1981), so the effect that I attribute to racially distinctive speech patterns could instead be attributable to regionally distinctive speech. The coefficient on the Southern accent dummy is negative but not significant. Adding the Southern accent dummy has little effect on the coefficients of the race-speech pattern interactions.

The last column in the table adds all the additional variables at once. Only the AFQT and household income are individually significant, but the set is highly jointly significant, with an F-statistic of 3.44. Adding the full set of background variables reduces the estimated race- and speech-related wage differences. The least restrictive

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<sup>8</sup> Because roughly 20 percent of the NLSY respondents did not take the AFQT, I also include a dummy equal one for those respondents (I set the missing AFQT scores to zero).

estimates, in column (7) of Table 10, show that distinctly identified blacks earn 12.4 percent less than distinctly identified whites. This compares with an estimate of 18.8 percent in the most restrictive regression, reported in column (3) of Table 9. The speech-related wage gap among blacks falls as well, from 16.5 percent in the most restrictive model to 11.7 percent in the least restrictive model. Although the speech-related wage gap falls by more than a quarter, at almost 12 percent it remains substantial, and its t-statistic is 1.93. The wage difference between indistinctly identified blacks and distinctly identified whites is less than one percent.

#### ***D. Specification Issues***

The first two columns of Table 11 speak to two important specification issues. Because my sample size is so small, the regressions reported in Tables 9 and 10 include workers who were enrolled in school, along with a dummy variable indicating that they were enrolled. Although sample size considerations may justify this choice, it is unconventional, and important to determine whether my main results are sensitive to it. Column (1) reports a wage regression akin to that reported in column (7) of Table 10, from which observations have been deleted during periods when the speaker was enrolled in school or college. Although the speech-related wage gap among blacks is not significant in this regression, it remains fairly sizeable at 9.4 percent. The wage difference between distinctly identified blacks and distinctly identified whites is a significant 13.6 percent.

The second column deals with possible self-selection into employment. Following Neal, Johnson, and Kitamura (2000), I impute a low wage value (specifically, the lowest value observed in the sample), to speakers during years when they do not

report wages. I then estimate the model via median regression. The motivation for this approach is a simple model of labor supply, in which the consumer works if and only if her offered wage exceeds her reservation wage. This model implies that non-workers have low offered wages; median regression helps to reduce the sensitivity of the estimates to the particular value imputed to the non-workers. This approach suggests that, if anything, the OLS wage regressions reported above understate both race- and speech-related wage differences.

The next two columns report regressions of enrollment and employment status, respectively, on all of the variables included in column (7) of Table 10. These are of substantive interest and also help explain the findings in the first two columns of Table 11. Column (3) shows that there are no significant differences in enrollment status by race or speech pattern. This explains why the estimated wage equations are relatively insensitive to the inclusion of enrolled workers. Column (4), in contrast, shows that distinctly identified blacks work significantly less than speakers in the other race and speech categories. This explains why the imputed wage regression in column (2) produces larger speech-related wage gaps among black workers than the OLS wage regressions. Distinctly identified blacks are more likely to have missing wage data, so under the simple labor supply model, speech-related differences in offered wages exceed speech-related differences in observed wages.

An issue for which there is no direct evidence concerns possibility of code-switching. Many African-Americans speak both AAE and SAE, and switch between the two depending on context. Research shows that bi-dialectical speakers are more likely to speak AAE when speaking with other African-Americans, and are more likely to speak

SAE, the more formal the context (Labov 1972). Thus among bi-dialectical speakers, there may be a difference between the language used on the job and the language used in the NLSY Validation Interview.

The interviewer for the validation interview was an African American woman. By itself, this may have prompted some speakers who speak SAE on the job to speak AAE during the interview. This should bias my coefficient for sounding distinctly black toward zero, since some speakers who sounded distinctly black during the interview would sound indistinctly black at work. However, if speakers adopt a more formal style for telephone interviews than they do on the job, then the bias could go the other way.

#### **IV. Interpretation**

The above results show that speech patterns are highly correlated with wages among young African American workers. This raises the question of what explains that correlation. Here I discuss some alternative explanations and the data one would need to distinguish among them. Although much of the data is currently unavailable, understanding the different possibilities is important, because they have different implications for policy.

The results are consistent with two broad categories of models: one in which speech plays a causal role, and another in which speech serves as a signal of unobserved productivity. Causal models themselves fall into two groups: one in which speech raises productivity, and one in which speech affects discrimination. Lang (1986) provides an example of the former. In Lang's model, language differences among workers raise production costs. In equilibrium, a subset of minority-language speakers chooses to become bilingual. They become supervisors of monolingual minority members and earn

a wage premium to compensate for the cost of learning the majority language. Thus Lang's model predicts that bilingual minority workers should earn a wage premium relative to monolingual minority workers, as we observed above. It also predicts that monolingual minority workers should disproportionately occupy jobs where many workers share a single supervisor, in order to minimize the costs of language learning.

Another causal explanation stems from a model of differentiated racial prejudice. If employers are prejudiced against blacks, as in (Becker 1971), but bigoted employers are less averse to blacks who do not sound distinctly black as compared to those who do, then indistinctly identified blacks should suffer a lower wage penalty than their distinctly identified counterparts. A distinctive feature of Becker's model is that the extent of wage discrimination is reduced by workplace segregation.<sup>9</sup> In a world where bigoted employers discriminate on the basis of both skin color and speech, such a relationship presumably should be flatter for indistinctly identified blacks than for distinctly identified blacks.

In signaling models, speech patterns do not raise productivity, but rather signal the worker's underlying skill. If the cost of acquiring the speech signal falls with skill, these models can generate the speech-related wage differences observed above. Adding measures of labor market productivity to the regression should also cause the speech-related wage gap to fall, as in Table 10.

One such signaling model is that of Lang and Manove (2006). In their model, blacks overinvest in a signal (in their case, education) due to statistical discrimination. Speech could serve a similar purpose.

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<sup>9</sup> Charles and Guryan (2008) provide empirical evidence along these lines.

Another example is Austen-Smith and Fryer's (2000) ethnic identity model. Their model involves a "two-audience" signaling problem, in which individuals gain utility both from wages, which are a function of skill, and from acceptance by the peer group. Each individual is a two-dimensional type, where one dimension is labor market skill and the other is a binary indicator of acceptability. Highly acceptable but low-skilled types obtain little if any education, which signals their acceptability. Highly skilled types obtain education independent of their acceptability. They signal their skill, rather than their acceptability, because the opportunity cost of forgoing education is too high. Replacing education in their model with a (continuous) speech signal would presumably lead to similar conclusions: high skill workers would obtain the speech signal to signal their skill, independent of acceptability, whereas low-skill, high-acceptability workers would forego the speech signal.

Another model in which speech could signal productivity is that of Altonji and Pierret (2001; hereafter, AP), who add employer learning along the lines of Farber and Gibbons (1996) to a model of statistical discrimination. In their model, workers are characterized by a variable  $s$ , which is fully observed at the beginning of the worker's career (such as speech), and a vector of variables  $z$ , which is largely unobservable at the beginning of the worker's career, but about which the competitive employer observes a noisy signal each period. If firms statistically discriminate on the basis of  $s$ , and  $s$  and  $z$  are positively correlated, then the effect of  $z$  on the worker's wage should rise over time as the firm acquires signals about the worker's value of  $z$ . At the same time, as the firm acquires information about  $z$ ,  $s$  should exert less effect on the worker's wage.

In AP's model, if employers do *not* statistically discriminate on the basis of race (because such discrimination is illegal, for example), then race is essentially a  $z$  variable. As such, it should have relatively little effect on the worker's wage at the beginning of his career. If race and productivity are negatively correlated, as suggested by the negative correlation between race and AFQT scores, then the effect of race should become increasingly negative over time. Moreover, if firms statistically discriminate on the basis of speech, which is observable, then at the beginning of the worker's career, black workers with the favorable signal should earn higher wages than black workers without it. This is consistent with the results above. However, over time, the favorable speech signal should have less effect on wages as the labor market acquires signals about the worker's true productivity. Thus under the assumptions of AP, we would expect speech-related wage gaps to be temporary. Indeed, Lange's (2007) findings suggest they may disappear quickly.

Understanding why speech patterns are correlated with wages is important, since different models have different implications for policy. In Lang's (1986) model, speech differences reduce productivity, so interventions that lower the cost of becoming bi-dialectical should raise output. In signaling models, the speech signal has distributional consequences, but it does not affect output. The same is true for taste-based models of discrimination along the lines of Becker (1971). In principle, it should be possible to distinguish among these models empirically, but to do so would require new data collection.

Of course, there is another possibility, which is that speech is correlated with the worker's productivity, but in contrast to the usual assumptions of signaling models, it is



correlated with aspects of productivity that are already observable to the employer, even if they are not generally observable to the analyst. In this case, the results above identify a group of African American workers who suffer almost no wage disadvantage in comparison to similarly qualified whites. Other such groups have been found before (Bound and Freeman 1992), but they are rare. Understanding why indistinctly identified blacks have achieved wage equality with whites may help provide insights into the considerable inequality that remains.

## **V. Conclusions**

Speech patterns are correlated with racial wage differences. Among blacks, speech patterns are correlated with skill, measured by either schooling or AFQT scores. Yet even controlling for schooling and test scores, speech patterns predict racial wage gaps. Black workers whose speech is distinctly identified as black earn 12 percent less than comparably skilled whites. Their indistinctly identified counterparts earn essentially the same as whites.

There are many potential explanations for the speech-related wage gaps reported here. It would be useful to distinguish among them, since different models have different implications for policy. More generally, better understanding how one group of African Americans has achieved wage equality may help to explain the substantial inequality that persists.

Table A1: Mean AFQT Scores, by Race and Number of Correct Listener Reports of Race

Number of correct reports: Race	0	1	2	3	4	5	Total
White	-0.132 9	-0.379 5	0.252 10	0.448 18	0.176 62	0.427 126	0.314 230
Black	-0.153 7	0.480 3	-0.298 7	-0.060 14	-0.852 10	-0.721 59	-0.536 100

Note: Top number in each cell is the mean AFQT score; bottom number is the cell size.  
Cell sizes add to 330 due to item non-response.

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**Table 1: Summary Statistics for Blacks and Whites in the Speech Sample and the Full NLSY**

Variable	Speech sample	Full NLSY
Male	0.51	0.51
Age, 2006	23.1	23.0
Race		
White	0.69	0.67
Black	0.31	0.33
AFQT	0.06	0.08
Share enrolled, 2006	0.17	0.20
Highest grade completed, 2006	13.1	13.0
Southern residence, 2006	0.42	0.43
Urban residence, 2006	0.71	0.63
Sample size <sup>a</sup>	402	7,000

a - Due to item non-response, sample sizes for ASVAB are 330 and 5317.

**Table 2: Listener Characteristics**

Sex	N	Percent
Female	79	61
Male	51	39
Total	130	100
Race/ethnicity		
White	98	75
Black	12	9
Hispanic	6	5
Asian	11	8
Other	3	2
Total	130	100
Region of residence, age 6		
Northeast	27	21
Midwest	50	38
South	22	17
West	22	17
Outside US	9	7
Total	130	100
Native language		
English	127	98
Spanish	2	2
Other	1	1
Total	130	100



**Table 3: Accuracy of Listeners' Perceptions of Speaker Characteristics**

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Speaker characteristic	Percent correct listener responses
Sex	
Male	98.3
Female	97.8
Race/ethnicity	
White	83.6
Black	77.1
Education	
Less than high school	5.3
High school	28.3
Some college	29.6
College or more	48.3
Region of origin	
Northeast	27.5
Midwest	39.6
South	47.0
West	24.4

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Note: Number of speaker-listener pairs is 2010.

**Table 4: Determinants of the Accuracy of Listeners' Perceptions of Speaker's Race**  
 Dependent variable is dummy equal to one if listener's perception of speaker's race is correct

Variable	(1)	(2)	(3)	(4)
<b>A. Speaker characteristics</b>				
Black	-0.089 (0.036)			-0.087 (0.036)
Male	-0.034 (0.026)			-0.036 (0.027)
Age, 2006	0.012 (0.010)			0.011 (0.009)
Enrolled, 2006	-0.054 (0.043)			-0.050 (0.043)
Highest grade, 2006	0.007 (0.008)			0.007 (0.008)
Midwest	0.020 (0.047)			0.023 (0.046)
South	0.068 (0.045)			0.064 (0.045)
West	-0.044 (0.057)			-0.040 (0.056)
AFQT	-0.001 (0.019)			-0.003 (0.020)
<b>B. Listener characteristics</b>				
Male		0.009 (0.018)		0.007 (0.018)
Black		0.099 (0.044)		0.091 (0.043)
Hispanic		-0.010 (0.056)		-0.022 (0.057)
Other race		-0.038 (0.065)		-0.030 (0.063)
White		0.041 (0.032)		0.026 (0.032)
Age		-0.009 (0.003)		-0.009 (0.003)
Graduate degree		-0.013 (0.026)		-0.021 (0.026)
Midwest		-0.008 (0.023)		-0.003 (0.023)
South		-0.001 (0.029)		0.001 (0.030)
West		0.071 (0.028)		0.071 (0.028)
Outside US		0.041 (0.042)		0.029 (0.041)
Repeat listener		-0.020 (0.032)		-0.011 (0.031)
Understood clip (1-5 scale)		0.022 (0.010)		0.014 (0.011)
<b>C. Technical factors</b>				
Phrase count			-0.006 (0.007)	-0.005 (0.008)
Technician 1			0.062 (0.044)	0.057 (0.044)
Technician 2			0.061 (0.030)	0.047 (0.031)
Medium quality			0.005 (0.033)	-0.024 (0.034)
High quality			0.030 (0.045)	0.009 (0.044)
Observations	2010	2010	2010	2010
R-squared	0.027	0.016	0.008	0.046

Notes: Standard errors, in parentheses, are clustered by speaker. In addition to the variables shown, all regressions include missing value flags for speaker's enrollment status, highest grade, region of residence, and ASVAB score. Missing value flags equal one if the corresponding variable is missing and zero otherwise. The missing values of the corresponding variable are recoded to zero.

**Table 5: Speaker-Level Measures of Listeners' Perceptions of Speaker Characteristics**

Listeners' perception of speaker's characteristic:	Indistinct (0-3 correct listener responses)	Distinct (4-5 correct listener responses)	Total
Speaker characteristics	(1)	(2)	(3)
<b>Gender</b>			
Male	.02 5	.98 201	1.00 206
Female	.01 2	.99 194	1.00 196
<b>Race</b>			
White	0.18 51	0.82 227	1.00 278
Black	0.33 41	0.67 83	1.00 124
<b>Education</b>			
No H.S. diploma	1.00 83	0.00 0	1.00 83
H.S. diploma	0.94 109	0.06 7	1.00 116
Some college	0.96 120	0.04 5	1.00 125
College degree	.77 54	.23 16	1.00 70
<b>Region of origin</b>			
Northeast	.98 60	.02 1	1.00 61
Midwest	.89 82	.11 10	1.00 90
South	.70 100	.30 42	1.00 142
West	.98 54	.02 1	1.00 55

Note: Within each cell, the top number is the row proportion and the bottom number is the number of observations. Total observations for education is 394 due to 8 missing values. Total observations for region at age 12 is 350 due to 52 missing values. Total observations for all other values is 402.

**Table 6: Speakers' AFQT Scores and Highest Grade Completed, by Race and Listeners' Perceptions of Race**

Listeners' perceptions of speaker's race/ethnicity:		Indistinct (0-3 correct listener responses)	Distinct (4-5 correct listener responses)	Total
Speaker's race/ethnicity		(1)	(2)	(3)
White	AFQT	0.18	0.34	0.31
	Highest grade	12.84	13.52	13.39
Black	AFQT	-0.08	-0.74	-0.54
	Highest grade	13.00	11.99	12.32

Note: Sample size is 394 for highest grade completed and 330 for ASVAB.

**Table 7: Family Background and School Type, by Race and Speech Pattern**

Race: Speech pattern: Variable	White			Black		
	Indistinct (1)	Distinct (2)	Total (3)	Indistinct (4)	Distinct (5)	Total (6)
Two parents, age 12	0.58	0.57	0.57	0.33	0.14	0.20
Parent's schooling	13.3	14.27	14.09	13.24	12.43	12.69
HH income, 1997 (\$1,000s)	4.65	5.9	5.69	4.01	2.8	3.15
Private/parochial school	0.06	0.07	0.07	0.12	0.04	0.06

**Table 8: Summary Wage, Age, and Enrollment Data, by Year**

Period	2004	2005	2006	Total
Variable	(2)	(3)	(1)	(4)
Share reporting wages	0.63	0.60	0.75	0.86 <sup>a</sup>
Mean wage (s.d.)	11.77 (5.96)	12.61 (7.36)	13.71 (7.24)	12.76 (6.93)
Age				
Mean	22.1	23.1	24.1	23.1
Min	20	21	22	19
Max	24	25	26	25
Share enrolled	0.27	0.25	0.17	0.23

a - Share reporting wages at least once between 2004 and 2006.

**Table 9: Wage Regression Results**

Dependent variable is the speaker's log hourly wage

Variable	(1)	(2)	(3)
Black	-0.116 (0.047)	0.065 (0.111)	
Black*no. correct		-0.044 (0.020)	
White*no. correct		0.005 (0.018)	
Black, distinct			-0.188 (0.057)
Black, indistinct			-0.023 (0.057)
White, indistinct			-0.023 (0.051)
Highest grade comp.	0.106 (0.012)	0.104 (0.012)	0.105 (0.012)
Experience	0.051 (0.011)	0.051 (0.011)	0.051 (0.011)
Enrolled	-0.111 (0.049)	-0.114 (0.049)	-0.112 (0.048)
Male	0.112 (0.039)	0.111 (0.039)	0.114 (0.039)
South	-0.074 (0.040)	-0.065 (0.041)	-0.063 (0.041)
Urban	-0.067 (0.047)	-0.070 (0.047)	-0.068 (0.047)
R-squared	0.194	0.202	0.204

Note: Figures in parentheses are standard errors, clustered by individuals. Sample size is 786. Number of individuals is 345. In addition to the variables shown, each regression includes a set of listener and technician characteristics that predict the accuracy of listeners' perceptions of the speaker's race: the share of listeners from the western U.S.; the share of black listeners; mean listener age, mean listener understanding, and technician dummies.

**Table 10: Additional Wage Regressions**

Dependent variable is the speaker's log hourly wage							
Variable	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Black, distinct	-0.152 (0.057)	-0.161 (0.057)	-0.173 (0.057)	-0.155 (0.056)	-0.191 (0.057)	-0.195 (0.057)	-0.124 (0.057)
Black, indistinct	-0.013 (0.057)	-0.010 (0.057)	-0.010 (0.056)	-0.010 (0.055)	-0.031 (0.060)	-0.028 (0.057)	-0.007 (0.054)
White, indistinct	-0.027 (0.050)	-0.028 (0.050)	-0.010 (0.051)	-0.011 (0.049)	-0.023 (0.051)	-0.034 (0.052)	-0.031 (0.049)
AFQT	0.063 (0.024)						0.067 (0.025)
Two parents, age 12		0.079 (0.047)					0.039 (0.049)
Parent's schooling			0.014 (0.009)				-0.002 (0.010)
HH income, 1997				0.017 (0.009)			0.015 (0.008)
Private school					0.143 (0.082)		0.118 (0.080)
South, distinct						-0.068 (0.054)	-0.068 (0.053)
R-squared	0.215	0.210	0.209	0.222	0.210	0.206	0.244

Note: Figures in parentheses are standard errors, clustered by individuals. Sample size is 786. Number of individuals is 345. In addition to the variables shown, each regression includes all of the variables shown in column (3) of Table 9 and a set of listener and technician characteristics that predict the accuracy of listeners' perceptions of the speaker's race. These include the share of listeners from the western U.S.; the share of black listeners; mean listener age, mean listener understanding, and technician dummies. The regressions that include the variables AFQT, Two parents, Parent's schooling, and HH income also include missing value flags. The flag takes the value one if the value for the variable is missing and zero otherwise. The missing value for the variable is set to zero.



**Table 11: Additional regressions**

Dependent variable:	Log wage	Imputed log wage	Enrolled	Employed
Variable	(1)	(2)	(3)	(4)
Black, distinct	-0.136 (0.062)	-0.208 (0.063)	-0.015 (0.042)	-0.112 (0.045)
Black, indistinct	-0.042 (0.066)	0.026 (0.069)	-0.006 (0.045)	0.003 (0.037)
White, indistinct	0.027 (0.055)	-0.011 (0.062)	-0.023 (0.051)	0.026 (0.038)
Observations	600	1092	1092	1051
R-squared	0.293		0.240	0.085
Drop enrolled speakers	Yes			
Median regression		Yes		

Note: Figures in parentheses are standard errors, clustered by individuals. Standard errors in column (2) are bootstrapped. In addition to the variables shown, each regression includes all of the variables shown in column (7) of Table 10 and a set of listener and technician characteristics that predict the accuracy of listeners' perceptions of the speaker's race. These include the share of listeners from the western U.S.; the share of black listeners; mean listener age, mean listener understanding, and technician dummies. The regressions also include missing value flags for the variables AFQT, Two parents, Parent's schooling, and HH income. The flag takes the value one if the value for the variable is missing and zero otherwise. The missing value for the variable is set to zero. In columns (2) and (3), sample size is less than 1206 (=402\*3) due to missing data on educational attainment. In column (4), sample size is smaller still due to missing data on employment status.