

THE ECONOMIC STATUS OF AFRICAN-AMERICANS

HEARING
BEFORE THE
SUBCOMMITTEE ON
INVESTMENT, JOBS, AND PRICES
OF THE
JOINT ECONOMIC COMMITTEE
CONGRESS OF THE UNITED STATES
ONE HUNDRED FIRST CONGRESS

SECOND SESSION

—————
MAY 24, 1990
—————

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THE ECONOMIC STATUS OF AFRICAN- AMERICANS

THURSDAY, MAY 24, 1990

CONGRESS OF THE UNITED STATES,
SUBCOMMITTEE ON INVESTMENT, JOBS, AND PRICES
OF THE JOINT ECONOMIC COMMITTEE,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:07 a.m., in room 2175, Rayburn House Office Building, Hon. Augustus F. Hawkins (chairman of the subcommittee) presiding.

Present: Representatives Hawkins and Hayes.

Also present: Jim Klumpner, professional staff member.

Representative HAWKINS. The subcommittee will come to order. Not all the witnesses are here, and I hope we will be joined later by those that are not present, but we will proceed and we have as our first witness, Ms. Eleanor Holmes Norton.

The Chair is fully aware that the witnesses are experts in their field, and we will forgo the usual introductions, and without objection, an opening statement of mine will be inserted in the record, in order to give the witnesses the full time to present their statements and to answer questions.

[The written opening statement of Representative Hawkins follows:]

WRITTEN OPENING STATEMENT OF REPRESENTATIVE HAWKINS

GOOD MORNING, AND WELCOME TO THE SUBCOMMITTEE ON INVESTMENT, JOBS AND PRICES' HEARING ON THE ECONOMIC STATUS OF AFRICAN-AMERICANS.

A SOUND AND PROSPEROUS ECONOMY SHOULD PROVIDE EXPANDING OPPORTUNITY FOR ALL PEOPLE. AS THE SAYING GOES, A RISING TIDE LIFTS ALL BOATS. BUT, THAT ADAGE HAS A HOLLOW RING WHEN THE ECONOMIC PROGRESS OF BLACK AMERICANS IS MEASURED. WHILE SIGNIFICANT GAINS WERE ACHIEVED DURING THE MIDDLE PART OF THIS CENTURY, WE LOST GROUND DURING THE DECADE OF THE EIGHTIES. DESPITE SEVEN AND A HALF YEARS OF POST RECESSION RECOVERY, THERE CONTINUES TO BE A LARGE GAP BETWEEN THE ECONOMIC LIVELIHOOD OF BLACK AMERICANS AND THAT OF OTHER AMERICANS.

BY ALMOST ALL MEASURES OF ECONOMIC WELL-BEING - - -
EDUCATIONAL, EMPLOYMENT, INCOMES, AND LIVING STANDARDS - - -
BLACKS HAVE YET TO OBTAIN EQUITY WITH THEIR WHITE COUNTERPARTS.
IT IS OUR TASK TODAY TO HEAR OUR PANEL OF EXPERT WITNESSES
EXPLAIN THE REASONS FOR THIS DISPARITY AND OUR CHALLENGE TO LOOK

AT APPROPRIATE POLICIES FOR ADDRESSING THESE INEQUITIES. AS
PRESIDENT JOHN F. KENNEDY SAID, "OUR TASK NOW IS NOT TO FIX THE
BLAME FOR THE PAST, BUT TO FIX THE COURSE FOR THE FUTURE."

WE WILL NOW START WITH THE FIRST WITNESS ON OUR PANEL.

Representative HAWKINS. I see that Congressman Hayes is present, and you may present your opening statement.

Representative HAYES. Thank you, Mr. Chairman, but since we have a long list of witnesses, I know that their time is important and precious, and I don't want to further delay their presentations, and I think we should get right into the hearing. Thank you very much.

Representative HAWKINS. We are delighted to have all of the witnesses here today, and we wish to thank you for being with us. May I first of all call Ms. Norton, and in so doing, I would wish to first express my personal appreciation for all that Ms. Norton has done for this subcommittee, and she has been such a wonderful supporter of the hearing process on this committee, as well as the Education and Labor Committee.

We will be proceeding with you as our witness, and all the statements will be entered into the record in their entireties. So, if the witnesses care to summarize or give us the highlights, that would be appropriate.

At the end of the witnesses testimony, we will have questions, and we will enjoy having some interplay with the witnesses on some issues that may arise, and we know that the subject matter is one that lends itself to a great deal of emotion, and strong feelings, one way or the other, but the Chair is fully aware that progress has been made, but we sometimes have a little trouble—and that others are not fully aware of the serious problems facing the country today, and the need to move ahead in education, and being involved in civil rights, which I am sure that Ms. Norton appreciates.

There the civil rights movement has been turned upside down as it were, and it should be put in proper focus and bring us back to reality. Ms. Norton, you may proceed as you so desire.

**STATEMENT OF ELEANOR HOLMES NORTON, PROFESSOR,
GEORGETOWN UNIVERSITY LAW CENTER**

Ms. NORTON. Thank you, Mr. Chairman, and Congressman Hayes. Chairman Hawkins, I appreciate your generous remarks concerning my own service, and I will extract highlights from my prepared statement, and staying within my prescribed time limit, I hope, but even if it distracts from my own time, may I be permitted to begin by saying just a brief word about your service, Mr. Chairman, as you are about to retire after 28 years of historic accomplishment in the Congress.

I know of many of your accomplishments first hand, because you had direct oversight over my work when I chaired the Equal Employment Opportunity Commission from 1977 to 1981.

You were a tough task master who demanded excellence and concrete accomplishments from agency heads just as you always held yourself to breathlessly high standards. This is not the place to lay out the historic record on your achievements, from the Humphrey-Hawkins Full Employment and Balanced Growth Act, to the Civil Rights Act of 1990, of which, along with Senator Kennedy, you are the prime author and sponsor, moving the bill through the Congress at this very moment.

However, this is the time and the place to say that your work for equality, social justice, economic rights, and education is of historic dimensions. You leave shoes that will never be filled in the same way. The Congress has no choice but to retire your number, Mr. Chairman.

This is a moment in history when African-Americans have good reason to fear that too many of us will be locked out of the economy of the future, as certainly and as cruelly as our forebearers were excluded from the public accommodations and the polling places and the economic opportunities of their time.

And this is a moment of history when every American must wonder whether our country will be able to compete successfully in the international marketplace of the future when so many of our people are held back by the injustices of the past and present.

I had the opportunity to review the record of the past half century as a member of the Committee on the Status of Black Americans, which produced the study, "A Common Destiny: Blacks and American Society," commissioned by the National Research Council and published by the National Academy of Sciences.

This study continues the work of such landmark efforts as the Kerner Commission Report of 1968, and Gunnar Myrdal's, "An American Dilemma," from 1945. "A Common Destiny" is a balanced study about both progress and problems, but it could easily have been titled "Unfinished Business." It is an overall assessment of the tasks that remain to assure economic opportunity and full social and political participation for African-Americans in particular.

But the book makes clear that the fate of African-Americans is linked to that of other Americans, and one could even say to the world, as we enter this decade of rapid economic, political, and social change.

I would like to offer an overview of this study, as well as some of my own views on the economic status of African-Americans particularly in a community that has always been the symbol of the Nation itself, and is now a signpost for our future; the Nation's capital, Washington, DC.

Thus, the first part of my testimony speaks to the large macroissues raised by "Common Destiny." But such studies gain their credibility from their relevance to actual local conditions.

Therefore, in the second part of my testimony, I will discuss problems and prospects for African-Americans, as presented by "Common Destiny," but focusing on the capital city, because it is a particularly apt model of the changes and the problems African-Americans face today.

The fact that the long march to equality is only half completed is summed up by three general implications that can be drawn from this.

No. 1: The great economic gulf that existed between black and white Americans in 1939 has only been narrowed, and it has not been closed. "Common Destiny" documents the facts that show that for all the progress that has been made, black Americans still remain substantially behind white Americans in the basic indicators of opportunity and security: incomes and living standards;

health and life expectancy; educational, occupational, and residential opportunities; and political and social participation.

No. 2: The African-American community is divided increasingly between stable, middle-class, two-parent families who contribute to the political, economic, and social health of the Nation, and a growing segment of poor or near-poor, largely single-parent families hobbled by joblessness, drugs and crime, poor educational opportunities, horrible housing, and little or no health care.

No. 3: The scope and scale of the problems require solutions that are well beyond the self-imposed limits of our current fiscal condition, and the shortsightedness of our current economic practices.

Perhaps no place in the country is more representative of three facts than the District of Columbia. Despite a highly educated, black middle-class population, poverty is palatable; political but not economic power has changed hands, and the weakened structure of the black family casts a shadow over virtually all the other problems of the African-American community.

To be sure the progress over the past half century has been significant, but this is largely because it is measured against where African-Americans started; slavery, Jim Crow laws, geographic and social segregation, and confinement to economic marginalism.

It has been said that a rising tide lifts all boats, and, from the 1940's through the 1960's black progress sailed forward not only on the strong currents of the civil rights revolution, but also on the rising tides of a growing economy.

But black economic progress has stalled since 1973, when the real earnings of all Americans, white and black, stagnated. Those for whom progress has been the most delayed and denied has been those who have suffered the most.

During the 1980's, in particular, when public policies at the national level have favored the rich at the expense of the rest of society, African-Americans, who are the least affluent segment of our society, have seen our boats sinking while the luxury yachts of the wealthy have been bobbling merrily along.

By 1988, the income gaps between rich and poor, and between the rich and the middle class, have hit their widest points since the Census Bureau first started compiling such data in 1947.

With the decline in industries like auto and steel, textile and apparel, rubber tires, and electrical appliances, hundreds of thousands of black workers have lost the jobs and the opportunities that should have been their passports to economic security and upward mobility.

A direct cause and effect relationship exists between the deteriorating condition of a third of the black community today, and shrinking economic opportunities since the 1970's; the trenchment of a Federal commitment to providing opportunity to all Americans in the 1980's, and the lingering effects of discrimination throughout the years.

The study, "Common Destiny," suggests that action is urgently needed in four areas of national life. One, to promote national economic growth and full employment. Two, to improve education, health care, and other human services. Three, to reduce discrimination and involuntary segregation. And, four, to develop and

reform income maintenance and other family assistance programs to avoid long-term poverty.

We recognize that the greatest economic and social justice gains for blacks have occurred during those periods of greatest economic growth. Thus, we need new Federal Government and corporate policies which offer hope for rebuilding the economy so that it does what it once did; reaches down to allow the poor to work themselves out of poverty. We must begin right here in the Congress.

This very day, the budget summit is underway across the street in the Capitol, but the talk of fiscal deficits obscures the social deficits all around us. The fiscal deficit has become a way to play it safe, and to watch the condition of our community and our country decline for lack of investment in our only true resource, America's human capital.

In many respects the decline of our cities is a result of the cold war, just as the demolition of Western Europe was caused by the bombs and shells of World War II. For example, the DC taxpayers' share of the military budget is \$1 billion this year. Its school budget is only \$460 million.

DC taxpayers are billed over \$600 million per year for our share of the defense of Europe, even though there is nothing left to defend against. Meanwhile, the Federal payment to the District has been stuck at \$430 million for 5 years.

DC citizens contribute \$220 million to the Federal Government for the production of ever more powerful nuclear weapons. Yet, we get back only a fraction of this amount for Head Start, housing, drug treatment, health care, and environmental protection combined.

Let this nation strive, instead, to provide all of our people, and particularly those who have been excluded for more than four centuries, with the opportunities to achieve all that they can for themselves, for their families, for their communities, and for their country.

A healthy start in life, with adequate medical care and housing and nutrition; decent schools and real opportunities for college; training in the skills and the technologies and the jobs of the future; a full-employment economy that treats every man and woman as an invaluable resource, and not a spare part to be thrown on the scrap heap, and these are our challenges today.

These challenges are seen most readily right here on the doorstep of the President and the Congress, right here in the Nation's capital, right here in the District of Columbia.

In many ways, DC is a unique community, created to serve as the Nation's governmental center, never a center of heavy industry, and, for some time now, the home of a significant and substantial black middle class.

Now, as the District changes and America changes, the Nation's capital is also the Nation's harbinger: a postindustrial city, plunging into the service economy and the information age, with all the challenges and opportunities that accompany that transformation. A city beset with the problems of a growing group of people living in persistent poverty that is straining social services and threatening to both implode and explode.

Today, the largest sector of our economy in the District is the service sector, with 36.1 percent of our total jobs. Education, health care, and knowledge industries are the growing industries in the District, just as these and similar industries are the industries of the future throughout America.

There has been growth, and there will be more growth, in high-paying, high-technology, high-skilled jobs, such as electronics engineers, systems analysts, and computer programmers to name just a few.

But a majority of the growth in our city, the capital city, where the Congress sits, is in low-paid jobs—such as janitors, waitresses, and clerk typists—and disproportionate numbers of black people have been shunted into these jobs on the ground floor of the service economy, while other Americans have found their way into the penthouse.

The District's challenge is America's challenge: to keep our streets and our communities and our schools safe and drug free; to provide our children with a decent start in life; to guarantee an adequate level of health care for all; to ensure that hardworking families can have housing they can afford; and, most important of all, to provide all of our people—particularly the District's black majority—with the education and the training and the opportunity Americans will need for decent-paying jobs in the economy of the future.

We in the District are tired of being experimented upon by people who think they know what is good for us, but there should be the possibility for a dignified partnership between the national administration and the citizens of our nation's capital to solve some of the social and economic problems that confront not only this city, but the entire country.

The President and his drug policy coordinator have tried to use the District as a proving ground for arresting and incarcerating drug offenders, but their program was all bluff and bluster to feed the appetites of the national news media. One year later, the national drug czar has acknowledged that the war on drugs in the Nation's capital has been a failure.

We need to try a series of model programs in the District of Columbia using controlled studies to test the effectiveness of a truly comprehensive approach to intractable problems of drug addiction.

One of these should be a residential program for pregnant women. One out of every ten pregnant women uses cocaine in this city. Twenty-three percent of our babies born in the District have been exposed to drugs.

Fifty percent of drug users are not women. Yet, three out of four treatment programs in the District are for men. A controlled study model might well demonstrate a point of intervention at which we could reverse or prevent damages to babies that result in prohibitive expense at birth, and for the lifetime of these children.

Congress also needs to launch the National Institutes of Health in a research effort, of the kind that NIH is pursuing for AIDS, to find a chemical cure and prevention for addiction. The health emergency brought on by chemical dependence is just as serious as the AIDS crisis.

Because I believe that the drug problem is destroying our chances to remedy other longstanding problems in the African-American community, I am developing my own ideas on a comprehensive approach to drug addiction, which I will be publishing soon, to add to those that I have talked about here this morning.

And, through the greatest peaceful revolution in human history, my generation of African-Americans overcame the barriers of legal segregation and disenfranchisement. There is still much more that we must overcome: the discrimination that remains from the injustices of the past; the social problems spawned by the despair of the present; and, most of all, the challenge of preparing our young people for the world economy of the future.

These challenges are indeed our common destiny, and, if history teaches us anything, it is that a people with the strength to survive the ordeals of these past four centuries can surely find the strength to prepare our children for the next century.

Why not make this city, the city of official Washington, and the city of hometown Washington, an example of a different kind. I hope that the Congress will consider its official residence the setting for a dignified and creative partnership among the Federal Government, the people of the District of Columbia, and their leaders, business, labor, our schools, hospitals, and universities.

Together, we can tackle the problems of crime and drugs, housing and health care, education and job training by creating models that set the pace for the rest of the Nation. Thank you very much, Mr. Chairman.

[The prepared statement of Ms. Norton follows:]

PREPARED STATEMENT OF ELEANOR HOLMES NORTON

Thank you, Chairman Hawkins, for providing me this opportunity to testify on the economic status of the African-American community. May I be permitted to begin by saying just a brief word about your service Mr. Chairman, as you are about to retire after 28 years of historic accomplishment in The Congress. I know of many of your accomplishments first-hand because you had direct oversight over my work when I chaired the Equal Employment Opportunity Commission 1977-1981. You were a tough task master who demanded excellence and concrete accomplishments from agency heads just as you always held yourself to breathlessly high standards. This is not the place to lay out the historic record on your achievements from the Humphrey Hawkins Full Employment and Balanced Growth Act to the Civil Rights Act of 1990, of which, along with Senator Kennedy, you are the prime author and sponsor, moving the bill through the Congress at this very moment. However, this is the time and the place to say that your work for equality, social justice, economic rights and education is of historic dimensions. You leave shoes that will never be filled in the same way. The Congress has no choice but to retire your number, Mr. Chairman.

I can think of none better qualified to assess the subject of today's hearing -- and, more importantly, to offer recommendations for action -- than you, Mr. Chairman, because your entire public career and private life have been devoted to the cause of social and economic justice.

This is a moment in history when African-Americans have good reason to fear that too many of us will be locked out of the economy of the future, as certainly and as cruelly as our forebears were excluded from the public accommodations and the polling places and the economic opportunities of their time. And this is a moment of history when every American must wonder whether our country will be able to compete successfully in the international marketplace of the future when so many of our people are held back by the injustices of the past and present.

I had the opportunity to review the record of the past half century as a member of the Committee on the Status of Black Americans, which produced the study, A Common Destiny: Blacks and American Society, (Common Destiny) commissioned by the National Research Council and published last year by the National Academy of Sciences.

This study brought together more than 50 leaders and scholars from the worlds of education, law, business, labor, medicine, government, social work, and law enforcement. We reviewed the

historical record and a wealth of demographic and economic data and research analysis. We looked forward as well as backward; we reviewed the progress as well as the problems; and, for every conclusion we reached, we marshalled an unprecedented quantity and array of supporting evidence.

This study continues the work of such landmark efforts as the Kerner Commission Report of 1968 and Gunnar Myrdal's "An American Dilemma" of 1945. Common Destiny has been received and reviewed as the most authoritative and comprehensive study available on the status of African Americans. Over the past decade our country has needed a wake-up call to remind us that the persistence of racial inequality is our nation's oldest unsolved problem. For all its measured tone and depth of scholarship, this study is a wake-up call for a nation finally arising from the torpor of what was for some the feel-good decade of the 1980's. I hope the nation listens and that this is the last time such a wake-up call is necessary.

A "Common Destiny" is a balanced study about both progress and problems, but it could easily have been called "Unfinished Business." It is an overall assessment of the tasks that remain to assure economic opportunity and full social and political participation for African Americans in particular. But the book makes clear that the fate of African Americans is linked to that of other Americans -- and one could even say to the world -- as we

enter this decade of rapid economic, political and social change.

Other witnesses this morning will offer more detailed statements on the findings of this study and on such issues as longterm trends and the prospects for our young people. I would like to offer an overview of this study, as well as some of my own views on the economic status of African-Americans, particularly in a community that has always been the symbol of the nation itself and is now a signpost for our future: our nation's capital, Washington, D.C. Thus, the first part of my testimony speaks to the large macro-issues raised by Common Destiny. But such studies gain their credibility from their relevance to actual local conditions. Therefore, in the second part of my testimony, I will discuss problems and prospects for African Americans, as presented by Common Destiny, but focusing on the capital city because it is a particularly apt model of the changes and the problems African Americans face today.

The fact that the long march to equality is only half-completed is summed up by three general implications that can be drawn from this study:

Number 1: The great economic gulf that existed between black and white Americans in 1939 has only been narrowed; it has not closed. Common Destiny documents the facts that show that for all the

progress that has been made, black Americans still remain "substantially behind" white Americans in the basic indicators of opportunity and security: incomes and living standards; health and life expectancy; educational, occupational, and residential opportunities; and political and social participation.

Number 2: The African American community is divided increasingly between stable, middle class, two-parent families who contribute to the political, economic and social health of the nation, and a growing segment of poor or near-poor, largely single-parent families hobbled by joblessness, drugs and crime, poor educational opportunities, horrible housing and little or no health care.

Number 3: The scope and scale of the problems require solutions that are well beyond the self-imposed limits of our current fiscal condition, and the shortsightedness of our current economic practices.

Perhaps no place in the country is more representative of these three facts than the District of Columbia. Despite a highly educated, black middle class population, poverty is palatable; political but not economic power has changed hands, and the weakened structure of the black family casts a shadow over virtually all the other problems of the African American Community. Our prison at Lorton has more black males in it than are enrolled at the University of the District of Columbia. The infant

mortality rate is more than 2.5 times the national norm and is at the level of several Third World countries. And our human services cannot begin to cope with the problem -- this is in large part a result of federal cutbacks to domestic programs in general, and a five year freeze in the federal payment to the District of Columbia in particular.

To be sure the progress over the past half century has been significant, but this is largely because it is measured against where African Americans started -- slavery, Jim Crow laws, geographic and social segregation, and confinement to economic marginalism.

The civil rights revolution of the 1950's and 60's was a movement of a moral purity rare in human history because we addressed issues and redressed wrongs whose injustice was stark and undeniable: the segregation of public schools and public accommodations; the exclusion of black people from job opportunities and from entire communities; and the denial of the most basic right of citizenship -- the right to vote.

It has been said that a rising tide lifts all boats, and, from the 1940's through the 1960's, black progress sailed forward not only on the strong currents of the civil rights revolution but also on the rising tides of a growing economy. But black economic progress has stalled since 1973, when the real earnings of all Americans, white and black, have stagnated. Those for whom progress

has been the most delayed and denied have been those who have suffered the most.

During the 1980's, in particular, when public policies at the national level have favored the rich at the expense of the rest of society, African-Americans -- who are the least affluent segment of our society -- have seen our boats sinking while the luxury yachts of the wealthy have been bobbing merrily along. By 1988, the income gaps between rich and poor and between the rich and the middle class had hit their widest points since the Census Bureau first started compiling such data in 1947.

For millions of African Americans who made the great migration at mid-century from the rural areas of the South to the great urban centers of the North, "economic progress" often meant blue-collar jobs in basic industry. These were often hard, hot, and dirty jobs -- and black people often had to take the hardest, hottest, and dirtiest jobs -- but they were also relatively well-paying when compared with the farm work of the rural South; they offered decent health care and pension benefits often because they were union jobs, and they carried the dignity and security of union representation. It has been in these jobs where Title VII of the 1964 Civil Rights Act and affirmative action remedies have had their greatest positive effect.

It is a tragedy of our racial history that black people got

a foothold in the industrial economy just before it lost its cutting-edge competitiveness. With the decline of industries like auto and steel, textile and apparel, rubber tires and electrical appliances, hundreds of thousands of black workers have lost the jobs and the opportunities that should have been their passports to economic security and upward mobility. Millions of white working people have found themselves in similar situations. As has happened too often in American history, however, while other people caught economic flu, black people caught economic pneumonia. So it was that, while doors opened for those who were fortunate enough to have higher education and find jobs in America's offices, they slammed shut on those who had every right to expect that they would earn their livings in America's factories and foundries and machine shops.

A direct cause and effect relationship exists between the deteriorating condition of a third of the Black community today, and shrinking economic opportunities since the 1970s, the retrenchment of a Federal commitment to providing opportunity to all Americans in the 1980s, and the lingering effects of discrimination throughout the years. The racism that has emerged so boldly on college campuses, of all places, and in communities such as Bensonhurst has become more pronounced as economic opportunity has become more scarce in the society as a whole.

These past two decades, have seen the growth of problems which shake the very foundation of the African-American family, which had

survived centuries of slavery and segregation and unspeakable brutality.

- o One-half of black families with children must manage their affairs with only one parent -- almost always a mother.

- o Almost one out of four young black men are under the control of the criminal justice system.

- o 43 percent of all black children live under conditions of poverty.

- o 22% of all black Americans under age 65, including a substantial number of children, are not covered by private health insurance or Medicaid.

- o 42% of all black households have housing cost burdens that exceed 30% of their income; seven out of 10 poor black households now pay 35% or more of their income for housing.

Thus, in too many inner city and rural communities, good, hardworking, churchgoing people -- with the same hopes and values that my parents and so many of our parents had -- have had to raise their children in an environment where they must struggle every day against a psychology of despair and an economy offering little hope.

The study, "A Common Destiny," suggests that action is urgently needed in four areas of national life:

- Number 1: Promote national economic growth and full employment;
- Number 2: Improve education, health care, and other human services;
- Number 3: Reduce discrimination and involuntary segregation; and
- Number 4: Develop and reform income maintenance and other family assistance programs to avoid longterm poverty.

We recognize that the greatest economic and social justice gains for blacks have occurred during those periods of greatest economic growth. Thus we need new Federal Government and corporate economic policies which offer hope for rebuilding the economy so that it does what it once did - reaches down to allow the poor to work themselves out of poverty. We must begin right here in Congress.

This very day the budget summit is underway across the street in the Capitol. But the talk of fiscal deficits obscures the social deficits all around us. The fiscal deficit has become a way to play it safe, and to watch the condition of our community and our country decline for lack of investment in our only true resource--America's human capital.

In many respects the decline of our cities is a result of the Cold War, just as the demolition of Western Europe was caused by

the bombs and shells of World War II. For example, The D.C. taxpayers' share of the military budget is \$1 billion this year. Its school budget is only \$460 million. D.C. taxpayers are billed over \$600 million per year for our share of the defense of Europe, even though there is nothing left to defend against. Meanwhile the Federal payment to the District has been stuck at \$430 million for 5 years. D.C. citizens contribute \$220 million to the Federal Government for the production of ever more powerful nuclear weapons. Yet, we get back only a fraction of this amount for Head Start, housing, drug treatment, health care, and environmental protection combined.

Just as the Marshall Plan was Western Europe's "peace dividend" in the second half of the 1940s, an American urban renaissance could (and should) be the peace dividend of the first half of the 1990s. The U.S. spent \$13 billion to revive Western Europe in the four-year period from 1948 to 1952. The equivalent in 1990 dollars would be about \$70 billion. We could easily divert that amount from the Pentagon budget -- each year -- now that the threat of armed confrontation with the Soviet Union has been virtually eliminated.

But we must do more. We must restore fairness to the tax system to get our deficits down, raise savings, and propel the economy forward. Low- and middle-income taxpayers should not have to pay more; the very wealthy who have seen their tax burden

decrease dramatically over the last decade have to pay a fair share.

Corporate America must do more. If Japanese companies can favor long-term investments over short-term speculation, and promote job security at good wages over corporate greed surely America can provide the same.

In pursuing these priorities, we should bear in mind that the phrase "A Common Destiny" has a double meaning, for not only African-Americans but all Americans share "a common destiny" with each other. This is made indelibly clear by inescapable demographic facts: by the beginning of the next century, a growing percentage of our new workers will be African-American, Asian-American, or Hispanic, and America's capacity to compete economically will depend upon those who have been the victims of discrimination. If this nation does not understand that it can no longer afford not to provide all of its people with first-class opportunities and first-class citizenship, we will go the way of other great nations that have floundered and fallen. We must not let that happen.

Let this nation strive, instead, to provide all of our people, and particularly those who have been excluded for more than four centuries, with the opportunities to achieve all that they can for themselves, for their families, for their communities, and for

their country. A healthy start in life, with adequate medical care and housing and nutrition; decent schools and real opportunities for college; training in the skills and the technologies and the jobs of the future; a full employment economy that treats every man and woman as an invaluable resource, not a spare part to be thrown on the scrapheap -- these are our challenges today.

These challenges are seen most readily right here on the doorstep of the President and the Congress, right here in the nation's Capital, right here in the District of Columbia.

In many ways, D.C. is a unique community -- created to serve as the nation's governmental center, never a center of heavy industry, and, for some time now, the home of a significant and substantial black middle class.

Now, as the District changes and America changes, the nation's capital is also the nation's harbinger: a post-industrial city plunging into the service economy and the information age, with all the challenges and opportunities that accompany that transformation. A city beset with the problems of a growing group of people living in persistent poverty that is straining social services and threatening to both implode and explode.

Today, the largest sector of our economy in the District is the service sector, with 36.1% of our total jobs. Federal

employment accounts for 32.3% of our total jobs, and, over the past two decades, the District has lost approximately 28,000 federal jobs, while the suburbs have gained some 73,000.

Education, health care, and knowledge industries are the growing industries in the District -- just as these and similar industries are the industries of the future throughout America. There has been growth, and there will be more growth, in high-paying, high-technology, high-skilled jobs -- electronics engineers, systems analysts, and computer programmers to name just a few. But a majority of the growth is in low-paid jobs -- janitors, waitresses, and clerk typists -- and disproportionate numbers of black people have been shunted into these jobs on the ground floor of the service economy while other Americans have found their way into the penthouse.

Meanwhile, as each day's headlines remind us, life is getting more difficult and more dangerous for low- and moderate-income people throughout the District. At a time when developers are catering to the affluent, the unmarried, and the childless, there is a shortage of decent and affordable housing for the families who have called the District home for decades. Fifty-three thousand families throughout the District live in substandard private housing; the waiting list for public housing seems endlessly long as units disappear and are not replaced.

The District's challenge is America's challenge: to keep our streets and our communities and our schools safe and drug-free; to provide our children with a decent start in life; to guarantee an adequate level of health care for all; to ensure that hardworking families can have housing they can afford; and, most important of all, to provide all of our people -- particularly the District's black majority -- with the education and the training and the opportunity Americans will need for decent-paying job in the economy of the next century.

For as long as I can remember, Presidents and their Administrations have thought of making some aspect of life in the District of Columbia a model for the rest of the nation. This Administration, for instance, announced with great fanfare that it would make the District its battlefield in the War on Drugs.

We in the District are tired of being experimented upon by people who think they know what is good for us. But there should be the possibility for a dignified partnership between the national administration and the citizens of our nation's capital to solve some of the social and economic problems that confront not only this city but the entire country.

The President and his Drug Policy Coordinator have tried to use the District as a proving ground for arresting and incarcerating drug offenders. But their program was all bluff and

bluster to feed the appetites of the national newsmedia. One year later, the National Drug Czar has acknowledged that the War on Drugs in the nation's capital has been a failure.

Mr. Chairman, I believe that this is because we are fighting the wrong war. Mr. Bennett is fighting a war on drugs by attacking the symptoms -- not the problem. The principal focus of the Administration's plan for the District of Columbia has been more prisons, more prosecutors and more punishment. Instead, the principal focus should be on developing more creative ways to manage the drug problem in the short term, while seeking to eradicate the root causes of drug use in the long term.

Drug use is a visible reminder of the insufficient "war on poverty" of the 60's and 70's. Most people who turn to drugs see either economic opportunity in its sale or an antidote to the despair in their lives in its use. Poor people turn to drug-related crime because they do not see alternative economic opportunities. The findings of Common Destiny cannot be ignored -- that the focus of the coming years must be on rebuilding neighborhoods and creating jobs, and providing housing, health care and better educational opportunities. We must redefine the war on drugs as a war on poverty, inequality and drugs.

Drug use has always been defined as a criminal justice problem. It is that but it is much more. We have 20,000 drug addicts in the District but only 3,529 treatment slots. Having to

wait 10-14 weeks means that people who would choose treatment instead choose cocaine to feed their addiction.

We need to try a series of model programs in the District of Columbia using controlled studies to test the effectiveness of a truly comprehensive approach to intractable problems of drug addiction.

One of these should be a residential program for pregnant women. One out of 10 pregnant women uses cocaine. Twenty-three percent of all babies born in the District have been exposed to drugs. Fifty percent of drug users are now women yet 3 out of 4 treatment programs in the District are for men. A controlled study model might well demonstrate a point of intervention at which we could reverse or prevent damages to babies that result in prohibitive expense at birth and for the life time of these children.

As in the prison system nationwide, we need viable treatment programs at Lorton and the D.C. Jail, not drug education classes. As it is, people go in addicted and come out to become readdicted.

Congress needs to launch the National Institutes of Health in a research effort, of the kind NIH is pursuing for AIDS, to find a chemical cure and prevention for addiction. The health emergency brought on by chemical dependence is just as serious as the AIDS crisis.

We need effective intermediate sanctions for criminal offenders.

- a. We need to expand supervised pre-trial release programs and intensive probation with treatment.
- b. We need to develop alternatives to incarceration for drug offenders with treatment, e.g. home detention with electronic monitoring, community service, half-way houses.
- c. We should ensure that the Criminal Justice Act, designed to develop alternatives to incarceration and introduced by Council member Wilhelmina Rolark, passes the City Council.

Because I believe that the drug problem is destroying our chances to remedy other long standing problems in the African-American Community, I am developing my own ideas on a comprehensive approach to drug addiction, which I will be publishing soon.

Let me illustrate with one example the need for a comprehensive approach. Across the country, a sound housing policy is the cornerstone to reviving our neighborhoods and fighting the scourge of drugs and crime. Where the housing stock is in good condition, where the population is stable and knows one another, where there is a good balance between owners and renters and middle- and working-class people, there is a neighborhood where the citizens have the discipline and the strength to fight the drug dealers, improve the schools, restore the moral fabric of the community, and participate in the political process.

But over the last 10 years federal housing policies have been in full retreat from the 1949 goal of a "decent home in a suitable

living environment for every American." While more and more people were forced to pay more and more for their housing, and millions confronted the specter of homelessness and despair, the federal commitment to low-income housing assistance was slashed by over 80 percent in inflation-adjusted dollars.

The results are plain: housing cost burdens have soared among low- and moderate-income people. Nearly six million households spend one-half or more of their income for housing costs; overcrowding and substandard housing has increased dramatically; and, for the first time since the 1930's we have widespread and persistent homelessness.

Congress can act to change these conditions and provide decent, affordable housing opportunities. Here in the District of Columbia, city government and a growing network of community-based nonprofit housing development groups have joined in partnership with private sector lenders, foundations and others to acquire, renovate or construct affordable housing in the heart of our low-income neighborhoods. The missing partner has been the federal government.

Opportunity now knocks for Congress to change this. The Community Housing Partnership Act, which would provide funds specifically to finance the activities of these burgeoning community partnerships, is now working its way through Congress.

Funds would be targeted to create or preserve housing opportunities for low- and moderate- income people; the homes would have to be set aside for low income use for their entire useful lives; and sponsors would be required to provide residents of the housing and the neighborhood with specific mechanisms to exert control over all phases of development and management.

This legislation builds on the successful ventures that community people in the District have undertaken to save their homes. It would foster the development of a new sector of groups to help serve low income needs; groups not motivated by a dream of rapid appreciation or real estate speculation, but by a conviction to preserve opportunities in the community for people that the private market ignores. Although the Community Housing Partnership Act starts small, with only a limited authorization, it will begin a process that I hope will shift the majority of our national housing investments into such community-based partnerships.

Within the existing stock of government assisted housing other exciting initiatives are finally gaining federal attention. The impressive work of the Kenilworth-Parkside Resident Management Council here in D.C. points to the great potential residents of public housing have to preserve the units in which they live. Such ventures will not suit every project, or provide the appropriate vehicle for every tenant, but they do offer another means to accomplish a goal we all should share: preserving and improving

the condition of one of our most valuable resources, the 1.3 million homes owned by over 3,000 local public housing agencies throughout the country.

But these initiatives cannot be supported with rhetoric alone. All in all, total government spending on housing assistance for low income people equals just over 1 penny out of every dollar in federal spending. In contrast, we will spend nearly \$80 billion this year alone through tax subsidies to homeowners for property tax and mortgage interest deductions, or about 5 cents of every federal dollar. If Congress were to appropriate enough funds to increase housing assistance spending by only 2 more cents, or about \$25 billion, we could truly tackle the housing needs of all our people and still be spending less than half on poor renters that we do on rich owners.

Mr. Chairman, I can remember the world in which I grew up; a world where young people were nurtured by our families, our churches, our schools, and our neighborhoods; a world where deprivation and discrimination were not causes for despair but challenges to overcome.

And, through the greatest peaceful revolution in human history, my generation of African-Americans did overcome the barriers of legal segregation and disenfranchisement. There is still much more that we must overcome: the discrimination that

remains from the injustices of the past; the social problems spawned by the despair of the present; and, most of all, the challenge of preparing our young people for the world economy of the future.

These challenges are indeed our common destiny, and, if history teaches us anything, it is that a people with the strength to survive the ordeals of these past four centuries can surely find the strength to prepare our children for the next century.

Why not make this city - the city of official Washington and the city of hometown Washington - an example of a different kind. I hope that the Congress will consider its official residence the setting for a dignified and creative partnership among the federal government, the people of the District of Columbia and their leaders, business, labor, our schools and hospitals and universities. Together, we can tackle the problems of crime and drugs, housing and health care, education and job training by creating models that set the pace for the rest of the nation.

Representative HAWKINS. Well, thank you, Ms. Norton, for a very well, thought out statement; and we will next hear from Professor Jaynes, a professor, with the Department of Economics, at Yale University. Mr. Jaynes, please proceed.

STATEMENT OF GERALD D. JAYNES, PROFESSOR, DEPARTMENT OF ECONOMICS, YALE UNIVERSITY

Mr. JAYNES. Good morning, Mr. Chairman, ladies and gentlemen. I would like to provide further remarks on the subject of "Common Destiny," which I am a participant in.

But let me say first that our goal in producing this report was to describe and analyze the changing position of blacks in American society since 1940, and to lay out the facts now available as comprehensively and objectively as we could make it.

And, thus, provide for policymakers those facts that they might use to find solutions to the many problems that remain for improving the status of this nation's 30 million black Americans.

If I had to distill the central message of our 600-page report into one sentence, it would undoubtedly be this one. Although better by a wide margin than it was in 1940, by nearly all objective aggregate measures, the status of blacks relative to whites has stagnated or regressed since the early 1970's.

We have then really two major findings; one positive and one negative; by any calibration other than that of an unrepentant segregationist, race relations and blacks' status are remarkably improved since the World War II era.

However, the major portion of this improvement had been in place by 1970. Since then, material measures of status relative to whites have not improved and many have deteriorated. What are some of the more important facts on which this conclusion is based?

In terms of the economy, lack of progress in blacks' status relative to whites during the past two decades is largely a consequence of two conflicting trends. First, while blacks' weekly and hourly wages have risen relative to whites', part of this improvement has been offset by significant reductions in black relative employment rates.

Second, this relative stagnation has occurred during a period in which the real earnings of all Americans in constant dollars has dropped by \$74 a week for men, and \$36 a week for women.

Significantly, black males have had the largest losses. Thus, even though blacks' real per capita income in 1984 was about six times its 1939 level, their 1984 income was still only 57 percent of white income, the same relative position in 1971.

In education, blacks have made large gains. However, there remain persistent and large gaps in the quality of schooling and achievement outcomes of education for blacks and whites. The odds that a black high school graduate will enter college within a year of graduation are less than one-half the odds that a white high school graduate will do so.

College enrollment rates of high school graduates, after rising sharply since the late 1960's, declined in the mid-1970's; while white enrollment rates have recovered, black rates in the 1980's

remain well below those of the 1970's, although recently there has been at least a curtailment of that kind and we may be possibly seeing an upturn for black college enrollments.

In the largest metropolitan areas overall levels of residential segregation between blacks and whites in 1980 were practically unchanged from levels in 1960. Residential separation of blacks and whites is nearly twice the rate of white and Asian-Americans, and often much greater than residential separation between Hispanic-Americans and whites.

Discrimination against blacks in today's housing market, which has been conclusively demonstrated, is a major factor.

In the field of health, persisting wide gaps in the mortality and morbidity of blacks, compared to whites, remain at all ages except 85 and older. Twenty-two percent of blacks under age 65 are not covered by health insurance or Medicaid, as compared with 14 percent of whites.

Despite great reductions in infant mortality rates, the odds of dying shortly after birth are consistently twice as high for black babies as they are for white babies.

As you might expect, there are important nuances to these statements. Some important indicators of status, for example, did continue to improve for blacks after the 1970's. Among these are average levels of educational attainment and life expectancy.

Rates of voter participation in national elections now meet or exceed those of whites from similar socioeconomic backgrounds. An additional nuance is that statistical averages conceal the fact that some segments of the black community have continued to make gains while others fell behind.

Thus, between 1970 and the later 1980's, the proportion of black families with incomes exceeding \$35,000 annually grew from 16 to 21 percent; but during the same time period, the proportion with incomes less than \$10,000 also grew, from 27 to 30 percent.

What explains these findings? We have concluded that the patterns of change described in the report have been largely determined by several factors.

Gains made since 1940 are attributable to blacks' own initiatives in the public and private sectors, to a rapidly growing economy, and to public policies enforcing equal rights and providing programs, especially in education and employment.

Slow earnings growth of the economy during the 1970's and 1980's, and continuing racial discrimination are the principal barriers to further improvements. Many white Americans believe the civil-rights era of the 1960's removed all barriers to equal opportunity and that blacks are making steady gains toward equality. The facts suggest otherwise.

We concluded that in the area of racial equality, it cannot be achieved without planned government actions. Reasonable people may agree that policy is needed without agreeing on the policy itself, and in fact, there has been much debate and much debate has focused on whether policies are needed most to change black people's behavior or, instead, to expand their opportunities.

Those who would change behavior often hypothesize that a special culture of poverty exists among poor blacks and must be altered

if people are to begin living more productively. However, we found little evidence to support this hypothesis.

Does this mean that poor blacks do not engage in behaviors that help perpetuate their poverty? No, but crime, teenage pregnancy, and the like can be found in any inner city. However, what we would stress is that there is little in the record to suggest that these behaviors occur independently of socioeconomic conditions, which can be changed with social policies.

Black-white cultural differences have narrowed, not widened, since 1960. Blacks respond to changes in American society much as do whites. Their poverty rates generally rise and fall with those of whites. Black employment rates, educational attainment, and births to unwed mothers do likewise.

Furthermore, we found that much racial inequality continues to be due to discrimination and the segregation of poor blacks from quality schools, neighborhoods, and other social institutions.

These findings lead to the clear conclusion that the main thing that needs enhancement is black opportunities. A large body of research literature shows, for example, that employment programs that improve poor people's skills have been more successful than those that seek to inculcate discipline among the poor by placing them in low-paying jobs devoid of meaningful training.

The record is also clear that previous programs by governments and private institutions have made a large difference in the opportunities and conditions of black Americans. These programs have included the Job Corps, Head Start, financial aid for college students, and health services for young mothers.

Social policies with demonstrated benefits include the provision of compensatory education, health care, and other services to enhance people's skills and productive capabilities.

In addition, discrimination and involuntary segregation must be reduced. Better income maintenance and other family-assistance social-welfare programs are needed to avoid long-term poverty and provide incentives to work. Above all, what black Americans need is full employment.

All Americans can take pride in the gains our country has made since the days when blacks were forced to ride in the back of the bus. Over the past 50 years, the social status of American blacks has on average improved dramatically.

Yet, the many problems that remain make it clear that our national agenda in race relations remains unfinished. Further progress in race relations requires public and private programs to enhance the productive capabilities and the opportunities of the poor. Our nation need not debate endlessly whether such efforts can make a positive difference.

The empirical record shows that they can, and now is the time to put this knowledge into action. Thank you.

[The prepared statement of Mr. Jaynes follows:]

PREPARED STATEMENT OF GERALD D. JAYNES

Good morning. I am pleased to be here to talk with you about the National Research Council report entitled A Common Destiny: Blacks and American Society. We chose the title of our report very carefully to convey our belief that the status of black Americans is not a "black" issue or a "white" issue. It is an issue of great importance for all Americans.

Our report documents the unfinished agenda of a nation still struggling to come to terms with the consequences of its history of relations between black and white Americans. In many ways this history has left a legacy of pain.

Our goal in producing this report was to describe and analyze the changing position of blacks in American society since 1940 -- to lay out the facts now available as comprehensive and objective as we could make it. Our task was to provide the facts that policymakers need to find solutions to the many problems that remain for improving the status of this nation's 30 million black Americans.

In carrying out our task we drew on diverse resources. Our 22-member committee included many distinguished scholars and experts from a wide range of specialties, including most of the major disciplines in the social and behavioral sciences. We set up five panels -- with 18 additional members -- to study in depth

the issues of economic status, education, health and demography, political participation and criminal justice, and social and cultural continuity and change. To further help the committee assemble the vast number of research studies and data available, we commissioned 35 authored papers. Altogether nearly 100 individuals participated in the production of the study.

A striking theme that emerges from many bodies of evidence is the importance of the legacy of the past -- that is, the massive influence here and now from past segregation and disadvantage. Equally striking is the evidence that many white Americans today -- contrary to the facts -- seem to believe that the civil rights era of the 1960s removed all barriers to equal opportunity. The third point I wish to mention is that the pervasive residential segregation of blacks and whites remains today a conspicuous barrier to full equality of opportunity -- and thus an important item on the "unfinished agenda" of American society.

If I had to distill the central message of our 600-page report into one sentence it would undoubtedly be this one.

Although better by a wide margin than it was in 1940, by nearly all objective aggregate measures, the status of blacks relative to whites has stagnated or regressed since the early 1970s.

We have then really two major findings, one positive, the other negative; by any calibration other than that of an unrepentant segregationist, race relations and blacks' status are remarkably improved since the World War II era. However, the major fraction of this improvement had been in place by 1970. Since then, material measures of status relative to whites have not improved and many have deteriorated. What are some of the more important facts on which this conclusion is based?

In terms of the economy, lack of progress in blacks' status relative to whites during the past two decades is largely a consequence of two conflicting trends: first, while blacks' weekly and hourly wages have risen relative to whites', part of this improvement has been offset by significant reductions in black relative employment rates. Second, this relative stagnation has occurred during a period in which the real earnings of all Americans in constant dollars has dropped by \$74 for men and \$36 for women. Significantly, black males have had the largest losses. Thus, even though blacks' real per capita income in 1984 was about 6 times its 1939 level, their 1984 income was still only 57 percent of white income, the same relative position as in 1971.

In education, blacks have made large gains. However, there remain persistent and large gaps in the quality of schooling and achievement outcomes of education for blacks and whites. The odds that a black high school graduate will enter college within a year of graduation are less than one-half the odds that a white

high school graduate will do so. College enrollment rates of high school graduates, after rising sharply since the late 1960s, declined in the mid-1970s; while white enrollment rates have recovered, black rates in the 1980s remain well below those of the 1970s.

In race relations, large majorities of blacks and whites now accept the principle of equal treatment. Yet there remain important signs of continuing resistance to full equality for black Americans. Surveys show that principles of equality are endorsed less when they would result in close, frequent, or prolonged social contact. In practice, many whites are reluctant or refuse to participate in social settings where significant numbers of blacks are present.

For example, in the largest metropolitan areas overall levels of residential segregation between blacks and whites in 1980 were practically unchanged from levels in 1960. Residential separation of blacks and whites is nearly twice the rate of white and Asian-Americans, and often much greater than residential separation between Hispanic Americans and whites. Discrimination against blacks in today's housing market -- which has been conclusively demonstrated -- is a major factor. A second example is in education; racial concentration is very evident. In 1980, almost two-thirds of black students in public elementary and secondary schools attended schools with minority enrollments exceeding 50 percent.

In the field of health, persisting wide gaps in the mortality and morbidity of blacks compared to whites remain at all ages except 85 and older. Twenty-two percent of blacks under age 65 are not covered by health insurance or Medicaid (as compared with 14 percent of whites). Despite great reductions in infant mortality rates, the odds of dying shortly after birth are consistently twice as high for black babies as they are for white babies.

After tremendous reductions in rates of poverty among all Americans during the period 1940-1970, poverty has risen, especially among children. During the 1970s, approximately two-thirds of black children could expect to live in poverty for at least one of the first 10 years of their childhood and an astounding one-third could expect to live at least seven of those 10 years in poverty.

As you might expect, there are important nuances to these statements. Some important indicators of status, for example, did continue to improve for blacks after the 1970s. Among these are average levels of educational attainment and life expectancy. Rates of voter participation in national elections now meet or exceed those of whites from similar socioeconomic backgrounds.

An additional nuance is that statistical averages conceal the fact that some segments of the black community have continued to make gains while others fell behind. Thus, between 1970 and 1986, the proportion of black families with incomes exceeding \$35,000 annually grew from 16 to 21, but during the same time

period the proportion with incomes less than \$10,000 also grew, from 27 to 30 percent.

What explains these findings? We have concluded that the patterns of change described in the report have been largely determined by several factors:

Gains made since 1940 are attributable to blacks' own initiatives in the public and private sectors, to a rapidly growing economy, and to public policies enforcing equal rights and providing programs, especially in education and employment. Slow earnings growth of the economy during the 1970s and 1980s and continuing racial discrimination are the principal barriers to further improvements.

At the core of black-white relations is a dynamic tension between what many whites expect of American institutions and their expectations of themselves. Whites desire equal treatment for blacks in society, but many are reluctant to put this desire into practice in their personal lives. This is a great improvement over 45 years ago when majorities of whites openly supported segregation or discriminatory treatment of blacks, but the divergence between principle and practice frequently means that social institutions do not produce the equal opportunity that Americans desire.

Foremost among the reasons for this situation are two continuing consequences of the nation's long history of racial inequality: one is the negative attitudes held toward blacks and the other is the actual lower status conditions under which many

black Americans live. Thus, a legacy of discrimination and segregation continues to affect black-white relations.

Many white Americans believe the civil-rights era of the 1960s removed all barriers to equal opportunity and that blacks are making steady gains towards equality. The facts suggest otherwise.

The large gaps between blacks and whites -- which have remained constant or widened during recent years -- discredit the view that racial equality can be achieved without planned government actions. To have no policy is, in fact, to have a negative policy in the area of race relations.

POLICY A MUST

Reasonable people may agree that policy is needed without agreeing on the policy itself. Much debate has focused on whether policies are needed most to change black people's behavior or, instead, to expand their opportunities. Those who would change behavior often hypothesize that a special "culture of poverty" exists among poor blacks and must be altered if people are to begin living more productively. However, we found little evidence to support this hypothesis.

Does this mean that poor blacks do not engage in behaviors that help perpetuate their poverty? No -- crime, teenage pregnancy, and the like can be found in any inner city. However, there is little in the record to suggest that these behaviors

occur independently of socio-economic conditions -- which can be changed with social policies.

Black-white cultural differences have narrowed, not widened, since 1960. Blacks respond to changes in American society much as do whites. Their poverty rates generally rise and fall with those of whites. Black employment rates, educational attainment, and births to unwed mothers do likewise.

Furthermore, we found that much racial inequality continues to be due to discrimination and the segregation of poor blacks from quality schools, neighborhoods, and other social institutions.

These findings lead to the clear conclusion that the main thing that needs enhancement is black opportunities. A large body of research literature shows, for example, that employment programs that improve poor people's skills have been more successful than those that seek to inculcate "discipline" among the poor by placing them in low-paying jobs devoid of meaningful training.

END DEBATE, AND ACT

The record is also clear that previous programs by governments and private institutions have made a large difference in the opportunities and conditions of black Americans. These programs have included the Job Corps, Head Start, financial aid for college students, and health services for young mothers.

Social policies with demonstrated benefits include the provision of compensatory education, health care, and other services to enhance people's skills and productive capabilities. In addition, discrimination and involuntary segregation must be reduced. Better income maintenance and other family-assistance social-welfare programs are needed to avoid long-term poverty and provide incentives to work. Above all, what black Americans need is full employment.

Certainly, anyone except an unrepentant segregationist can take pride in the gains our country has made since the days when blacks were forced to ride in the back of the bus. Over the past 50 years, the social status of American blacks has on average improved dramatically. Yet the many problems that remain make it clear that our national agenda in race relations remains unfinished.

Further progress in race relations requires public and private programs to enhance the productive capabilities and the opportunities of the poor. Our nation need not debate endlessly whether such efforts can make a positive difference. The empirical record shows that they can, and now is the time to put this knowledge into action.

Representative HAWKINS. Thank you, Mr. Jaynes. Our next witness will be David Swinton, the dean of the School of Business, at Jackson State University.

STATEMENT OF DAVID H. SWINTON, PROFESSOR OF ECONOMICS AND DEAN OF THE SCHOOL OF BUSINESS, JACKSON STATE UNIVERSITY

Mr. SWINTON. Thank you, Mr. Chairman. I would like to discuss the changes in the economic status of African-Americans during the 20th century and prospects of attaining economic parity as we approach the 21st century.

My views on this subject are based on 23 years of studying and other documents which I have provided to the subcommittee staff.

The 20th century has been an era of tremendous change, both for the world as a whole and for the black population of the United States. The 20th century has been an age of worldwide struggle for greater equality, economic prosperity, and political freedom.

These themes have dominated the long-term or secular trend of the 20th century world history. The drive for equality, prosperity, and freedom has spawned two world wars, many regional conflicts, and international revolutions.

It has witnessed the geopolitical economic transformation of the world. Democracy has spread. Colonialism has declined. Scientific and economic technologies have dispersed from Europe to other parts of the globe. Yet, nowhere have the drives for equality, prosperity, and freedom completely triumphed.

As we approach the end of the decade, worldwide struggle continues to retain hard won gains and to resist forces of decay and retrogression. Places and people passed over by the 20th century transformation appear poised to continue this struggle into the 21st century.

Third World nations grapple for economic prosperity and freedom, while Iron Curtain countries struggle to introduce a greater measure of political and personal freedom. These themes have certainly been central to the struggle of African-Americans throughout the century.

At the dawn of the 1900's, this group was primarily a laboring class located in the rural South. They earned their living as low-wage agricultural workers, domestic servants, and menial industrial laborers.

They were poor, unequal, and socially oppressed. Over the first 70 years of the century, this struggle for prosperity, equality, and freedom transformed the economic status of the African-American population. By the millions, they left the rural areas and the South and they left agriculture, domestic service, and menial labor pursuits.

Analysis of black progress during the century makes several things very clear. Throughout the century, blacks have been an integral part of the American economy. The unequal economic status of blacks throughout the century reflects the disadvantaged character of black participation in the American economy.

The economic position of blacks in the American economy has been determined by several underlying factors. First, the level and

structure of economic opportunities in the American economy in general. Second, the racial distribution of ownership of wealth and productive resources.

Third, the relative productivity of the black population; and fourth, the extent and effectiveness of white discrimination against blacks.

As the 20th century began, the unequal economic status of the African-American population reflected the cumulative impact of the underlying factors during earlier centuries. The progress that has been made in the ensuing years reflects changes in these factors over that period of time.

During the first part of the 20th century, there were three principal dynamic forces producing the positive impacts. First, there was the industrialization of America. This created a positive economic climate, and created the possibility for increased earnings and employment in pursuits other than agriculture and domestic service.

Second, black self-help efforts led to increased investment in education and increased migration from low to higher wage areas. These two factors increased the productivity of black workers and enabled them to better compete for available opportunities.

Third, increased liberalization of public policies in response to struggles by both blacks and whites to achieve equality, prosperity, and freedom led to reductions in racial discrimination and facilitated black self-help efforts. This factor improved black access to available opportunities for work and education.

Abstracting from cyclical fluctuations and omitting the depression decade of the 1930's, the first 70 years of this century produced significant improvement in blacks' economic life. At the dawn of the century about 90 percent of all blacks resided in the former slave states of the South, and almost 90 percent of black workers were either domestic servants or engaged in agricultural pursuits, the same occupations they had held during slavery.

However, by 1970, half of the black population resided outside the South and less than 5 percent of its workers were still engaged in agriculture or domestic service.

Most of the gains occurred after World War II. If we look at income, black income was only about 40 percent of white income before 1940. By 1970, the black median family income had improved to 61 percent of the white median family income.

Between 1959 and 1969, black median income increased in constant dollars by about \$7,000; from \$10,000 to \$17,000. This increase amounted to almost a 64-percent increase. During this same period poverty rates fell almost in half. In 1959 the official poverty rate was reported at 55 percent, and in 1970, the poverty rate had declined to 33 percent.

The illiteracy rate, which was about 57 percent at the beginning of the century was only 2 percent by 1979. Black median education had more than doubled since 1940, and the absolute gap in black-white median education had declined from 3.7 years to three-tenths of a year.

From the vantage point of the late 1960's, and the early 1970's, it appeared that we were well on the way to achieving racial equali-

ty, and there were optimistic pundits who predicted complete equality by the mid-1980's.

But progress toward economic prosperity and equality for African-Americans stopped. It stopped for the most part and few gains have been made since the early 1970's. Indeed, as we enter the 1990's, most indicators of relative position and many indicators of absolute position have declined to levels that existed prior to the 1970's.

I just want to cite a few facts, some of which have already been mentioned. Family income increased by almost two-thirds between 1959 and 1969. In contrast, between 1970 and 1990, there has been practically no change at all in real black family income.

In fact, looking at it in terms of 1980 dollars, the 1988 income for blacks was \$19,398, and was about only 1.3 percent greater than the \$19,141 constant dollar income in 1970. During the 1980's, in general, black family income averaged nearly \$1,500 less than it averaged during the 1970's decade.

Moreover, income inequality has also increased since 1970. In 1970, median income for black families was 61.3 percent of median income for white families. The absolute difference in the median of black and white families was \$11,063. In aggregate terms, this meant that blacks had about \$60 billion less income than would be required for family income parity.

Median family income declined to 59.2 percent of median white family income by 1978, and declined further to 57 percent by 1988. In the best year of the 1980's, black median family income was only 57.5 percent of white median family income. The absolute gaps grew to \$13,585 in 1978, and \$14,586 by 1988.

Note that the absolute differential grew between 1978 and 1988, despite the fact that black family income fell during this period. By 1988, the aggregate shortfall in black family income was \$111 billion. The total income gap in 1988 was \$165 billion, up from \$105 billion in 1970.

The proportion of black families receiving incomes under \$5,000 declined slightly between 1970 and 1978 from 8.4 percent to 8.1 percent. However, this number grew sharply between 1978 and 1988 to 11.9 percent. This meant that an excess of 659,000 black families was on the roles of the very, very poor. In 1988, only 3 percent of white families had such low incomes. Thus, blacks were about four times as likely as whites to fall into this very poor category in 1988. In 1978, blacks were only about 3.4 times more likely than whites to receive such low incomes.

There was also an increase in the proportion of black families receiving incomes over \$50,000. This proportion was up sharply between 1970 and 1978, increasing from 6.1 to 10 percent of the population. Although the improvement was more modest the proportion of black families receiving this relatively high income had increased to 12.6 percent by 1978.

Nonetheless, inequality was apparent at the upper end as well. Whites were more than twice as likely as blacks to receive incomes above \$50,000 in 1988. Indeed, about 1.1 million fewer black families had incomes above \$50,000 than would be required for parity.

On average, the gaps between low income and higher income blacks and whites have grown. In 1988, the upper limit of the lower

20 percent of the black income distribution was only \$7,148. This had fallen by almost \$1,400 since 1980.

In contrast, the upper limit for the poorest fifth of whites was \$16,184, only about \$50 less than it was in 1980. As a consequence, racial inequality among the poorest blacks and whites rose sharply during the 1980's. In 1980, the upper limit for the poorest 20 percent of the black population was about 52 percent of the upper limit for the poorest 20 percent of white families. By 1988, the corresponding figure had fallen to 43 percent.

At the other end of the income distribution it took at least \$40,300 to be included in the upper 20 percent of black families, compared to at least \$57,350 to be counted among the top 20 percent of white families in 1988.

This quintile limit had increased by \$1,823 for blacks, and \$6,525 for whites. As a consequence, the ratio had fallen from 76 percent to 70 percent since 1980. Thus, inequality increased at both ends of the spectrum during the 1980's.

Absolute income stagnated or was lower for black families during the 1980's in comparison to the 1970's in all regions, especially the Midwest. In the Midwest, there was a sharp decline in median black family income. Even in 1988, family income for blacks in the Midwest was \$17,469, still over \$7,000 lower than it was in 1978. In contrast, white income in the Midwest of \$34,246 was slightly higher than it had been in 1978.

Income inequality also increased in each region during the 1980's with possible exception of the West. The increase in inequality was modest in the South, and sharpest in the Midwest. In fact, the decline in black status in the Midwest was so sharp during the 1980's that this region gained the distinction of surpassing the South as the region in which racial inequality was highest. This marks the first time since the data has been recorded that blacks fared worse in a nonsouthern region than they did in the South.

Poverty indicators tell a very similar story. Throughout the 1980's, black poverty rates have generally been somewhat higher than they were during the 1970's. Whereas, during the 1960's, the number of poor families and persons declined, these numbers have generally increased during the 1980's.

Inequality remained high although white poverty also increased. In 1988, 31.6 percent of blacks were poor, which was about 3.13 times the poverty rate for white persons. This, compared to 33.5 percent of blacks in poverty in 1970, which was 3.38 times the proportion of whites in poverty in that year.

The excess number of poor blacks was 6.4 million in 1988, compared to 5.5 million 1970. Thus, by this absolute measure, the poverty gap had worsened.

Black poverty has worsened during the 1980's in all regions, and since the early 1970's in all regions except the South. Poverty in the Midwest has overtaken poverty in the South in both an absolute and a relative sense.

In fact, during 1980, blacks in the Midwest were four times as likely to be poor as whites in that region. The rate of poverty for blacks in the Northeast and the South has been roughly three times the white rate during the 1980's, while the poverty rates for blacks in the West have been about two times white rates. The

Midwestern region is now the worst region for blacks in this country.

This is the first time in the history of this country, that some region outside of the South has been the region in which blacks fared worse, in terms of income, poverty, and racial inequality.

Black ownership of businesses has not increased at all, and the information that is available shows us that blacks really own a very small proportion of the American business structure.

In 1987 dollars, black businesses generated receipts of \$13.8 billion in 1982. This compares to total receipts generated by white owned business of \$8,411 billion; and in terms of that, blacks generate only 1.2 percent of the amount of receipts that would be required to have parity in business ownership, and blacks own roughly 15 percent of the number of firms that would be required for parity in the business ownership.

As has already been mentioned, one of the major factors that caused a reversal is what has happened to blacks in the labor market in the post-1970 period. In the first part of the century, improvements in business ownership and wealth did not contribute very much to progress either, because there were no significant improvements in these sectors during those first 70 years of this century either.

However, there were significant improvement in the labor market positions of blacks as we have noted. This improvement did not continue during the 1970's. The one area in which there has been some improvement has been the occupational structure of employed workers, and there has continued to be some upgrading of the occupational structure of employed black workers since the early 1970's.

However, as we leave the 1980's, we still find the gaps between the proportion of good jobs held by blacks and white workers very high. For example, there is a 20 percentage point difference between the percentage of black males and the percentage of white males working in good jobs; that is, white collar professional, and managerial and other high wage jobs.

We estimate that the good jobs parity gap for black workers was over 2.2 million good jobs in 1988. Also, the pattern of wage rate gains for black workers mirrors the occupational gains. Between 1940 and 1980, there were substantial improvements in the average wages of full-time employed black male workers. One estimate suggests that the ratio of black-white ratios rose from 43 percent in 1940 to 73 percent in 1980.

Since 1970, the rate of increase in wage gains suggests that relative wages continued to rise until 1976 and have fallen slightly since that time. There was also considerable progress in closing the wage gap between employed black and white female workers through the mid-1970's.

The most dramatic impact on black workers since the early 1970's has been the decline in their relative employment rates for both black males and females. As a matter of fact, up until about 1960, the proportion of the black population employed exceeded the proportion of the white population employed.

Throughout this century, the proportion of black employed exceeded the proportion of white employed; and in 1970, the propor-

tion of black employed had fallen to about 95 percent of the proportion of white employed; and by the end of this decade, the proportion has fallen further to a little bit below 90 percent of the proportion of whites employed.

So, blacks have lost ground in terms of employment. These losses have come about because of the underlying trends in labor force participation and unemployment. Between 1960 and 1970, blacks had been unemployed at higher rates than whites. The ratio of black to white unemployment rates were between 1.75 and 2.15.

Currently, the ratio is about 2½ times. So, the unemployment inequality has risen dramatically in this last decade. This has been particularly so in the Midwest, where blacks are currently three times more likely to be unemployed, and it is about 2½ times higher in the South, and about two times as high in the Northeast and the Midwest.

There are cities in the Midwest, for example, where blacks are four times as likely to be unemployed as whites; and these disparities are unheard of historically. There has not been a time in the postwar period when there has been this kind of difference in black and white unemployment.

So, how do we explain all of this? What happened? I think the answer to this is actually very simple. The forces that made it possible to reduce racial differences by one-third between 1940 and 1970 had essentially played themselves out by the mid-1970's.

First, the industrial transformation that had created a demand for semiskilled labor had come to an end. The country entered a period of deindustrialization. During this transformation, employment demand shifted to lower wage, non-goods-producing industries and the occupational structure shifted from high wage blue collar to lower wage white collar and service jobs.

What all of this means is that the economic factors have not been favorable since the early 1970's. The economic changes increased the competition for economic opportunities. Second, during the first 70 years there were significant differences in the occupational and industrial structures, racial practices, and other aspects between the South, where most blacks live, and the non-South.

Therefore, this created an opportunity for blacks to make economic gains by simply moving from South to North, or by moving from rural areas in the South to urban areas in the South. Such opportunities had essentially disappeared by the early 1970's.

By the 1970's there was a greater equalization of opportunities in all regions of the country, and it was no longer possible for blacks to have arbitrage gains from moving from the South to the North and West. Indeed, as things worsened in the non-South, there was even some incentive to move back South.

Third, by 1970, black self-help had brought an end to de jure segregation and discrimination. This ended open and explicit discrimination in labor markets and schools in the North and the South, and this enabled blacks to gain access to opportunities for jobs and educational opportunities that they had been explicitly excluded from in the past.

However, the benefits from these changes had been fully realized by the mid-1970's. Thus, by the early 1970's, the forces which created the progress in the postwar period had played out.

Now, despite the gains of the first 70 years, blacks entered the 1970's still relatively poor, undereducated, and dependent. Blacks thus lacked the independent capacity to push their gains any further without the infusion of resources from the American society.

However, the majority of society refused to support special efforts to bring about racial equality. Since the conditions did not exist for racial equality to be attained without special efforts, this entrenchment by American society at large doomed blacks to limited progress.

So, what are the implications for policy and prospects for the future? After 300 years of segregation and discrimination, the society suddenly discovered the color blind and merit principles.

Blacks have been expected to practice economic development without resources or power. This kind of "expect a miracle" thinking is clearly economic nonsense. Our analysis shows that the economic disparities between the races are still large and recent trends have not been favorable. There is little reason to expect a reversal in the current trend without a significant change in the underlying factors.

Thus, the underlying factors must be improved if the society is to achieve racial equality in economic life. As indicated, economic factors played an important role in the improvement in the economic situation of blacks up until the 1970's. However, it is important to realize that the economic changes were not deliberately designed to improve the economic situation of blacks.

Instead, broader forces of economic change induced the structural changes that blacks were able to benefit from. Likewise, current economic changes have not been designed to disadvantage blacks. Blacks simply have not been able to escape their consequences. It seems highly unlikely that it would make sense to design broad economic policy just to improve the conditions of blacks.

Moreover, the circumstances that enabled blacks to make relative progress in the past from the earlier economic transformation have long disappeared. Thus, it is unlikely that future economic changes will have such a favorable impact on the relative position of blacks.

African-Americans must be assured of economic parity under any given economic scenario. However, this can only happen if the relative disadvantages of blacks are eliminated. This implies that the optimum policy for bringing about parity should concentrate on eliminating the relative disadvantages of the black population.

The special disadvantages of blacks come about because of their lower ownership of resources, their lower levels of educational credentials, and attainment, and the continuing of effective discrimination against them.

Economists and other social scientists can spend long hours debating about the relative importance of these factors. However, racial parity in economic life cannot be achieved without eliminating all of these disadvantages. The important policy issue is what is the best strategy for eliminating these disadvantages.

In the past, reduction in these disadvantages was possible through migration, integration, and elimination of de jure discrimination through black self-help efforts without substantial cost to the society at large. Currently, blacks are probably attaining the

maximum benefits feasible from these tactics given black poverty, lack of ownership, and continuing racial discrimination.

Additional gains will require an infusion of sufficient resources to offset the effects of poverty, discrimination, and lack of ownership. The main policy issue is where should these resources come from? The answer to this question is also simple.

The only place they can come from is outside of the black community. The primary impact of the centuries of enslavement, segregation, and discrimination on the current generation was to reduce accumulations of human and nonhuman wealth.

The current lack of ownership and limited educational attainment are direct consequences of the racial economic history of America. These historical deficits mean that the resources do not exist in the black community to overcome the disadvantages that are preventing the attainment of equality.

In fact, it is likely that blacks are currently achieving about as much as they could be expected to achieve given the deficiencies that are the cumulative legacy of America's racial history.

What this all means is that the appropriate policy to bring about racial equality is reparations. The amount of reparations should be sufficient to eliminate the accumulated deficits of ownership and education.

The reparations should be restricted to building black ownership of human and nonhuman capital. None of the reparation funds should be used to finance current consumption except to the extent that this is necessary for efficient investment in capital development.

The amount of reparations necessary would be relatively large. Based on an earlier estimate for 1984, I would guesstimate that the current total required is at least \$750 billion. This amount, however, only represents a fraction of the cost imposed on the black community by the historical racial practices in America.

The total includes no allowance for lost consumption or pain and suffering. These components would raise the total to many times the amount cited. However, the entire cost is not required to bring about racial parity.

The impact of this history on current generations is reflected entirely in current deficiencies in the ownership of human and nonhuman capital. The amount of reparations required is only that amount needed to remove the accumulated impact of America's racial history on the wealth ownership of current generations. The total reparations could be paid over a period of 20 years, and would probably require an investment of close to \$50 billion per year.

Of course, the reparations should be paid by the Federal Government as they represent a social debt owed by society as a whole. There should be no reparations required from private institutions or individuals. The reparations could be financed by the peace dividend, increased taxes, or borrowing.

The reparations should be used to establish a business ownership development fund, a community development fund, and a human capital development fund. These funds would finance the process of eliminating the ownership gaps between blacks and whites. Details of the funds operations would have to be worked out.

Reparations would be an efficient process for eliminating racial inequality in economic life. If ownership gaps were eliminated, this would not only make a direct contribution to eliminating the large gaps in economic status, but it would also contribute indirectly by reducing effective discrimination.

The only reason why blacks are so disadvantaged by white discrimination now is that they are so dependent on whites for economic opportunities. The equalization of ownership would eliminate this dependency and thus make any practice of discrimination ineffective.

What progress against racial inequality can America expect for the 1990's? The answer is that it depends on what policies we adopt to deal explicitly with the barriers to racial parity. Our analysis suggests that a policy of laissez-faire or of sole reliance on the internal resources of the African-American community will produce a future that continues to have widespread and glaring racial disparities.

Current economic conditions, if continued, will probably lead to increasing disparities in a laissez-faire environment. However, even if economic conditions improve, this is unlikely to lead to significant reduction in the relative disparities and certainly will not bring about parity in a laissez-faire environment.

The most optimistic prediction under laissez-faire would be for the continuation of racial differences around the level existing in the fuller employment years of the early 1970's, and the late 1960's.

This conclusion follows from the fact that the forces that permitted gains to be made up until 1970 are no longer available. Blacks have probably attained the maximum possible benefits from the strategy of integration and migration. Additional gains from such strategies without substantial reduction in the ownership and human capital gaps are not to be expected.

In economic terms, blacks are probably operating fairly close to their welfare possibility frontier given their relative disadvantages. Additional gains therefore would require pushing this frontier outward. Certainly there would not be nearly enough gains from costless improvement in the efficiency with which blacks use internal community resources to bring the community anywhere near economic parity.

The only possibility for achieving economic parity in the near future would be large-scale infusions of resources from outside of the black community. If America makes the commitment to eliminate the disparities inherited as a result of American racial history, then racial parity in economic life could be attained within 20 years.

It is important to recognize that the reparations recommendation is not based on a moral argument. The economic analysis indicates that racial equality in economic life cannot be attained without large-scale infusions of resources. Thus, something like reparations would be required if racial equality is to be realized in the future.

America has the possibility of two very different racial futures. Laissez-faire or more of present policies will inevitably lead to a future of great racial inequality and disharmony. Adopting the reparation policy will make it possible to create a future of racial

parity and harmony. The choice is America's to make. Thank you, Mr. Chairman.

[The prepared statement of Mr. Swinton, together with an attachment, follows:]

PREPARED STATEMENT OF DAVID H. SWINTON

RACIAL INEQUALITY IN AMERICA: PAST, PRESENT , AND FUTURE

INTRODUCTION

This paper discusses changes in the economic status of African Americans during the 20th Century and prospects of attaining economic parity as we approach the 21st Century. Throughout this Century African Americans have sought to improve their economic prospects. There has certainly been some significant changes in the economic status of Blacks in comparison to the position of the group as the century opened. In order to set the stage for the discussion of economic prospect as we approach the end of the Century it is necessary to take a look at trends during this Century.

The Twentieth Century has been an era of tremendous change. Both for the world as a whole and for the Black Population of the United States. The Twentieth Century has been an age of world-wide struggle for greater equality, economic prosperity, and political freedom. These themes have dominated the long term or secular trend of Twentieth Century World History. The drive for equality, prosperity, and freedom has spawned two world wars, many regional conflicts, and international revolutions. It has witnessed the GCO Political/Economic transformation of the world. Democracy has spread. Colonialism has declined. Scientific and economic technologies have dispersed from Europe to other parts of the globe. Yet, nowhere have the drives for equality, prosperity, and freedom completely triumphed.

As we approach the end of the decade. World-wide struggle continues to retain hard won gains and to resist forces of decay and retrogression. Places and people passed over by the 20th Century transformation appear poised to continue this struggle into the 21st Century. Third, world nations grapple for economic prosperity and freedom, while iron curtain countries struggle to introduce a greater measure of political and personal freedom.

When the history of the Century is finally written, it will recognize these three motive forces--the desires for equality, prosperity, and freedom--as the motive forces that have transformed the world during the century.

PROGRESS AGAINST RACIAL INEQUALITY IN ECONOMIC LIFE 1900 TO 1970

These themes have certainly been central to the struggle of African Americans throughout the century. At the dawn of the 1900s. This group was primarily a laboring class located in the rural south. They earned their living as low wage agricultural workers, domestic servants, and menial industrial labor-

ers. They were poor, unequal, and socially oppressed. Over the first 70 years of the century, this struggle for prosperity, equality and freedom transformed the economic status of the African American population. By the millions, they left the rural areas and the South and they left agriculture, domestic service, and menial labor pursuits.

Analysis of Black progress during the century makes several things very clear. Throughout the century Blacks have been an integral part of the American economy. There has never been a separate Black economy. Therefore, the economic status of the African American population throughout the century has depended upon the nature and extent to which African Americans have participated in the American economy as workers, owners, and managers. The unequal economic status of Blacks throughout the century reflects the disadvantaged character of Black participation in the American economy. Likewise, improvements over the course of the Century have resulted from improvements in the nature and character of African American participation in the national economy.

The economic position of Blacks in the American economy throughout the century has been determined by the interplay of Black efforts to improve their position and several underlying factors. First, the economic factor or the level and structure of economic opportunities has determined the range of economic possibilities. Blacks have made most progress when and where economic opportunities were most plentiful. Second, racial distribution of ownership of wealth and productive resources has determined the degree of dependency of the Black population. For the most part throughout the century there has been limited changes in the distribution of ownership. Consequently, Blacks have been dependent throughout the century. Third, the relative productivity of the Black population determines their ability to compete for opportunities. Increases in Black productivity improve their competitive position. Finally, the extent and effectiveness of White discrimination influences the accessibility of opportunities. Declines in effective discrimination has promoted improvements in Black economic status.

As the 20th Century began, the unequal economic status of the African American population reflected the cumulative impact of the underlying factors during earlier centuries. Progress or lack thereof during the ensuing years would reflect the impact of the underlying factors. Fortunately the major dynamics during most of the century produced positive impacts for all of the factors.

Three principal dynamic forces produced the positive impacts. First, the industrialization of America greatly increased the demand for workers outside of agriculture especially in the non South while continued technological

progress increased the productivity of workers in all sectors. These changes created a positive economic climate by creating the possibility for increased earnings and employment in pursuits other than agriculture and domestic service. Second Black self help efforts led to increased investment in education and increased migration from low to higher wage areas. These two factors increased the productivity of Black workers and enabled them to better compete for available opportunities. Third, increased liberalization of public policies in response to struggles by both Blacks and Whites to achieve equality, prosperity, and freedom led to reductions in racial discrimination and facilitated Black self help efforts. This factor improved Black access to available opportunities for work and education.

Abstracting from cyclical fluctuations and omitting the depression decade of the 1930s, the first seventy years of this century produced definite improvement in the absolute and relative economic status of African Americans. Over the first seventy years of the century there had been a virtual transformation in the economic status of the Black population. At the dawn of the century about ninety percent of all Blacks resided in the former slave states of the South and almost 90 percent of Black workers were either domestic servants or engaged in agricultural pursuits the same occupations they had held during slavery. However, by 1970 the population had been transformed into a mostly urban population half of which resided outside of the South with less than 5 percent of its workers still engaged in agriculture or domestic service.

Black absolute and relative economic gains during the first 70 years of the 20th century were indeed impressive. Moreover, most of the absolute gains occurred after World War II. Although early income numbers are scarce, most observers estimate that Black income was only about 40 percent of White income before 1940. However, by 1970 Black median family income had improved to 61 percent of White median family income. Between 1959 and 1969 Black median income increased from \$10,758 to \$17,604 in constant 1985 dollars. This increase amounted to almost a 64 percent increase. During this same period poverty rates fell from over 55 percent to about 33 percent. Educational levels had risen dramatically. The illiteracy rate which was about 57 percent at the beginning of the century was only 2 percent by 1979. Black median education had more than doubled since 1940 and the absolute gap in Black-White median education had declined from 3.7 years to three tenths of a year.

From the vantage point of the late 1960s and the early 1970s it appeared to many observers that African Americans were finally on the verge of achieving economic parity. For sure large gaps continued to be evident but the trend coming out of the 1960s produced widespread optimism. Social scientists and commentators such as Richard Freeman, Ben Wattenberg and Richard Scanlon, and

Michael J. Flax, to name a few, proclaimed the demise of racial discrimination and inequality. Others such as William J. Wilson trumpeted the declining significance of race. Optimistic pundits predicted complete equality by the mid 1980s. Few heeded the warnings of more sober analyst.

PROGRESS AGAINST RACIAL INEQUALITY IN ECONOMIC LIFE 1970 TO PRESENT

But, a funny thing happened on the way to the forum! Progress towards economic prosperity and equality for African Americans stopped. For the most part African Americans made few gains after the early 1970s. Indeed, as we enter the 1990s, most indicators of relative position and many indicators of absolute position have declined to pre 1970s levels. This fact is now widely accepted by most observers. However, I will cite a few fact to illustrate this conclusion. More complete discussion of the trends since 1970 is contained in several papers submitted to the committee.

First, I will cite a few income statistics using constant 1988 dollars unless otherwise noted. As we noted family income increased by almost two-thirds between 1959 and 1969. In contrast, family income actually declined during the 1980s. Constant purchasing power family income for Blacks of \$19,739 in 1988 was actually lower than 1978 income of \$19,398 and was only about 1.3 percent greater than the \$19,141 constant dollar income in 1970. Yet family income in 1988 reached its peak value for the 1980s decade. In fact during the 1980s Black family income has averaged nearly \$1,500 less than it averaged during the 1970s decade.

Moreover, income inequality has also increased since 1970. In 1970 median income for Black families was 61.3 percent of median income for White families. The absolute difference in the median income of Black and White families was \$11,063. In aggregate terms this meant that Blacks had about \$60 billion less income than would be required for family income parity. Median family income declined to 59.2 percent of Median White family income by 1978 and declined further to 57.0 percent by 1988. In the best year of the 1980s Black median family income was only 57.5 percent of White median family income. The absolute gaps grew to \$13,585 in 1978 and \$14,586 by 1988. Note that the absolute differential grew between 1978 and 1988 despite the fact that Black family income fell during this period. By 1988 the aggregate shortfall in Black family income was \$111 billion. (The total income gap in 1988 was \$165 billion up from \$105 billion in 1970.)

The proportion of Black families receiving incomes under \$5,000 declined slightly between 1970 and 1978 from 8.4 percent to 8.1 percent. However this number grew sharply between 1978 and 1988 to 11.9 percent. This meant that another 659,000 Black

families was added to the roles of the very, very poor. In 1988 only 3.0 percent of White families had such low incomes. Thus, Blacks were about four times as likely as Whites to fall into this very poor category in 1988. In 1978 Black were only about 3.4 times more likely than Whites to receive such low incomes.

There was also an increase in the proportion of Black families receiving incomes over \$50,000. This proportion was up sharply between 1970 and 1978 increasing from 6.1 to 10.0 percent of the population. Although the improvement was more modest the proportion of Black families receiving this relatively high income had increased to 12.6 percent by 1978. Nonetheless, inequality was apparent at the upper end as well. Whites were more than twice as likely as Blacks to receive incomes above \$50,000 in 1988. Indeed about 1.1 million fewer Black families had incomes above \$50,000 than would be required for parity.

On average the gaps between low income and higher income Blacks and Whites have grown. In 1988 the upper limit of the lower 20 percent of the Black income distribution was only \$7,148. This had fallen by almost \$1400 since 1980. In contrast the upper limit for the poorest fifth of Whites was \$16,184 only about \$50 less than it was in 1980. As a consequence, racial inequality among the poorest Blacks and Whites rose sharply during the 1980s. In 1980, the upper limit for the poorest 20 percent of the Black population was about 52 percent of the upper limit for the poorest 20 percent of White families. By 1988 the corresponding figure had fallen to 43 percent.

At the other end of the income distribution it took at least \$40,300 to be included in the upper twenty percent of Black families compared to at least \$57,350 to be counted among the top 20 percent of White families in 1988. This quintile limit had increased by \$1823 for Blacks and \$6525 for Whites. As a consequence the ratio had fallen from 76 percent to 70 percent since 1980. Thus inequality increased at both ends of the spectrum during the 1980s.

Absolute income stagnated or was lower for Black families during the 1980s in comparison to the 1970s in all regions especially the Midwest. In the Midwest there was a sharp decline in median Black family income. Even in 1988 family income for Blacks in the Midwest was \$17,469 still over \$7,000 lower than it was in 1978. In contrast, White income in the Midwest of \$34,246 was slightly higher than it had been in 1978.

Income inequality also increased in each region during the 1980s with the possible exception of the West. The increase in inequality was modest in the South and sharpest in the Midwest. In fact, the decline in Black status in the Midwest was so sharp during the 1980s that this region gained the

distinction of surpassing the South as the region in which racial inequality was highest. This marks the first time since the data has been recorded that Blacks fared worse in a nonsouthern region than they did in the South.

During the 1970s Blacks in the Midwest typically had at least 70 percent as much income as Whites. However, by 1988 the ratio of Black to White family income in the Midwest had fallen to 51 percent. In the South the ratio of Black to White income was off only slightly falling from 57 to 56 percent between 1970 and 1980. In the Northeast after a sharp recovery in 1988, the ratio stood at 65 percent compared to a ratio of 71 percent in 1970. The ratio in the West was essentially unchanged between 1970 and 1980.

Poverty indicators tell essentially the same story. Throughout the 1980s Black poverty rates have generally been somewhat higher than they were during the 1970s. Whereas during the 1960s, the number of poor families and persons declined these numbers have generally increased during the 1980s. Inequality remained high although White poverty also increased. In 1988 31.6 percent of Blacks were poor which was about 3.13 times the poverty rate for White persons. This compared to 33.5 percent of Blacks in poverty in 1970 which was 3.38 times the proportion of Whites in poverty in that year. The excess number of poor Blacks was 6.4 million in 1988 compared to 5.5 million during 1970. Thus, by this absolute measure the poverty gap had worsened.

Black poverty has worsened during the 1980s in all regions and since the early 1970s in all regions except the South. Poverty in the Midwest has overtaken poverty in the South in both an absolute and a relative sense. In fact, during 1980 Blacks in the Midwest were 4 times as likely to be poor as Whites in that region. The rate of poverty for Blacks in the Northeast and the South has been roughly 3 times the White rate during the 1980s while the poverty rates for Blacks in the West have been about two times White rates.

The brief review of income and poverty trends makes it clear that racial inequality in economic status persists and is not improving. The reason for this is that the nature and character of Black participation in the national economy has not improved since the early 70s. In fact in some respects the situation has worsened for the population as a whole.

Black ownership of businesses and wealth remain limited. according to 1984 Census Survey of Household Wealth and Asset Ownership, Blacks own limited amounts of each type of asset. Black holdings are lower because Blacks are less likely than Whites to own each type of asset and the mean value of their holdings is always smaller for each category. For example, only 5.4 percent of Blacks versus 22 percent of Whites own stocks and

bonds. The mean value of the stocks and bonds held by Blacks is only \$3,077 versus \$30,294 for Whites. The net result of lower ownership is that the mean asset holdings of Blacks is only \$22,141 while the mean for Whites is \$99,436. A simple calculation reveals that the size of the wealth ownership gap in 1984 was \$637 Billion in 1987 dollars.

Black Business ownership is extremely limited. In 1987 dollars Black businesses generated receipts of \$13.8 billion dollars in 1982. This compares to total receipts generated by White owned businesses of \$8,411 billion. In per capita terms Black businesses generate only about 1.2 percent of the amount of receipts required for business ownership parity. The business receipts parity gap was about 1.2 trillion 1987 dollars in 1982.

Looked at from the perspective of the number of businesses owned, Blacks owned 301 thousand firms in 1982. Whites owned 14.3 million firms in 1982. In per capita terms Blacks owned about 15.1 percent of the number of businesses required for parity. the 1982 parity gap for numbers of firms owned was about 1.7 million firms in 1982.

Although trend data is not generally available for ownership it is apparent from the limited data available that there has been very little improvement in the ownership gaps. Studies of changes in business ownership using the 1972, 1977, and 1982 Surveys of Minority Business Ownership suggest that there were actually declines in the aggregate amount of receipts in constant dollars generated by Black businesses between each survey. The real size of the Black owned business sector may thus be declining.

Although no wealth series exist review of data on income by source indicate that there were slight increases in inequality from self employment income and much smaller declines in inequality in receipts from unearned property income. This suggests that there has probably been marginal changes in the relative value of Black property holdings at best.

Improvements in Black ownership of businesses and wealth were not sufficient to improve the economic status of Blacks during the post 1970s period. This factor also did not play a major role during the early period of increasing status. The major factor during this period was the improvement in Black labor market status brought about by the shift of Black workers out of agriculture and domestic service. The gain in earnings from this transformation were the main source of the increase in Black economic status in the period after World War II.

A major reason for the stagnation in the Black economic situation after the early 1970s was the failure to make sufficient additional gains in the labor market. In fact, overall the labor market position of Black workers has probably

eroded since the mid 1970s. The major positive trend improving Black labor market status between 1940 and 1970 as already mentioned was the dramatic occupational transformation from agriculture, domestic service and menial labor pursuits to other types of industrial and service sector occupations. By 1970 the bulk of this transformation had been made.

For Black males the proportions working in agriculture and domestic service had fallen from 43.8 percent in 1940 to 4.4 percent in 1970. For Black females the proportion in these two sectors had fallen from 75.4 percent of the workforce in 1940 to 20.3 percent of the workforce in 1970. Clearly the room for further occupational adjustment through this route would be severely limited especially for males. Since Black females continued to have about 18 percent of their workforce employed as domestic service workers there was still a modest possibility for continued movement out of that sector.

As Blacks moved into the new industrial occupations they entered disproportionately into the worst jobs. This recreated a disadvantaged occupational structure in the new industrial setting. The process of further improvement after 1970 depended primarily on occupational upgrading within the new industrial setting.

This process did occur but at a relatively modest pace. For example, in 1970 only 10.9 percent of Black males were employed in the top white collar occupations in comparison to 36 percent of White males. Thus, Black males were only 36.3 percent as likely as White males to be employed in the top occupations. By 1980 15.6 percent of Black males and 37.2 percent of White males were employed in such occupations. Thus, Black males were roughly 41.9 as likely to be employed in these top jobs in 1980. By 1988, the proportion employed in these categories were 21 percent for Black males and 41.2 percent for White males. The relative rate of employment of Black males in these good jobs had increased to 50.9 percent. Thus, the occupational status of employed Black males continued to show modest improvement through the 1980s.

Similar absolute and relative occupational upgrading was observed for Black females. In 1970 only 15.4 percent of Black females versus 28.2 percent of White females were employed in the top three White collar occupations. By 1980 the proportion so employed had increased to 19.4 percent for Black females and 31.9 percent for White females, and by 1988 to 30 percent for Black women and 43 percent for White women. Inequality clearly declined by the ratio measure as Black women were 54.6 percent as likely to be employed in the good jobs in 1970 and 60.8 and 69.8 percent as likely to be employed in such jobs in 1980 and 1988 respectively.

While there were occupational gains by the ratio measure, the gains were modest and large disparities continued to exist at the end of the 1980s. This is illustrated by the fact that the absolute gap between the proportions employed for Black and White males declined modestly while the absolute gap actually increased very slightly between Black and White females. The gaps for Black males were 25.1 percentage points in 1970, 21.6 percentage points in 1980 and 20.2 percentage points in 1988. Corresponding figures for the absolute gap between Black and White females were 12.8, 12.5, and 13.0 percentage points respectively. We estimate that the good jobs parity gap for Black workers was over 2.2 million good jobs in 1988.

The pattern of wage rate gains for Black workers mirrors the occupational gains. Between 1940 and 1980 there were substantial improvements in the average wages of fulltime employed Black male workers. According to one estimate the ratio rose from 43 percent in 1940 to 73 percent in 1980. Like the occupational gains most of these increases were obtained by 1970. Data on the usual weekly earnings of fulltime workers suggest that relative wages continued to rise until 1976 and have fallen slightly since that time. There was also considerable progress in closing the wage gap between employed Black and White female workers through the mid 1970s. Indeed, the gaps between females were reduced even more dramatically with the ratio of Black to White usual weekly earnings for females reaching 95 percent by 1978. However, this ratio also declined modestly during the 1980s and stood at 91 percent in 1988. Thus, during the 1980s, there has been a slight increase in wage equality for fulltime Black workers of both sexes.

Of course the wage and occupational data reflect the situation for employed Black workers. One of the more disturbing trends of the past two decades is the decline in relative employment rates for both Black males and females. In fact if the impact of lower rates of employment were taken into account much of the apparent improvement in occupational and earnings status observed since the 1960s would probably be eliminated.

Black employment proportions and unemployment rates have worsened considerably since the early 1970s. For most of the century the relative employment proportions for Blacks have been declining. However, up until about 1960 the proportion of the Black population employed exceeded the proportion of the White population employed. In 1960, Black and White employment proportions were almost equal with a ratio of Black to White employment proportions at about 99 percent according to Census data. This proportion had declined to about 95 percent in 1970 and has been below 90 percent throughout the 1980s. Overall the lower employment proportions generated an employment gap of 1.4 million jobs in 1989.

The employment proportions have declined in relative terms for both Black males and females. Black male employment proportions started falling behind White male employment proportions as early as 1940. By 1970 Black males were only 88 percent as likely to be employed as White males. The male employment gap has continued to drift downwards and by the end of the 1980s Black males were only about 83 percent as likely to be employed as White males.

This gap estimate does not even take account of the problem of missing Black males. This problem has worsened since 1970 and by 1989 there were 15 percent fewer Black males than White males in proportion to the respective female populations. In other words there were about 1.3 million missing adult Black males. If this factor were taken into account the relative employment experience would clearly be worse.

Black females continued to be employed at higher rates than White females until after 1980. However, the relative advantage has declined throughout the century. However, in 1970 black females were still 13 percent more likely to be employed than White females. By 1980 Black females were only about 1.5 percent more likely to be employed. At the end of the 1980s Black women were about 5 percent less likely to be employed than White women. Thus, the 1980s have seen a reversal of the longstanding fact of higher employment rates for Black women.

Both Black and White male employment proportions have generally fallen throughout the post World War II period. However, the Black male disadvantage was produced by the fact that the proportion of Black males working declined throughout the period at a faster rate than the proportion of White males working. However, the proportions of both White and Black females employed have generally increased throughout the post World War II period. The Black female disadvantage resulted from the fact that the proportion of Black females working increased at a slower rate throughout until it was finally overtaken by the White proportion.

The employment trends reflect underlying trends in labor force participation and unemployment. Since 1970 both Black males and females have lost ground in relative participation and unemployment. In 1970, for example, the overall participation rate for Blacks was just about equal to the overall participation rate for Whites after declining throughout the century. Since 1970 the relative decline in participation has continued and currently Blacks are about 4 to 5 percent less likely to be labor force participants than Whites.

The decline in relative participation has been observed for both Black males and females. Black males were about 4 percent less likely to participate in 1970 and during the 1980s they have been between 8 and 10 percent less likely to participate. Black

women are still more likely to participate during the 1980s. However, the participation advantage was about 16 percent in 1970 and has been under 5 percent throughout the 1980s.

The upward drift in the absolute and relative unemployment rates for Blacks of both sexes have been dramatic since the mid 1970s. The overall unemployment rate for Blacks in 1970 was only 7.0 percent while the unemployment rate for Blacks in 1980 was 14.3 percent. Indeed between 1975 and 1989 Black unemployment has averaged 14.4 percent. During this same period, White unemployment averaged about 6.3 percent. The relative unemployment gap as measured by this ratio of Black to White unemployment rates stood at 1.71 in 1970 and generally fluctuated between 1.7 and 2.1 since 1950. Since 1980 the ratio has drifted upwards and in 1989 reached 2.5.

The deterioration in Black unemployment rates have been experienced by both Black males and females. Currently both sexes have unemployment rates about two and one-half times the corresponding White unemployment rate. Moreover the absolute unemployment rates have been roughly equal for Black males and females. The unemployment rates for Black teenagers continue to be extraordinarily high. However, the unemployment rates for adult Black males and females have also been very high since the mid 1970s.

The poor unemployment experiences exist in all regions. However, the deterioration has been sharper and the overall level of employment has been much higher in the Midwest. The decline in absolute and relative employment since the mid 1970s has also been noteworthy in the South. In the Midwest Black unemployment has averaged over 20 percent throughout the 1980s. Racial inequality has also been highest in this region where the ratio of Black to White unemployment rates has hovered above the 3 to 1 level. In many cities in the region the relative rate has been much higher during the 1980s.

EXPLANATION FOR PERSISTING DISPARITIES

The brief review of the facts has clearly shown that African Americans are still a long ways from attaining economic parity. More important, however, the facts clearly indicate that America is not making any significant progress towards achieving racial equality. The obvious question is what happened after the apparent promise of the late 1960s.

The answer to this question is actually fairly simple. The forces that made it possible to reduce racial differences by one-third between 1940 and 1970 had essentially played themselves out by the mid 1970s. First, the industrial transformation that had created a demand for semi-skilled labor had come to an end. The country entered a period of deindustrialization. During this transformation employment demand shifted to lower wage non goods

producing industries and the occupational structure shifted from high wage blue collar to lower wage white collar and service jobs.

What all of this means is that the economic factor has not been favorable since the early 1970s. The economic changes increased the competition for economic opportunities. This was compounded by the increasing participation of women in economic life. The relatively limited opportunities produced a more restrictive environment with increased requirements for credentials and other qualifications. Blacks have not fared as well in this environment because of the continuing disadvantages of minority status and the persistence of gaps in education and experience.

During the first seventy years because of the differences that existed in the occupational and industrial structures, and racial practices of the North and South, Blacks were able to make gains by migrating to the North. This migration facilitated greater access to higher valued employment and educational opportunities. However, as northern labor markets tightened up, southern industrial structures improved, and de jure discrimination and Jim Crowism declined in the South; the economic status of Blacks converged in the North and South. Thus, the arbitrage gains possible from moving from the South to the North and West disappeared. Indeed, as things worsened in the non-South there was even some incentive to move back South.

By 1970, Black self help had brought an end to de jure segregation and discrimination. This ended open and explicit discrimination in labor markets and schools in the North and the South. This enabled Blacks to gain access to opportunities that were barred only by explicit discrimination and segregation. Area of the labor market and educational sector that had been historically closed had to open up to at least token representation to avoid the appearance of explicit exclusion. The result was that Blacks made inroads in both the labor market and in the educational sector. Discrimination became more subtle and exclusion was no longer made explicitly on the basis of race.

However, the benefits from these changes had been fully realized by the mid 1970s. Whatever discrimination continued was de facto and less explicit. Qualifications, credentials and processes continued to exclude Blacks from opportunities but race was no longer an open explicit factor. Black poverty prevented the attainment of equal educational outcomes and equal enrollments in post secondary institutions.

Thus, by the early 1970s the forces which created the progress in the post war period had played out. Any additional progress would require a further reduction in the real educational, ownership and racial disadvantages of Blacks. This

would have required the infusion of sufficient resources to offset the effects of poverty, discrimination, and lack of ownership.

However, despite the gains of the first seventy years Blacks entered the 1970s still relatively poor, under educated and dependent. As we have seen, Black wealth and business ownership did not improve much as a result of the efforts of the first part of the century. Black thus lacked the independent capacity to push their gains any further without the infusion of resources from the American society. However, the majority society refused to support special efforts to bring about racial equality. Since the conditions did not exist for racial equality to be attained without special efforts this retrenchment by American society at large doomed Blacks to limited progress.

IMPLICATIONS FOR POLICY AND PROSPECTS FOR THE FUTURE

After three hundred years of segregation and discrimination the society suddenly discovered the color blind and merit principles. Blacks have been expected to practice economic development without resources or power. This kind of "expect a miracle" thinking is clearly economic nonsense. Our analysis shows that the economic disparities between the races are still large and recent trends have not been favorable. There is little reason to expect a reversal in the current trend without a significant change in the underlying factors.

Thus, the underlying factors must be improved if the society is to achieve racial equality in economic life. As indicated, the economic factor played an important role in the improvement in the economic situation of Blacks up until the 1970s. However, it is important to realize that the economic changes were not deliberately designed to improve the economic situation of Blacks. Instead broader forces of economic change induced the structural changes that Blacks were able to benefit from. Likewise, current economic changes have not been designed to disadvantage Blacks. Blacks simply have not been able to escape their consequences. It seems highly unlikely that it would make sense to design broad economic policy just to improve the conditions of Blacks.

Moreover, the circumstances that enabled Blacks to make relative progress in the past from the earlier economic transformation have long disappeared.

Moreover, the circumstances that enabled Blacks to make relative progress in the past from the earlier economic transformation have long disappeared. Thus, it is unlikely that future economic changes will have such a favorable impact on the relative position of Blacks. African Americans must be assured of economic parity under any given economic scenario. However,

this can only happen if the relative disadvantages of Blacks are eliminated. This implies that the optimum policy for bringing about parity should concentrate on eliminating the relative disadvantages of the Black population.

The special disadvantages of Blacks come about because of their lower ownership of resources, their lower levels of educational credentials and attainment, and the continuation of effective discrimination against them. Economist and other social scientist can spend long hours debating about the relative importance of these factors. However, racial parity in economic life can not be achieved without eliminating all of these disadvantages. The important policy issue is what is the best strategy for eliminating these disadvantages.

In the past reduction in these disadvantages was possible through migration, integration, and elimination of de jure discrimination. These efforts could be undertaken largely through Black self help efforts without substantial cost to the society at large. Currently, Blacks are probably attaining the maximum benefits feasible from these tactics given Black poverty, lack of ownership, and continuing racial discrimination. Additional gains will require an infusion of sufficient resources to offset the effects of poverty, discrimination, and lack of ownership.

The main policy issue is where should these resources come from. The answer to this question is also simple. The only place they can come from is outside of the Black community. The primary impact of the centuries of enslavement, segregation, and discrimination on the current generation was to reduce accumulations of human and non human wealth. The current lack of ownership and limited educational attainment are direct consequences of the racial economic history of America. These historical deficits mean that the resources do not exist in the Black community to overcome the disadvantages that are preventing the attainment of equality. In fact it is likely that Blacks are currently achieving about as much as could be expected given the deficiencies that are the cumulative legacy of America's racial history.

What this all means is that the appropriate policy to bring about racial equality is reparations. The amount of reparations should be sufficient to eliminate the accumulated deficits of ownership and education. The reparations should be restricted to building Black ownership of human and non human capital. None of the reparation funds should be used to finance current consumption except to the extent that this is necessary for efficient investment in capital development.

The amount of reparations necessary would be relatively large. Based on an earlier estimate for 1984 I would guesstimate that the current total required is at least \$750 billion. This

amount however only represents a fraction of the cost imposed on the Black community by the historical racial practices in America. The total includes no allowance for lost consumption or pain and suffering. These components would raise the total to many times the amount cited. However, the entire cost is not required to bring about racial parity. The impact of this history on current generations is reflected entirely in current deficiencies in the ownership of human and non human capital. The amount of reparations required is only that amount needed to remove the accumulated impact of America's racial history on the wealth ownership of current generations. The total reparations could be paid over a period of twenty years and would probably require an investment of close to \$50 billion per year.

Of course the reparations should be paid by the federal government as they represent a social debt owed by society as a whole. There should be no reparations required from private institutions or individuals. The reparations could be financed by the peace dividend, increased taxes, or borrowing.

The reparations should be used to establish a business ownership development fund, a community development fund, and a human capital development fund. These funds would finance the process of eliminating the ownership gaps between Blacks and Whites. Details of the funds operations would have to be worked out.

Reparations would be an efficient process for eliminating racial inequality in economic life. If ownership gaps were eliminated this would not only make a direct contribution to eliminating the large gaps in economic status, but it would also contribute indirectly by reducing effective discrimination. The only reason why Blacks are so disadvantaged by White discrimination now is that they are so dependent on Whites for economic opportunities. The equalization of ownership would eliminate this dependency and thus make any practice of discrimination ineffective.

What progress against racial inequality can America expect for the 1990s? The answer is that it depends on what policies we adopt to deal explicitly with the barriers to racial parity. Our analysis suggests that a policy of laissez faire or of sole reliance on the internal resources of the African American community will produce a future that continues to have widespread and glaring racial disparities. Current economic conditions if continued will probably lead to increasing disparities in a laissez faire environment. However, even if economic conditions improve this is unlikely to lead to significant reduction in the relative disparities and certainly will not bring about parity in a laissez faire environment. The most optimistic prediction under laissez faire would be for the continuation of racial differences around the level existing in the fuller employment years of the early 1970s and the late 1960s.

This conclusion follows from the fact that the forces that permitted gains to be made up until 1970 are no longer available. Blacks have probably attained the maximum possible benefits from the strategy of integration and migration. Additional gains from such strategies without substantial reduction in the ownership and human capital gaps are not to be expected.

In economic terms Blacks are probably operating fairly close to their welfare possibility frontier given their relative disadvantages. Additional gains therefore would require pushing this frontier outwards. Certainly there would not be nearly enough gains from costless improvement in the efficiency with which Blacks use internal community resources to bring the community anywhere near economic parity.

The only possibility for achieving economic parity in the near future would be large scale infusions of resources from outside of the Black community. If America makes the commitment to eliminate the disparities inherited as a result of American racial history then racial parity in economic life could be attained within twenty years.

It is important to recognize that the reparations recommendation is not based on a moral argument. The economic analysis indicates that racial equality in economic life can not be attained without large scale infusions of resources. Thus, something like reparations would be required if racial equality is to be realized in the future.

America has the possibility of two very different racial futures. Laissez faire or more of present policies will inevitably lead to a future of great racial inequality and disharmony. Adopting the reparation policy will make it possible to create a future of racial parity and harmony. The choice is America's to make.

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RACIAL PARITY UNDER LAISSEZ-FAIRE: AN IMPOSSIBLE DREAM

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Introduction

As the twentieth century began, the economic, political and social subordination of the black population was an established pattern in all regions of the United States. Blacks were only thirty-seven years away from the Emancipation Proclamation. Reconstruction in the South had come to an end, and most of the rights that blacks had won after the Civil War had been effectively overturned. The notorious Jim Crow laws had been enacted in the South, reestablishing white supremacy. Moreover, as the nineteenth century drew to a close the Supreme Court issued its infamous "separate but equal" doctrine, which effectively legalized segregation and discrimination against blacks.¹ Thus, blacks started their twentieth-century quest for economic equality in a very restrictive environment.

There can be little question that blacks were severely disadvantaged economically at the time. Although data are limited, there is enough information to leave little doubt that blacks had low incomes, high poverty rates and little wealth accumulation, both absolutely and relative to whites. They owned few businesses and were, therefore, generally dependent on selling their labor to white-owned enterprises to earn a living. The overwhelming majority of blacks lived in the South, where they could gain employment only in low-wage agricultural and domestic service pursuits. In the North, blacks had been pushed out of much skilled work by European immigrants and, for the most part, had difficulty obtaining employment except in lines of work that others did not want.

The economic disadvantages confronting blacks at the beginning of the twentieth century were the result of several factors. First, and perhaps most important, was the fact that blacks were almost entirely a laboring class as the century opened. No reparations or other forms of compensation were ever awarded to the newly-freed slaves. As such,

they were wholly dependent upon others for employment and other economic opportunities. Second, black workers were concentrated in the rural areas of the South where they were largely restricted to working in the low-wage agricultural sector, work not unlike what many performed under slavery. Third, because of the legacy of slavery and the practice of discrimination, blacks were severely disadvantaged educationally. Fourth, perhaps because of their limited ownership, blacks were subject to severe discrimination in the North and the South in gaining access to economic opportunities. Thus, as the twentieth century began, blacks had limited prospects for improving their situation through their own independent activities.

This chapter discusses the evolution of black economic status during the 1900s. A principal objective is to examine the record of progress in overcoming the high degree of racial inequality in economic life that existed at the turn of the century. This will be done through a review of enough of the available data to paint a general picture of trends in the twentieth century. This laborious but necessary task will be undertaken in the next section.

After describing twentieth-century trends, attention will be turned to explaining the patterns and assessing the extent of progress that have been observed. It will be maintained here that the pace of blacks' progress in overcoming economic disadvantages has depended on several factors. First, the position of blacks has been contingent on general developments in the economy as a whole, and especially in the labor market. Second, progress for blacks has depended on the pattern and extent of racial discrimination. Third, black gains have been dependent on the extent of their cumulative disadvantages in the ownership of human and material resources. Fourth, black advance has depended on black self-help activities. And, finally, the policies and activities of the government have played an important role. The interplay of these factors during this century has produced periods of significant economic progress for blacks, and other periods of stagnation and retrogression. However, the net result taken for the century as a whole has been improvement in the economic status of blacks in relation to its pre-twentieth-century level. Yet blacks are still far short of achieving economic parity, and the erosion of gains since the mid-1970s suggests that blacks remain economically vulnerable as they approach the next hundred years.

The final section of the chapter will include a brief prognosis of prospects for black economic progress in the next century. Here it will be argued that the same factors that have determined the pace of progress in the twentieth century will also obtain in the twenty-first. The prospects for black economic progress over the next century depend cru-

cially on developments in the marketplace and on the effectiveness of black self-help activities in establishing and maintaining equal conditions and equal opportunities for blacks to compete in the American economy.

Trends in Black Economic Status during the Twentieth Century

As has been mentioned previously, the start of the twentieth century found blacks with little economic ownership and as participants in the economy primarily as low-wage agricultural and domestic service workers. The participation of the black work force in nonagricultural pursuits other than domestic service was minimal. Government-supported social welfare programs were also limited. Thus, blacks had to procure the necessities of life with whatever income they could obtain from selling their labor or from private philanthropy. Although statistics on income are limited and the poverty index had not yet been defined, it is clear that blacks were in a severely disadvantaged economic position both absolutely and relative to whites.

The major change in the economic position of blacks during this century has been the transformation of the black work force from one employed preponderantly in southern agriculture and domestic service to one which is engaged predominantly in nonagricultural pursuits more evenly dispersed across the four census regions. There has also clearly been an expansion in black access to social welfare programs. Black participation in such programs has grown sharply since the 1960s along with the general expansion in the social welfare activities of the federal government and the states. The changes in other measures of the position of blacks in the American economy have been less pronounced. There has been some growth in relative black business ownership, but current ownership is still very limited. Black wealth holdings are also low in relation to those of whites.

Nevertheless, there can be little doubt that the economic well-being of the black population has improved in both absolute and relative terms. Incomes are higher and poverty rates are undoubtedly lower than they were at the turn of the century. Improvement in the labor market status of blacks has been the major factor in increasing incomes and in decreasing poverty rates. In comparison to the economic state of blacks at the turn of the century, the overall gains have been impressive.

The pace of progress has not been even, though, either over time or across geographic regions. In fact, since the late 1970s progress has ground to almost a complete halt. There have even been some erosion

of income gains and an increase in poverty rates over this period. Moreover, although black labor market status has improved, blacks are still a long way from labor market parity, and recent trends suggest a deterioration in some aspects of black labor market position. These recent developments call into question the permanency of black gains. The remainder of this section will review briefly some of the highlights of twentieth-century trends in black economic status.

Labor Market Developments

Changes in Region and Sectors of Employment

Two major themes have dominated developments for blacks in the labor market during the twentieth century. The first is the redistribution of the black work force from the South to the North; the second is the transformation of the work force from one engaged in agricultural and domestic service occupations to one engaged primarily in other pursuits. These two trends are obviously interrelated, since the migration of blacks to the North was tantamount to leaving agriculture for non-agricultural pursuits. However, even within the South a dramatic industrial transformation has occurred, albeit at a somewhat slower pace.

TABLE 1
BLACK EMPLOYMENT BY REGION, 1890-1984

	Number Employed (In Thousands)			
	South	North & West	Total U.S.	Percent in South
1890 ^a	2,746	327	3,073	89.4
1910 ^a	4,592	600	5,193	88.4
1930 ^a	4,210	1,293	5,504	76.5
1940 ^b	3,571	908	4,479	79.7
1960 ^b	3,537	2,560	6,097	58.0
1970 ^b	3,799	3,562	7,361	51.6
1981	5,012	4,177	9,189	54.5
1984	5,575	4,544	10,119	55.1

Source: Figures for 1890 to 1970, inclusive, are derived from the U.S. Bureau of the Census, *The Social and Economic Status of the Black Population in the United States: An Historical View, 1790-1978* (Washington, D.C.: U.S. Government Printing Office, 1979), Tables 52 and 53, pp. 73-75. Figures for 1982 and 1984 are from the U.S. Bureau of Labor Statistics, *Geographic Profile of Employment and Unemployment, 1982 and 1984*, Bulletins No. 2170 and 2234, respectively.

(Washington, D.C.: U.S. Government Printing Office, 1983 and 1985), Table 4, pp. 12-14 and 13-16, respectively.

^aFigures are for employed people ten years old and older.

^bFigures are for employed people fourteen years old and older.

The dramatic nature of the regional shift in black employment is revealed by the facts displayed in Table 1. In 1890 nearly 90 percent of the employed black population worked in the South, while only 10 percent worked in the North and West. By 1970, only about 52 percent of employed blacks worked in the South, while 48 percent worked in the other regions. The proportion of blacks working in the South has declined by over 40 percent since the beginning of the century, while the proportion working in the other regions has more than quadrupled. As the data in Table 1 clearly show, the shift of the locus of black employment to regions outside of the South occurred in two spurts. The first occurred between 1910 and 1930, a period that corresponded to World War I and the general prosperity of the 1920s. During these two decades, total employment of blacks in the South actually declined by about 382,000, while total employment of blacks in the North and West increased by about 700,000 workers. Thus, the proportion of employed blacks residing in the South declined from over 88 percent in 1910 to about 76.5 percent in 1930.

During the depression decade of the 1930s, blacks actually lost employment at about the same rate both in the North and West and in the South. Hence, there was very little change in the regional distribution of black employment during that decade.

The second major spurt in the relocation of black employment occurred between 1940 and 1970. During this period black employment remained almost constant in absolute numbers in the South, while blacks gained about 2.7 million jobs in the North and West. The proportion of blacks employed in the South declined from 79.7 to 51.6 percent during this thirty-year period. Since 1970, black employment has grown in both the South and the non-South, but growth has been faster in the South. As a consequence, the proportion of blacks employed in the South has increased modestly since 1970.

TABLE 2

WHITE EMPLOYMENT BY REGION, 1890-1984^a

	Number Employed (In Thousands)			
	South	North & West	Total U.S.	Percent in South
1890 ^b	6,754	12,788	19,542	34.6
1910 ^b	12,295	20,479	32,774	37.5

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1930 ^b	14,310	28,274	42,584	33.6
1940 ^c	10,207	30,480	40,687	25.1
1960 ^c	15,079	43,464	58,543	25.8
1970 ^c	18,998	50,194	69,192	27.5
1982	27,601	60,302	87,903	31.4
1984	29,251	62,869	92,120	31.8

Source: Figures for 1890 to 1970, inclusive, are derived from the U.S. Bureau of the Census, *The Social and Economic Status of the Black Population in the United States: An Historical View, 1790-1978* (Washington, D.C.: U.S. Government Printing Office, 1979), Tables 51 and 54, pp. 72 and 75. Figures for 1982 and 1984 are from the U.S. Bureau of Labor Statistics, *Geographic Profile of Employment and Unemployment, 1982 and 1984*, Bulletins No. 2170 and 2234, respectively (Washington, D.C.: U.S. Government Printing Office, 1983 and 1985), Table 4, pp. 12-14 and 13-16, respectively.

^a“White” does not include Hispanics.

^bFigures are for employed people ten years old and older.

^cFigures are for employed people fourteen years old and older.

The decline in the proportion of blacks employed in the South between 1940 and 1970 was much more dramatic than for whites. Data for the distribution of white employment by region are shown in Table 2. This table, juxtaposed with Table 1, enables one to observe that while black employment in the South grew by only about 200,000 jobs between 1940 and 1970, white employment grew by about nine million jobs. Indeed, while the proportion of blacks employed in the South declined by about 25 percent between 1930 and 1970, the proportion of whites working in the South declined by only about 6 percent. It is thus apparent that during the first seventy years of the twentieth century, blacks were being displaced from the southern work force in large numbers.

The second major trend of the twentieth century — the shift of black workers out of domestic service and agriculture into other sectors of the economy — has been even more dramatic. Table 3 presents data which summarizes this trend. The shift has occurred in both the North and West and in the South. In 1890, for the nation as a whole, about eighty-eight of every one hundred black workers were employed either in agriculture or in domestic and personal service; the corresponding figures were 79 percent in the North and West and 90 percent in the South. These proportions declined every decade after 1890, and by 1982 the proportion of blacks employed in agriculture and domestic service reached an all-time low of 4.8 percent nationally — composed of 7 percent in the South and 2.1 percent in the North and West.

TABLE 3
EMPLOYMENT IN AGRICULTURE AND DOMESTIC
SERVICE INDUSTRIES, BY RACE (PERCENT)

	White	Black		
	Total U.S.	Total U.S.	South	North & West
1890	54	88	90	79
1910	38	77	80	56
1930	28	66	71	46
1940	20	54	61	30
1960	7	23	32	11
1970	4	10	17	6
1982	3.7	4.8	7	2.1
1984	5	6	8.3	3.1

Source: Figures for 1890 to 1970, inclusive, are from the U.S. Bureau of the Census, *The Social and Economic Status of the Black Population in the United States: An Historical View, 1790-1978* (Washington, D.C.: U.S. Government Printing Office, 1979), Tables 51, 52 and 54, pp. 72, 73 and 75. Figures for 1982 and 1984 are from the U.S. Bureau of Labor Statistics, *Geographic Profile of Employment and Unemployment, 1982 and 1984*, Bulletins No. 2170 and 2234, respectively (Washington, D.C.: U.S. Government Printing Office, 1983 and 1985), Table 4, pp. 12-14 and 13-16, respectively.

For the nation as a whole, the decline in the concentration of black employment in the agricultural and domestic service sectors proceeded at a fairly rapid pace throughout the century. Between 1890 and 1940 this proportion fell from 88 percent to 54 percent, and between 1940 and 1982 it declined from 54 to 4.8 percent. In the South, the period when the decline in employment in these two sectors was most rapid occurred after 1940. In the North and West it was between 1890 and 1940.

The transformation of the black work force from one heavily concentrated in the agricultural and domestic service sectors corresponds to a national trend of diversification of employment away from agriculture. As Table 3 shows, although only 54 percent of the white population worked in agriculture and domestic service in 1890, the proportion of whites employed in these sectors also declined each decade, reaching 3.7 percent by 1982. The differences that obtained between black workers and white workers vis-à-vis sectors of employment over the first half of the twentieth century have decreased steadily since 1940, and had almost vanished completely by 1982 in all regions of the country. This convergence of sectors of employment accounts for most of the relative gains for black workers during this century. The shift of black workers from the South and out of the agricultural and domestic ser-

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vice sectors has had a major impact on their occupational distribution, employment rates, wage rates and earnings. The next three sections of this chapter will discuss the changes that have occurred in each of these areas of black labor market status.

Occupational Changes

As one might expect, the dramatic changes in blacks' sectors of employment were accompanied by equally striking shifts in their occupational distribution. Table 4 summarizes available occupational data for 1890, 1910 and 1930. Between 1890 and 1930 the proportion of blacks employed in domestic service and agricultural occupations declined from about 88 percent to about 66 percent. In 1890 only about 11 percent of the black work force was engaged in what might be roughly classified as blue-collar occupations in the nonagricultural sector; by 1930 this figure had increased to 26 percent. Similarly, about 9 percent of blacks worked in white-collar pursuits in 1930 as compared to only about one percent in 1890. Thus, there were large absolute gains in the occupational status of black workers.

TABLE 4
DISTRIBUTION OF WORKERS BY OCCUPATION AND RACE,
1890-1930 (PERCENT)

	1890		1910		1930	
	Black	White	Black	White	Black	White
Professional	a	a	1.3	4.7	2.1	6.7
Managers and Administrators	a	a	0.8	7.3	1.0	8.4
Clerical	a	a	0.8	11.7	1.5	19.2
Manufacturing and Mechanical	6.0	25.0	13.0	30.0	19.0	30.0
Transportation and Communication	5.0	16.0	5.0	7.0	7.0	8.0
Domestic and Personal Service	31.0	17.0	22.0	8.0	29.0	8.0
Agriculture	57.0	37.0	55.0	30.0	37.0	20.0
Other	1.0	5.0	3.1	1.0	4.4	0.0

Source: Figures for blacks in the first three categories are based on data in Gunnar Myrdal, *An American Dilemma: The Negro Problem and Modern Democracy*, 3d ed., Vol. 1 (New York: Harper & Row, 1962, printed 1969), Table 1, p. 306. All other figures are from the U.S. Bureau of the Census, *The Social and Economic Status*

of the Black Population: An Historical View, 1790-1978 (Washington, D.C.: U.S. Government Printing Office, 1979), Table 51, p. 72.

^aIncluded in the category "Other."

However, relative black gains were limited because similar occupational changes also occurred for whites during the first part of the century. Between the beginning of the century and 1930, the increase in white employment in nonagricultural pursuits actually proceeded at a faster pace than that of blacks. As shown in Table 4, the proportion of whites employed in agricultural and domestic or personal service occupations decreased from 54 percent in 1890 to 28 percent in 1930. The proportion classified as white-collar workers (the "Other" category in 1890) increased strikingly from about 5 percent to around 34 percent.²

Thus, during the early part of the century the occupational roles of blacks and whites diverged. The relative occupational status of blacks during this period actually may have declined despite the absolute gains in occupational status. For example, while blacks were about 1.6 times as likely as whites to be in the traditional agricultural and domestic service occupations in 1890, by 1930 they were about 2.4 times as likely to be in these occupations. A gap in white-collar occupations in 1890 of roughly 4 percent increased to 25 percent by 1930. Only in blue-collar occupations did the figures for the proportional employment of blacks and whites converge. And so, during the first three decades of the twentieth century, as blacks diversified out of the traditional occupations, the pattern of disadvantageous occupational distribution, which had always existed in the traditional sectors, was also established in nontraditional ones.

In the agricultural sector, for example, blacks had always been concentrated in the least advantageous roles. In 1930, for example, blacks employed in agriculture were almost twice as likely to be sharecroppers or wage laborers as whites (64.9 percent versus 33.5 percent).³ On the other hand, whites were more than three times as likely as blacks to be owners and managers (42.4 percent versus 13.1 percent).⁴ As can be observed from the data in Table 4, a similar pattern of underrepresentation in the more advantageous occupations characterized the occupational distribution of blacks in the new industrial work force. In 1930, only 9 percent of blacks working in sectors other than agriculture or domestic service were managers or professionals. In comparison, 21 percent of whites working in the nontraditional sectors were employed in such occupations.

The transformation of the occupational structure of the employed black work force accelerated after 1940, and continued through the 1980 decennial census in both the North and West and in the South. This was especially true for black females. Occupational data for fe-

males for the years 1940 and 1980 are displayed in Table 5. Between 1940 and 1980, the share of employed black women working in farm and domestic service occupations declined sharply from about 75 percent to about 6 percent. The proportion of black women employed in every other major occupational group increased during this period. Hence, there was an acceleration of the occupational upgrading of the black female labor force during this period. The most impressive gains occurred in the clerical occupations. The proportion of black women employed as clerical workers rose from roughly one percent in 1940 to about 26 percent in 1980. The proportion of black females working in professional and technical jobs, service occupations other than domestic service, and operative jobs also increased significantly. On the other hand, black females continued to have a low rate of employment as managers and officials, which increased from one percent to 4.7 percent, and as sales workers, which increased from less than one percent to 6.1 percent.

TABLE 5
DISTRIBUTION OF EMPLOYED WOMEN BY OCCUPATION
AND RACE, 1940 AND 1980 (PERCENT)

	1940			1980		
	Black	White	Ratio Black:White	Black	White	Ratio Black:White
Professional and Technical	4.3	14.7	.29	15.2	17.7	.86
Managerial	0.7	4.3	.16	4.7	7.8	.60
Clerical	0.9	24.7	.04	25.3	32.2	.80
Saleswomen	0.5	8.1	.06	6.1	12.0	.51
Craft Workers	0.2	1.1	.18	2.3	2.3	1.0
Operatives	6.2	20.3	.31	13.2	8.8	1.5
Farm Laborers	12.9	1.2	10.75	0.5	0.6	.83
Other Laborers	0.8	0.9	.89	2.0	2.0	1.45
Service Workers	10.4	11.5	.90	24.3	15.4	1.58
Domestic Service	59.5	10.9	5.46	5.0	0.8	6.25
Farmers & Farm Managers	3.0	1.1	2.73	0.5	0.4	.25

Source: Data for 1940 are from the U.S. Bureau of the Census, *1940 Census: Population*, Vol. III, Part 1, U.S. Summary (Washington, D.C.: U.S. Government Printing Office, 1943), Table 62, pp. 88-90; data for 1980 are derived from the U.S. Bureau of the Census, *1980 Census: Detailed Population Characteristics, Part 1*, U.S. Summary, Report No. PC 80-1-D1-A (Washington, D.C.: U.S. Government Printing Office, 1984), pp. 1-196 — 1-215.

The telling nature of the post-1940 occupational upgrading of black women is revealed by the fact that in 1940, two major occupational groups, operatives and nonhousehold service workers, accounted for about 71 percent of all black female employment outside of the agricultural and domestic service sectors. By 1980 the share of these two sectors had dropped to about 43 percent. The major increase was for clerical workers whose share among industrial workers rose from 3.8 percent to 31.8 percent.

Occupational data for males, both black and white, for this period are shown in Table 6.

TABLE 6
DISTRIBUTION OF EMPLOYED MEN BY
OCCUPATION AND RACE, 1940 AND 1980 (PERCENT)

	1940			1980		
	Black	White	Ratio Black:White	Black	White	Ratio Black:White
Professional and Technical	1.8	5.9	.31	7.9	14.5	.54
Managerial	1.3	10.6	.12	5.7	13.5	.42
Clerical	1.2	7.1	.17	9.3	6.6	1.41
Salesmen	0.8	6.8	.12	3.9	9.8	.40
Craft Workers	4.4	15.6	.28	15.5	21.4	.72
Operatives	12.5	18.8	.66	25.8	16.0	1.61
Farm Laborers	19.8	7.0	2.83	2.9	2.0	1.45
Other Laborers	21.2	7.5	2.83	11.5	5.7	2.02
Service Workers	12.3	5.8	3.32	16.8	8.2	2.05
Domestic Service	2.9	0.2	14.50	0.2	-	-
Farmers & Farm Managers	21.1	14.0	1.51	0.5	2.3	.22

Source: Data for 1940 are from the U.S. Bureau of the Census, *1940 Census: Population*, Vol. III, Part 1, U.S. Summary (Washington, D.C.: U.S. Government Printing Office, 1943), Table 62, pp. 88-90; data for 1980 are derived from the U.S. Bureau of the Census, *1980 Census: Detailed Population Characteristics*, Part 1, U.S. Summary, Report No. PC 80-1-D1-A (Washington, D.C.: U.S. Government Printing Office, 1984), pp. 1-196 — 1-215.

The changes for black males after 1940 were less notable because only about 44 percent of them worked in agricultural or domestic service occupations in 1940. Nevertheless, there was substantial absolute upgrading in the occupational status of employed black males. The largest increases in employment shares occurred in the skilled craft and operative occupations. The shares of employed black males working in

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these two occupations increased from 4.4 to 15.5 percent and from 12.5 to 25.8 percent, respectively. The proportion of black males employed in white-collar occupations also increased. In total, 26.8 percent of employed black males held white-collar jobs in 1980 as compared to only 5.1 percent in 1940. All of the white-collar occupations also increased as a share of the total black nonagricultural employment. The proportion of black males employed in service occupations other than private household workers increased from 12.3 percent in 1940 to 16.8 percent in 1980. The proportion of black males employed as laborers outside of the agricultural sector actually declined from 21.2 percent in 1940 to 11.5 percent in 1980. In 1940, two occupational groups (laborers and service workers outside of the household sector) accounted for 60 percent of black male industrial employment. The proportion of black industrial workers employed in these occupations declined to about 30 percent in 1980.

The data in Tables 5 and 6 show that the occupational structure for the white population also changed over the forty years from 1940 to 1980. However, because whites already had relatively low representation in the agricultural and domestic service sectors, the changes for blacks were more conspicuous. Between 1940 and 1980 the proportion of white men working in agricultural, domestic service and industrial laborer occupations declined from 28.7 percent to 10 percent, while the proportion of black males so employed declined from 65 to 15.1 percent. Similarly, only about 14 percent of employed white women worked in such occupations in 1940, compared to about 76 percent of employed black women. For white women, the major change in the distribution of industrial workers was an increase in clerical and nonhousehold service workers and a decline in the proportion working as operatives. Most of the decline in the agricultural and domestic service sectors for white males was offset by gains in white-collar occupations, where their share of jobs increased from about 30 percent to about 44 percent. For white males, the proportion of blue-collar jobs only increased by about three percentage points, and the proportion of service jobs also increased by about the same.

The changes in the occupational structures for blacks and whites reflect the changing demand for labor in the economy. Because blacks were more heavily concentrated in the occupations for which demand was declining, occupational changes for blacks have been more dramatic. As a result of these changes, there has been a convergence in the occupational structures for both blacks and whites. Moreover, the structures have converged even if one only considers those employed in the nontraditional occupations. The relative proportion of black males and black females employed in the better occupational categories has

increased, while the relative proportion employed in the less desirable occupations has decreased.

For example, black males employed in nontraditional sectors were about three times as likely to be employed as laborers or service workers in 1940, but only about two times as likely to be so employed in 1980. For the white-collar occupations (professionals, managers, and sales), black males were about 43 percent as likely as white males to hold such jobs in 1980, compared to 13 percent in 1940.⁵

The relative gains for black females were similar, though less vivid, because of more similar distributions of nondomestic service workers in 1940. However, the large numerical advantage of white females in clerical work in 1940 had been significantly reduced by 1980, as the relative likelihood of black female employment increased from 13 percent to 85 percent over this period. Also, black females not in the traditional sectors were 3.3 times as likely as white females to work as nonhousehold service workers in 1940, but only 1.7 times as likely in 1980. Curiously enough, the relative likelihood of a black female nondomestic worker being in a professional or managerial occupation actually dropped slightly between 1940 and 1980.

The major part of the occupational transformation for black males occurred between 1940 and 1960.⁶ The bulk of the movement out of agriculture and into craft and operative positions took place during this period. Between 1960 and 1980 most of the increase in white-collar employment occurred as the share of farm workers continued to decline, and the share of laborers started to fall as well. For black females, the changes occurred more evenly across the forty-year period. Most of the decline in the share of agricultural occupations, and about 40 percent of the decline in the proportion of domestic service workers, occurred between 1940 and 1960. During this period there were significant increases in the proportion of black women working as operatives, clericals and nonhousehold service workers. The major decline between 1960 and 1980 was in the proportion employed in domestic service occupations; the primary increase was in the share of black women working in clerical jobs.

Trends in occupational transformation also differed across regions.⁷ In general, the primary development between 1940 and 1960 for black males in the North and West (where there was little agricultural employment for blacks in 1940) was a movement out of service and laborer occupations and into clerical, operative and craft ones, with very little penetration into the higher white-collar occupations. Between 1960 and 1980 the occupational structure for black males outside of the South continued to evolve. Most of the shift was away from laborer and operative occupations. The proportion of black males employed in

higher white-collar occupations did increase during this period. In the South, on the other hand, the major change between 1940 and 1960 was a movement out of agricultural occupations. The proportion of employed blacks increased not only in the craft and operative occupations, but in the laborer and nonhousehold service occupations as well. During the next twenty years (1960-1980) the proportions working in agricultural and laborer occupations continued to fall, while there were gains in the white-collar as well as the blue-collar occupations.

The occupational status of working black males has improved relative to white males within each region in the post-1940 period. But, as of 1980, black males continued to have substantially unequal labor market positions in each region. In general, black males are underrepresented in the best occupations (professionals, managers, sales and crafts) and overrepresented in the other occupations in each region. Employed black males are still slightly less than 50 percent as likely as whites to be sales or managerial workers in the North, and a little less than 60 percent as likely in the West and one-third as likely in the South. In the North and West, blacks are from 60 to 67 percent as likely to be professional workers as whites and in the South they are about 50 percent as likely. In general, occupational distributions are closest to parity in the West, and furthest from parity in the South.

The pattern of occupational change also has varied among regions for black females. It has been similar to that of black males, except that the movement was from domestic service and agriculture instead of from laborers and agriculture. Again, the changes between 1940 and 1960 were greater outside the South. Within the South, the changes were greater between 1960 and 1980. It is also the case that the movement into higher-valued, white-collar occupations was greater between 1960 and 1980.

The occupational convergence of blacks and whites has been greater for employed black females than for black males in all regions during this century, but inequality still exists. Black females generally are overrepresented in blue-collar and service occupations, and underrepresented in white-collar ones. Moreover, as is true of black males, the greatest inequalities continue to exist in the South. The proportion of black females with professional or technical occupations is over 82 percent as large as the proportion of white females holding such occupations in every region, a figure which points to increasing progress. The proportion of black females holding clerical occupations is practically at parity in every region except the South. Employed black females have also gained in their representation within managerial positions. The greatest remaining disparities are black females'

underrepresentation among sales workers and their overrepresentation among domestic workers.

Employment Rates

The occupational distribution of employed blacks is only one aspect of the labor market status of black workers. Occupational statistics do not take any account of joblessness. Occupational data thus provide an incomplete picture of the evolving status of black workers whenever there are absolute or relative changes in employment rates. Still, they are a useful measure of how well blacks are faring in the labor market.

The employment rate measures the proportion of the population that has a job at a point in time, regardless of the occupation. Being employed is, for most working-age persons, necessary for having earnings. For much of the twentieth century, though occupationally disadvantaged, blacks have had higher rates of employment than whites. This employment advantage has been particularly marked for black women. However, the employment rates of black men have declined significantly since the 1960s, and the gap between black female and white female employment rates has narrowed. As a result, the historical advantage for blacks has been completely eroded and whites currently have higher employment rates than blacks.

TABLE 7

EMPLOYMENT TO POPULATION RATIO, BY
RACE AND SEX, 1910-1985^a (PERCENT)

	Both Sexes		Male		Female	
	Black	White	Black	White	Black	White
1910	71.0	51.4	87.4	80.6	54.7	19.7
1920	59.9	49.3	81.1	77.9	38.9	19.2
1930	59.2	48.5	80.2	75.8	38.9	20.2
1940	48.3	44.3	65.5	67.5	31.8	21.0
1950	53.7	52.4	73.3	78.1	35.4	27.8
1960	54.0	54.6	69.3	77.3	40.0	33.1
1970	53.8	55.9	65.5	74.7	43.8	38.7
1980	52.6	58.6	58.8	71.7	47.3	46.6
1985	53.4	61.0	60.0	72.3	48.1	50.7

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Source: Figures for 1910 through 1930 are derived from Charles E. Hall, *Negroes in the United States, 1920-1932* (Washington, D.C.: U.S. Bureau of the Census, 1935, reprinted New York: Arno Press, 1969), Table 1, p. 288. Figures for 1940 through 1980 are derived from the U.S. Bureau of the Census, *General Social and Economic Characteristics, 1980 Census of the Population*, Report No. PC 80-1-C1 (Washington, D.C.: U.S. Government Printing Office, 1983), Table 86, pp. 1-26 — 1-30. Figures for 1985 are from the U.S. Bureau of Labor Statistics, *Geographic Profile of Employment and Unemployment, 1985*, Bulletin No. 2266 (Washington, D.C.: U.S. Government Printing Office, 1986), Table 1, pp. 3-7.

^aFigures for 1910 to 1930 refer to gainful workers aged ten years and older, whether or not employed. Figures for 1940 are for workers aged fourteen years and older, and for 1950 and later, workers aged sixteen years and older. For 1910 through 1930, "White" refers to all "non-Negro" workers; for 1940 through 1960, "Black" includes nonwhite workers.

According to the decennial censuses (see data in Table 7), roughly 60 percent of blacks over age ten were gainfully employed in 1920 and 1930 and over 70 percent were gainfully employed in 1910. Both black males and black females were more likely to be classified as gainfully employed than their white counterparts during these early decades. However, the differential varied from only four to seven percentage points for males, while black females were between two and three times as likely to hold jobs as white females. Thus, the historically higher employment rates for blacks were due in large measure to the high rates of employment among black females. The high rates of employment for blacks during the first part of the century partially offset the income lost due to their less advantageous occupational distribution.

At the national level, blacks continued to have higher employment rates than whites until about 1960. Since 1960, though, whites have had higher employment rates than blacks. In 1940, as the nation was about to emerge from the depression, the census numbers indicate that the employment rates for both blacks and whites were lower than in 1930, although blacks continued to have a higher employment rate than whites (48.3 vs 44.3 percent). Between 1940 and 1980 black employment rates fluctuated, but never rose more than six percentage points above the 1940 level. But, white employment grew faster, and by 1980 was about fourteen percentage points higher than it was in 1940. And so, while the black employment rate was 4 percent higher in 1940 than the figure for whites, by 1980 it was 6 percent lower than that for whites.

The erosion in the employment rates of blacks was caused by a sharp decline in the employment levels of black males in relation to white males, and a sharp rise in the employment rate of white females relative to black females. By the 1960s black males had already fallen below white males in their rate of employment. For example, in 1960 only about 69 percent of black males over age sixteen were employed com-

pared to about 77 percent of white males. By 1980 the black male employment rate had fallen to about 59 percent of the black population, while the white male employment rate had fallen only to about 72 percent of the white population. Hence, while black males were 90 percent as likely as white males to be employed in 1960, they were only 82 percent as likely to be so in 1980.⁸

The erosion of the relative position of black females was occasioned largely by the growth in the white female employment rate. While only about 20 percent of white females were employed prior to World War II, the proportion of white women employed had increased to 33.1 percent by 1960 and to about 47 percent in 1980. In the meantime, the proportion of black women employed increased only from 40 percent to about 47 percent between 1960 and 1980. The employment rate for white women actually exceeded the employment rate among black women for the first time in 1975, and has been higher nearly every year since. Thus, black women's status has changed; while they were up to twice as likely to be employed as white women prior to World War II, they are now less than 95 percent as likely to be employed.

The trend in black employment rates has varied regionally. (See Table 8 for the regional data.) In general, employment rates declined in the Northeast and the Midwest subsequent to 1950, and held relatively steady in the South and the West through 1980. They have increased slightly in the South and the West since 1980. White employment rates, however, have increased faster than black employment rates in all regions: black employment rates were higher than those for whites through 1960, but since then have fallen below white employment rates in all regions. The largest relative declines have been in the Midwest and the Northeast. Between World War II and 1970, blacks in the South had the lowest absolute employment rates of all regions. Since the mid-1970s the rates of employment in the Northeast and the Midwest have fallen below the rates in the South. In 1985 only about 47 percent of blacks in the Midwest were employed, compared to 62 percent of whites. Since the mid-1970s, blacks have experienced the lowest absolute and relative employment rates on record outside of the depression.

TABLE 8
 EMPLOYMENT TO POPULATION RATIO, BY
 RACE, SEX AND REGION, 1950-1985^a (PERCENT)

	MALES							
	Northeast		Midwest		South		West	
	Black	White	Black	White	Black	White	Black	White
1950	67.7	76.2	69.6	79.8	76.1	79.1	68.8	75.8
1960	71.8	77.2	67.2	78.0	68.6	76.4	71.9	78.0
1970	67.4	<i>b</i>	66.0	<i>b</i>	64.6	<i>b</i>	65.8	<i>b</i>
1980	57.0	70.1	54.5	71.8	60.4	71.9	62.7	72.6
1985	58.6	71.5	51.9	72.8	62.9	72.4	62.8	72.4

	FEMALES							
	Northeast		Midwest		South		West	
	Black	White	Black	White	Black	White	Black	White
1950	40.8	30.1	32.6	27.7	34.9	25.3	34.5	27.6
1960	45.0	34.5	36.8	32.8	39.6	31.6	39.5	33.6
1970	45.4	<i>b</i>	43.8	<i>b</i>	43.1	<i>b</i>	44.7	<i>b</i>
1980	47.0	45.9	45.4	47.0	47.6	45.7	50.1	48.4
1985	47.4	49.6	43.5	51.8	49.4	49.8	52.0	51.9

Source: Figures for 1950 through 1980 are derived from the U.S. Bureau of the Census, *General Social and Economic Characteristics, 1980 Census of the Population, Report No. PC 80-1-C1* (Washington, D.C.: U.S. Government Printing Office, 1983), Table 86, pp. 1-26 — 1-30. Figures for 1985 are derived from the U.S. Bureau of Labor Statistics, *Geographic Profile of Employment and Unemployment, 1985* (Washington, D.C.: U.S. Government Printing Office, 1986), Table 1, pp. 3-7.

^aFigure are for workers aged sixteen and older. For 1950 and 1960, "Black" includes all nonwhite workers.

^bNot available.

The decline in relative black employment is a consequence of trends in participation and unemployment rates. The national participation rate data are shown in Table 9. Participation rates for blacks have held at about 58 to 60 percent of the working-age population since the end of World War II. In contrast, the white participation rate has risen during the same period from about 55 percent to about 62 percent. Until the end of the 1960s, blacks participated at higher rates than whites. In 1910, for example, blacks age ten and older were about 40 percent more likely to participate in the labor force than whites.⁹ This participation advantage declined steadily, though, until by 1970 blacks participated at about the same rate as whites. Subsequent to 1970, whites have participated at higher rates than blacks.

TABLE 9
LABOR FORCE PARTICIPATION RATE,
BY RACE, 1910-1980^a

	Black	White	Black:White
1910	71.0	51.3	1.384
1920	59.9	49.2	1.217
1930	59.2	48.4	1.223
1940	58.1	51.6	1.126
1950	58.2	54.8	1.062
1960	58.9	57.2	1.030
1970	57.7	58.2	.991
1980	59.4	62.2	.955

Source: Figures for 1910 through 1930 are derived from Charles E. Hall, *Negroes in the United States, 1920-1932* (Washington, D.C.: U.S. Bureau of the Census, 1985, reprinted New York: Arno Press, 1969), Table 1, p. 288. Figures for 1940 through 1980 are derived from the U.S. Bureau of the Census, *General Social and Economic Characteristics, 1980 Census of the Population*, Report No. PC 80-1-C1 (Washington, D.C.: U.S. Government Printing Office, 1983), Table 86, pp. 1-26 — 1-30.

^aFigures for 1910 through 1930 refer to gainful workers aged ten years and older, whether or not employed. Figures for 1940 are for workers aged fourteen years and older, and for 1950 and later, are for workers aged sixteen years and older. For 1910 through 1930, "White" refers to all "non-Negro" workers; for 1940 through 1960, "Black" includes all nonwhite workers.

As shown in Table 10, the patterns have been different for males and females. The participation rate for black males was 80.8 percent in 1962, which was already slightly lower than the 82.1 percent participation rate for white males. Between 1960 and 1980, the participation rate for black males declined steadily and at a faster rate than was the case for white males. Thus, the 2 percent gap in participation rates that existed in 1960 grew to an 8 percent gap by 1980, as only 70.3 percent of black males versus 78.2 percent of white males participated in the labor force. The obverse was true for black females.

The participation rate for black females actually increased after 1962, from 48 percent to 53 percent by 1980. The rate for white females over the same period rose faster though, from 37 percent to 51 percent. Hence, the 11 percent advantage for black females which existed in 1962 had declined to a 2 percent advantage by 1980.

TABLE 10
CIVILIAN LABOR FORCE PARTICIPATION RATE,
BY RACE AND SEX, 1962-1985

	Males			Females		
	Black	White	Black:White	Black	White	Black:White
1962	80.8	82.1	.98	48.0	36.7	1.31
1966	79.0	80.6	.98	49.3	39.2	1.26
1970	76.5	80.0	.96	49.5	42.6	1.16
1974	72.9	79.4	.92	49.0	45.2	1.08
1978	71.5	78.6	.91	53.1	49.4	1.07
1980	70.3	78.2	.90	53.1	51.2	1.04
1985	70.8	77.0	.92	56.5	54.1	1.04

Source: Figures for blacks from 1962 through 1970 are from the U.S. Bureau of Labor Statistics, *Handbook of Labor Statistics*, Bulletin No. 2070 (Washington, D.C.: U.S. Government Printing Office, 1980), Table 4, pp. 13-15. Figures for 1974 through 1980, and for whites from 1962 through 1970, are from the U.S. Bureau of Labor Statistics, *Handbook of Labor Statistics*, Bulletin No. 2217 (Washington, D.C.: U.S. Government Printing Office, 1985), Table 5, pp. 19-21. Figures for 1985 are from the U.S. Bureau of Labor Statistics, *Geographic Profile of Employment and Unemployment, 1985*, Bulletin No. 2206 (Washington, D.C.: U.S. Government Printing Office, 1986), Table 1, pp. 3-4.

Regional trends in participation are shown in Table 11. The greatest relative declines have occurred in the Northeast and the Midwest, even though, in fact, black participation rates were actually higher in all regions in the 1980s than they were prior to 1980, except the Northeast. The major reason for the relative decline has been the faster growth of white participation rates. The sex pattern in each region mirrors the pattern discussed in the national data.

TABLE 11
LABOR FORCE PARTICIPATION RATE,
BY RACE AND REGION, 1950-1985^a

	Northeast		Midwest		South		West	
	Black	White	Black	White	Black	White	Black	White
1950	59.9	53.3	57.0	55.1	57.9	3.5	60.7	55.3
1960	62.9	57.6	58.2	57.2	57.4	5.8	61.6	58.7
1970	58.7	<i>b</i>	58.9	<i>b</i>	56.5	<i>b</i>	60.6	<i>b</i>
1980	58.4	61.2	59.0	63.0	59.3	1.1	63.2	64.0
1985	59.5	63.4	60.7	66.4	64.5	4.2	65.5	66.4

Source: Figures for 1950 through 1980 are from the U.S. Bureau of the Census, *General Social and Economic Characteristics, 1980 Census of the Population*, Report No. PC 80-1-C1 (Washington, D.C.: U.S. Government Printing Office, 1983), Table 86, pp. 1-26 — 1-30. Figures for 1985 are from the U.S. Bureau of Labor Statis-

tics, *Geographic Profile of Employment and Unemployment, 1985*, Bulletin No. 2266 (Washington, D.C.: U.S. Government Printing Office, 1986), Table 1, pp. 3-7.

^a Figures are for workers aged sixteen years and older. For 1950 and 1960, "Black" includes all nonwhite workers.

^b Not available.

In addition to the decline in relative participation rates, there have also been absolute and relative increases in the black unemployment rate since World War II. These data are shown in Table 12 for the nation as a whole and in Table 13 by region. The unemployment rate fluctuates with the business cycle, but for blacks it has generally been drifting upwards. Their 1980 unemployment rate of 14.3 percent was twice the 1970 rate of 7.0 percent. Since 1970 the unemployment rate for blacks seemingly increases with each downturn in the cycle and decreases less with each recovery. The unemployment rate for blacks averaged 15.0 percent between 1975 and 1986. In comparison, white unemployment rates, which were between 4.1 and 4.7 percent in the decennial censuses from 1950 to 1970, had increased only to 6.3 percent by the 1980 census. Over the period during which blacks averaged 15.0 percent unemployment, whites averaged only 6.7 percent unemployment.¹⁰ Prior to 1970, the black unemployment rate generally fluctuated from 1.7 to 2.1 times the white rate. Since 1976, the black rate has fluctuated from 2.3 to 2.5 times the white rate.

TABLE 12
UNEMPLOYMENT RATE BY RACE,
1940-1985^a

	Black	White	Black:White
1940	16.9	14.2	1.19
1950	7.9	4.5	1.76
1960	8.6	4.7	1.83
1970	7.0	4.1	1.71
1975	14.8	7.8	1.90
1980	14.3	6.3	2.27
1985	15.1	6.2	2.44

Sources: Figures for 1940 through 1970 are from the U.S. Bureau of the Census, *General Social and Economic Characteristics, 1980 Census of the Population*, Report No. PC 80-1-C1 (Washington, D.C.: U.S. Government Printing Office, 1983), Table 86, pp. 1-26 — 1-30. Figures for 1975 and 1980 are from the U.S. Bureau of Labor Statistics, *Handbook of Labor Statistics*, Bulletin No. 2217 (Washington, D.C.: U.S. Government Printing Office, 1985), Table 25, p. 64. Figures for 1985 are from the U.S. Bureau of Labor Statistics, *Geographic Profile of Employment and Unemployment, 1985*, Bulletin No. 2266 (Washington, D.C.: U.S. Government Printing Office, 1986), Table 1, pp. 3-7.

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^aFigures for 1940 are for workers aged fourteen and over; for 1950 through 1980, figures are for workers aged sixteen and older. For 1940 and 1950, "Black" includes all nonwhite workers.

The data in Table 13 show that black unemployment rates have gone up in absolute and relative terms in all regions. The sharpest absolute increases have occurred in the Midwest. Through much of the 1980s, black unemployment rates in the Midwest averaged over 12 percent. Unemployment rates in the other three regions have been somewhat lower, but are still substantially above their historical norm. Racial inequality is also greatest in the Midwest when measured by ratio; black-to-white unemployment rates have hovered slightly over 3:1. The degree of inequality is also very high in the South, averaging close to 2.5:1 during the 1980s. In both the Northeast and the West, the level of inequality also increased during the 1980s; generally the black unemployment rate has been over twice the white unemployment rate.

TABLE 13
UNEMPLOYMENT RATE BY REGION AND RACE,
1950-1985^a

	Northeast		Midwest		South		West	
	Black	White	Black	White	Black	White	Black	White
1950	10.9	5.6	11.0	3.4	5.8	3.5	13.3	6.7
1960	8.8	4.9	11.9	4.3	7.3	4.4	9.2	5.6
1970	6.0	<i>b</i>	8.2	<i>b</i>	6.4	<i>b</i>	10.0	<i>b</i>
1980	12.2	6.0	16.2	6.6	10.1	4.7	11.0	6.1
1985	12.0	5.6	22.2	6.7	14.0	5.7	13.0	6.9

Source: Figures for 1950 through 1980 are from the U.S. Bureau of the Census, *General Social and Economic Characteristics, 1980 Census of the Population*, Report No. PC 80-1-C1 (Washington, D.C.: U.S. Government Printing Office, 1982), Table 86, pp. 1-26 — 1-30. Figures for 1985 are from the U.S. Bureau of Labor Statistics, *Geographic Profile of Employment and Unemployment, 1985*, Bulletin No. 2266 (Washington, D.C.: U.S. Government Printing Office, 1986), Table 1, pp. 3-7.

^aFigures are for workers aged sixteen years and older. For 1950 and 1960, "Black" includes all nonwhite workers.

^bNot available.

The pattern of increasing unemployment rates has affected both black males and black females evenly, as shown by the data in Table 14. For both sexes, the unemployment rate has drifted upward since the mid-1970s in both absolute and relative terms. In fact, black females generally had an unemployment rate less than two times the white female rate prior to the mid-1970s, but since then the differential

has generally been substantially above two to one. Black males have also experienced greater relative inequality. The absolute gap between black male and white male unemployment rates never exceeded 7.1 percent between 1960 and 1975, but has exceeded that figure every year since and stood at roughly 10 percent in the first three years of the 1980s.¹¹

TABLE 14
UNEMPLOYMENT RATE, BY RACE AND SEX,
FOR SELECTED YEARS

	Males			Females		
	Black	White	Black:White	Black	White	Black:White
1962	10.9	4.6	2.37	11.0	5.5	2.0
1966	6.3	2.8	2.25	8.6	4.3	2.0
1970	7.3	4.0	1.75	9.3	5.4	1.72
1974	9.8	4.4	2.23	11.3	6.1	1.85
1978	11.8	4.6	2.57	13.8	6.2	2.23
1980	14.5	6.1	2.38	14.0	6.5	2.15
1985	15.3	6.1	2.51	14.9	6.4	2.33

Source: Figures for blacks from 1962 through 1970 are from the U.S. Bureau of Labor Statistics, *Handbook of Labor Statistics*, Bulletin No. 1825 (Washington D.C.: U.S. Government Printing Office, 1974), Table 63, pp. 151-153. All figures for 1974 through 1980, and those for whites from 1962 through 1970, are from the U.S. Bureau of Labor Statistics, *Handbook of Labor Statistics* (Washington, D.C.: U.S. Government Printing Office, 1985), Table 27, pp. 69-73. Figures for 1985 are from the U.S. Bureau of Labor Statistics, *Geographic Profile of Employment and Unemployment, 1985*, Bulletin No. 2266 (Washington, D.C.: U.S. Government Printing Office, 1986), Table 1, pp. 3-7.

The employment disadvantages for blacks are greatest for the youngest members of both sexes. However, since the mid-1970s the experience of serious unemployment problems has drifted up the black age distribution.¹²

Wages and Earnings

Data on wage rates and earnings are scarce prior to the 1960s. Still, it is widely believed that the wages and earnings of blacks were considerably lower than those of whites during the first half of this century. Data reported in a study by James Smith and Finis Welch suggest that the wages of employed blacks have risen significantly since 1940.¹³ This should be expected given the massive migration of blacks from

low-wage southern labor markets to higher-wage nonsouthern ones, as well as the significant occupational transformation that has occurred. According to Smith and Welch, the wages of black males rose both absolutely and relatively in relation to their white counterparts. They observe that black male wages rose from 43 percent of white male wages in 1940 to 73 percent in 1980, and that wages increased every decade from 1940 to 1980, with the greatest rate of increase occurring between 1940 and 1950.

TABLE 15
RATIO OF BLACK-TO-WHITE
MEDIAN USUAL WEEKLY EARNINGS OF FULL-TIME
WAGE AND SALARY WORKERS, BY SEX
1967, 1969-1987

	Male	Female
1967	.69	.80
1969	.72	.83
1970	.72	.85
1971	.73	.85
1972	.75	.92
1973	.77	.91
1974	.77	.94
1975	.77	.94
1976	.78	.94
1977	.78	.94
1978	.78	.95
1979	.75	.92
1980	.77	.91
1981	.75	.93
1982	.75	.88
1983	.75	.91
1984	.75	.92
1985	.73	.90
1986	.73	.89
1987	.72	.90

Source: Figures for 1967 through 1978 are derived from the U.S. Bureau of Labor Statistics, *Handbook of Labor Statistics*, Bulletin No. 2070 (Washington, D.C.: U.S. Government Printing Office, 1980), Table 60, p. 118. Figures for 1979 through 1983 are derived from the U.S. Bureau of Labor Statistics, *Handbook of Labor Statistics*, Bulletin No. 2217 (1985). Figures for 1984 are derived from the U.S. Bureau of the Census, *Statistical Abstract of the United States: 1986*, 107th ed.

(Washington, D.C.: U.S. Government Printing Office, 1985), Table 704, p. 419. Figures for 1985 through 1987 are derived from the *Statistical Abstract of the United States: 1989*, 109th ed. (1989), Table 666, p. 406.

A closer examination of data from 1967 through 1987, shown in Table 15, suggests that progress for employed black males in obtaining wage equality reversed after 1976, and that by 1985 the degree of wage equality for employed black males had declined to the 1971 level. In 1976 the median usual weekly earnings for black males working full time was 78 percent that of white males; by 1985 this figure had dropped to 73 percent. Thus, while the wages and salaries of working black males have risen considerably since the beginning of the century, a large gap still obtains in relation to the wages and salaries of white males, and the trend since the late 1970s has been towards increasing wage inequality.

TABLE 16
RATIO OF BLACK-TO-WHITE,
MEDIAN ANNUAL EARNINGS, BY SEX,
1967, 1969-1984

	Male	Female
1967	.57	.80
1969	.59	.85
1970	.60	.92
1971	.60	.90
1972	.62	.96
1973	.63	.93
1974	.64	.92
1975	.63	.92
1976	.63	.95
1977	.61	.88
1978	.64	.92
1979	.65	.93
1980	.63	.96
1981	.63	.92
1982	.64	.90
1983	.64	.88
1984	.63	.91

Source: All figures are derived from the U.S. Bureau of the Census, *Money Income of Households, Families, and Persons in the United States: 1984*, Report P-20, No. 151 (Washington, D.C.: U.S. Government Printing Office, 1986), Table 28, pp. 99-101.

The wage data shown earlier in Table 15 do not reflect the impact of employment differences. Discussions of wages in the literature usually focus on those who work full time for the entire year. Earnings data take unemployment into account only to a limited extent. The data on the ratio of black-to-white median annual earnings shown in Table 16 suggest that labor market inequality is somewhat higher than what is indicated by wage ratio data. Between 1967 and 1984 the median earnings of all black male workers never exceeded 65 percent of the median earnings of white males. Moreover, by 1984 the ratio of black male to white male median earnings had fallen to 63 percent.

Yet, even these data understate the real disadvantage of black males in earning a living, because those individuals who have zero earnings during the year are excluded from the calculation. Since the late 1960s, the proportion of black males with earnings has been falling. In 1969, for example, 77.6 percent of working-age black males had some earnings. But by 1984, this was true for only 65.8 percent of them. In contrast, the proportion of white males with earnings only declined from 81.9 percent to 78.6 percent over this same period. Thus, while black males were 95 percent as likely as white males to have earnings in 1969, they were only 84 percent as likely to have earnings in 1984. Taking this factor into account, one observes that earnings for black males have not improved at all in relation to their white counterparts since the end of the 1960s.¹⁴

The picture for working black females shown by the data in Table 15 is somewhat different. Median usual weekly wages for black female full-time wage and salary workers had reached 95 percent of white wages by 1978. Although this ratio had declined to 90 percent by 1985, it was still considerably higher than it was for black males. Correspondingly, the wage inequality for black females was much lower than wage inequality for black males. Moreover, within particular occupations black females have achieved parity in wages. The difference in the overall wage rate arises primarily from differences in the distribution of blacks and whites across occupations. However, since the end of the 1970s, the trend has been towards declining relative wages for black females.

Unlike the case for black males, the median annual earnings for employed black females have roughly equalled the median annual earnings of white females since the early 1970s. This has occurred despite the fact that the relative employment of black females has declined. The apparent reason for this phenomenon is that employed black females are more likely to work full time for the entire year, and are also more likely to be prime-age experienced workers.

Business Ownership

As indicated in the introduction to this chapter, black business ownership has been very limited through most of the twentieth century. Data on black business ownership prior to 1969 are limited, but those that are available clearly establish that blacks have owned a relatively small share of total American businesses throughout the century. The businesses that blacks own have been small and marginal and heavily concentrated in retail and service establishments.¹⁵ Moreover, most of the businesses have had no paid employees.

Since 1969 better data have become available which describe the characteristics of black-owned businesses. All four censuses taken by the Census Bureau since 1969 confirm that the black business sector remains small and marginal. Information about the black business sector is shown in Table 17, and selected data for all American businesses are shown in Table 18. The census suggests that blacks owned roughly 339,000 business firms in 1982, which had total receipts of 12.4 billion dollars. This amounts to about 12.4 firms per 1000 black persons, and about \$456 in gross receipts per black person. Black businesses accounted for 2 percent of all businesses and handled less than 0.2 percent of all receipts. Blacks owned about 17 percent as many firms per capita as the total population, and these firms generated only about 1.4 percent of the per capita receipts.

The marginality of the black business sector is also seen in the limited amounts of employment provided by black businesses. In 1982, for example, only 11.2 percent of the 339,239 black businesses had paid employees. The average number of paid employees per firm was only 4.3. All together these businesses employed only 165,765 workers. In contrast, total black employment in 1982 was 9,189,000.¹⁶

The small black business sector remains overconcentrated in the retail trade and service area. In 1982, for example, more than 68 percent of black businesses were in these two sectors. Black business ownership is limited in each sector. In 1982 blacks owned almost as many service firms per capita as whites — 98 percent as many. Yet, these firms generated fifteen times less receipts per capita. In the manufacturing and wholesale sectors blacks owned fewer than one-tenth as many firms as whites, and these generated 250 times less receipts per capita. In the construction sector blacks had roughly 43 percent as many firms as whites, and in the retail trade sector they had about 37 percent as many. The construction sector receipts per capita were thirty-eight times smaller and those in the retail trade sector were thirty times smaller than the comparable figures for white firms. It is obvious that black businesses carry little weight in every industrial sector.

TABLE 17
GROWTH IN BLACK FIRMS AND RECEIPTS FOR SELECTED INDUSTRIES IN 1972, 1977 AND 1982
(RECEIPTS IN MILLIONS OF 1982 DOLLARS)

Industry	1972		1977		1982		% Change in Number of Firms		% Change in Sales Receipts	
	Total Firms	Receipts	Total Firms	Receipts	Total Firms	Receipts	1972-77	1977-82	1972-77	1977-82
Total	187,602	\$12,767	231,203	\$13,771	339,239	\$12,444	23.2%	46.7%	7.9%	- 9.6%
Construction	19,120	1,446	21,101	1,207	23,061	995	10.4	9.3	-16.5	-17.6
Manufacturing	3,664	840	4,243	978	4,171	988	15.8	- 1.7	16.4	1.0
Transportation & Public Utilities	21,356	826	23,061	811	24,397	795	8.0	5.8	- 1.8	- 2.0
Wholesale Trade	1,708	750	2,212	1,058	3,651	859	29.5	65.1	41.1	-18.8
Retail Trade	53,924	5,548	55,428	5,340	84,053	4,119	2.8	51.6	- 3.7	-22.9
Finance, Insurance & Real Estate	7,669	909	9,805	1,021	14,829	748	27.9	51.2	12.3	-26.7
Selected Services	66,521	2,062	101,739	3,011	147,263	3,249	52.9	44.7	46.0	7.9
Other	13,640	388	13,614	346	37,814	691	- 0.1	177.8	-10.8	99.7

Source: William O'Hare and Robert Suggs, "Embattled Black Businesses," *American Demographics* 8: 4 (April 1986): 26-29, 48-49, at table, p. 29, citing the U.S. Bureau of the Census, *1977 Survey of Minority-Owned Business Enterprises: Black*, Report No. MB 77-1, and *1982 Survey of Minority-Owned Business Enterprises: Black*, Report No. MB 82-1.

TABLE 18

**TOTAL GROWTH IN FIRMS AND RECEIPTS FOR SELECTED INDUSTRIES IN 1972, 1977 AND 1982
(RECEIPTS IN BILLIONS OF 1982 DOLLARS;^a FIRMS IN THOUSANDS)**

Industry	1972		1977		1982		% Change in Number of Firms		% Change in Sales Receipts	
	Firms	Receipts	Firms	Receipts	Firms	Receipts	1972-77	1977-82	1972-77	1977-82
Construction	438	357.7	480	377.9	457	324.5	9.6	-10.5	5.7	-16.5
Manufacturing	321	1738.9	360	2164.9	358	1960.2	12.2	- 0.6	24.5	-10.4
Wholesale Trade	370	1596.9	383	2004.6	416	1997.9	3.5	8.6	25.5	- 3.4
Retail Trade	1780	1050.7	1855	1151.9	1923	1065.9	- 8.1	3.7	9.6	4.2
Selected Services	684	237.1	725	261.6	1262	427.0	59.9	74.1	10.3	63.2

Source: U.S. Bureau of the Census, *Statistical Abstract of the United States, 1986*, 106th ed. (Washington, D.C.: U.S. Government Printing Office, 1985), Table 1286, p. 719; Table 1334, p. 744; Table 1387, p. 774; Table 1402, p. 783; and Table 1406, p. 786; and *Statistical Abstract of the United States: 1980*, 101st ed. (1980), Table 1513, p. 851.

^aThe Consumer Price Index was used to convert all receipts to 1982 dollars.

It is also evident that even "large" black businesses are small relative to large national businesses. In fact, in 1985 the combined sales of the top one hundred black businesses of all types were only equal to the sales of the firm ranked 228th on the Fortune 500 list. Moreover, the total number of employees of the one hundred largest black businesses would only rank them at number 259.¹⁷

Finally, it should be noted that there are no noteworthy trends pointing toward any significant growth in black-owned businesses. Although the numbers of black-owned firms recorded in the Census Bureau's *Survey of Black Businesses* have increased in all four surveys taken since 1969, much of the increase is due to broader survey coverage.¹⁸ Furthermore, even including the additional businesses as indicated in Table 17, receipts actually declined between 1972 and 1982 after adjusting for inflation. It thus appears that the number of more marginal black businesses is actually increasing. In short, black business ownership is still very limited in the U.S. economy, and there are no signs that this will change soon.

Income, Poverty and Wealth

Income

The consequences of black disadvantages in economic participation are reflected in statistics on income, poverty and wealth. Data on income are not generally available prior to the 1940s. However, given the almost complete dependence of blacks on labor earnings, the overwhelming concentration of the black work force in the low-wage South, and the unfavorable occupational distributions of black workers in all regions of the country, it is reasonable to infer that blacks had low incomes absolutely and relative to whites during the first half of the twentieth century. Most of the following discussion will focus on data for the second half of the century, and is designed to corroborate earlier observations concerning the economic status of blacks based on their participation in economic activities.

TABLE 19
PER CAPITA MONEY INCOME, BY RACE,
1967-1984 (1984 DOLLARS)

	Black	White	Black:White
1967	4,362	8,101	.54
1968	4,717	8,610	.55
1969	4,992	8,993	.56
1970	5,000	8,972	.56
1971	5,288	9,223	.57
1972	5,711	9,852	.58
1973	5,892	10,193	.58
1974	5,725	9,851	.58
1975	5,736	9,788	.59
1976	5,996	10,138	.59
1977	6,126	10,456	.59
1978	6,423	10,822	.59
1979	6,359	10,838	.59
1980	6,056	10,378	.58
1981	5,858	10,255	.57
1982	5,768	10,252	.56
1983	6,000	10,556	.57
1984	6,277	10,939	.57

Source: U.S. Bureau of the Census, *Money income of Households, Families, and Persons in the U.S.: 1984*, P-60/151 (Washington, D.C.: U.S. Government Printing Office, 1985), Table 27, p. 98.

Table 19 shows per capita income data from 1967 until 1984, which reinforce the earlier findings about black economic status during that time period. First, it is apparent that the economic gaps between blacks and whites are still very large. In 1984, per capita income for blacks was \$6,277 compared to \$10,939 for whites. Blacks thus received about fifty-seven cents for every dollar received by whites. The most striking thing about the income data, though, is the fact that by this measure little or no progress has been made in improving the relative economic status of blacks since the end of the 1960s. While the absolute level of per capita income in the mid-1980s was up from the levels of the early 1970s, the relative level was lower than it had been since 1972.

Although per capita income data are not readily available for earlier years, it seems likely that the current relative income of blacks is only slightly higher than it was during the 1950s. An earlier estimate by this author and Julian Ellison suggests that black per capita income was between 48 and 57 percent of the income of whites during the 1950s and early 1960s.¹⁹ It is very likely that the income of blacks was in the range of 40 to 50 percent of the income of whites prior to 1950. It is

therefore not unsound to observe that the gains have been quite modest for the century taken as a whole.

As shown in Table 20, the pattern for family income is similar to the pattern for per capita income. The median family income rose for blacks in the nation as a whole in both absolute and relative terms between 1959 and 1969. Even though the absolute level of family income probably rose during the 1950s, the ratio of black-to-white family income peaked in 1953 at 57 percent and declined to about 52 percent in 1959.²⁰ Since 1969, the absolute level of family income has fluctuated with the business cycle, but has clearly drifted downward since the mid-1970s. Moreover, the ratio of black-to-white family income has shown a decline since 1970, and has drifted back to the level attained in the mid-1960s and early 1950s.²¹ Hence, the gains that were made in relative family income during the 1960s have been eroding since the mid-1970s.

TABLE 20
MEDIAN FAMILY INCOME, BY RACE,
1959-1985 (1985 DOLLARS)

	Black	White	Black:White
1959	10,758 ^a	20,827	.517
1964	13,311 ^a	23,785	.600
1965	13,614 ^a	24,722	.551
1966	15,550 ^a	25,938	.600
1967	15,707	26,530	.592
1968	16,574	27,634	.600
1969	17,604	28,740	.613
1970	17,395	28,358	.613
1971	17,106	28,347	.603
1972	17,650	29,697	.594
1973	17,596	30,489	.577
1974	17,465	29,249	.597
1975	17,547	28,518	.615
1976	17,465	29,361	.594
1977	16,976	29,717	.571
1978	17,939	30,287	.592
1979	17,153	30,292	.566
1980	16,546	28,596	.578
1981	15,691	27,816	.564
1982	15,155	26,420	.552
1983	15,722	27,898	.565
1984	15,982	28,674	.557
1985	16,786	29,152	.576

Source: U.S. Bureau of the Census, *Money Income of Households, Families, and Persons in the United States, 1985 P-60/156* (Washington, D.C.: U.S. Government Printing Office, 1986), Table 11, p. 33-35.

^aFigures are for blacks and other nonwhite races.

Trends in median family income have also varied by region, as seen in Table 21. In each region real median family income, that is, income after adjustments for price changes, is currently higher than it was during the 1950s. Still, in the Midwest, the median family income of blacks declined to below the levels of the 1950s during the recession years of the 1980s. The gains of blacks relative to the early 1950s have been greatest in the South where their real family income has doubled. Most of the growth in their real income occurred in the 1960s, but since then their real income has declined in all regions. Indeed, even in the South their real income fell from the mid-1970s through the early 1980s.

TABLE 21
MEDIAN FAMILY INCOME, BY REGION AND RACE,
1953-1985 (1985 DOLLARS^a)

	Northeast		Midwest ^b		South		West	
	Black	White	Black	White	Black	White	Black	White
1953	13,531	18,444	14,268	18,710	7,316	14,960	15,277	18,680
1959	15,559	22,141	14,504	20,818	7,123	18,098	16,453	23,228
1964	17,189	25,738	17,506	24,285	10,068	20,432	20,073	25,699
1969	20,667	30,132	22,695	29,922	14,708	25,725	24,304	29,931
1974	21,527	31,256	22,508	30,580	15,130	26,546	24,986	29,186
1976	19,198	29,914	21,043	30,878	16,259	27,247	23,669	29,755
1977	18,259	30,711	18,975	30,585	15,908	27,905	17,603	30,148
1978	19,240	30,927	22,571	23,146	16,239	28,263	17,824	31,081
1979	17,814	31,611	19,301	31,252	15,910	27,979	19,439	31,177
1980	17,214	29,499	18,239	29,123	15,178	26,926	22,364	29,516
1981	15,666	29,196	17,545	28,246	14,525	26,076	19,621	28,764
1982	16,418	28,764	13,788	27,748	14,534	25,727	18,394	28,134
1983	16,987	29,995	14,203	27,690	14,998	26,507	19,660	28,129
1984	16,907	30,762	14,878	28,668	15,392	26,981	19,893	29,524
1985	18,085	31,491	15,956	28,964	15,816	27,104	24,453	30,239

Source: Figures are derived from the U.S. Bureau of the Census, *Money Income of Households, Families, and Persons in the United States: 1985*, Report P-60, No. 156 (Washington, D.C.: U.S. Government Printing Office, 1987), Table 9, pp. 26-28; *1984*, Report P-60, No. 151 (1986), Table 9, pp. 26-28; *1982*, Report P-60, No. 142 (1984), Table 13, pp. 32-40; *1980*, Report P-60, No. 132 (1982), Table 14, pp. 40-42; *Money Income of Families and Persons in the United States: 1978*, Report P-60, No. 123 (1980), Table I, pp. 16-18; *Money Income in 1976 of Families and Persons in the United States*, Report P-60, No. 114 (1978), Table 12, pp. 52-55.

^aThe Consumer Price Index was used to convert figures to 1985 dollars.

^bFor the years before and including 1976, the designation "North Central" was used in place of "Midwest."

As the data in Table 21 reveal, if one ignores the year 1985 in the West, racial inequality in family income has increased steadily in all regions outside of the South since the early 1950s. In both the Northeast and the Midwest, racial inequality in family income has been at all-time highs since the mid-1970s. In 1985 the ratio of black-to-white median family income was only about 57 percent in the Northeast and 55 percent in the Midwest. This compares to ratios above 70 percent in the 1950s and 1960s. In the West the ratio of black family-to-white family income has generally fluctuated between 60 and 70 percent since 1970, as compared to between 70 and 80 percent in the 1950s and 1960s. Only in the South has there been general improvement in the relative level of black family income since the 1950s. During the 1950s, relative black family income in the South actually fell from 50 percent to 40 percent. Most of the gain in the South since that time took place in the 1960s, when the ratio of black-to-white median family income rose to 57 percent by 1970. Since then, the ratio has fluctuated between 54 and 57 percent.

Poverty

Poverty data have been available only since 1959. Table 22 summarizes the available data. Poverty undoubtedly was higher prior to World War II. However, the level of poverty in 1960 for blacks was probably as high as it had been since World War II. The black poverty rate for the nation as a whole dropped sharply in absolute terms from 55.1 percent to 33.1 percent between 1959 and 1970. Black poverty rates declined from 36 to 40 percent in all regions during the 1960s. But the ratio of black-to-white poverty rates increased primarily because the white poverty rate decreased faster in the South. Thus, while blacks had been 2.5 times more likely to be poor than whites in 1960, they were nearly 3.5 times more likely in 1970. Racial inequality as measured by the ratio of black-to-white poverty rates increased in both the Midwest and the South during this period. Yet, in view of the much higher initial rates of poverty among blacks, the absolute decline in the poverty rate was much greater for blacks than for whites.

Between 1970 and this writing (1988), the drop in the black poverty rate has been nominal. Nationally, the black poverty rate of 33.1 percent in 1987 was equal to the rate for 1970. The trends have differed among the regions. Black poverty has declined most in the South, where the rate dropped from 42.6 percent in 1970 to 34.5 percent in 1987. Since 1970 the pace of decline in the South has been significantly slower than it was in the 1960s. In the West the black poverty rate remained fairly steady, reaching 24.3 percent in 1987 as compared

TABLE 22

POVERTY RATES, BY REGION AND RACE, 1959-1987

Region	1959			1970			1980			1987		
	Black	White	Black: White	Black	White	Black: White	Black	White	Black: White	Black	White	Black: White
U.S. Total	55.1%	18.1%	3.0	33.1%	8.1%	4.1	32.5%	10.2%	3.2	33.1%	10.5%	3.2
Northeast	n.a.	n.a.	n.a.	20.0	7.6	2.6	30.7	8.9	3.5	28.8	8.9	3.2
Midwest (N. Central)	n.a.	n.a.	n.a.	25.7	8.9	2.9	33.3	8.9	3.7	36.6	9.9	3.7
South	68.5	26.8	2.6	42.6	12.4	3.4	35.1	12.2	2.9	34.5	11.5	3.0
West	n.a.	n.a.	n.a.	20.4	10.6	1.9	19.0	10.4	1.8	24.3	11.5	2.1
Northwest	34.3	14.8	2.3	19.1	8.9	2.2	29.6	9.3	3.2	n.a.	n.a.	n.a.

Source: Figures for 1959 to 1980 are from the U.S. Bureau of the Census, *Characteristics of the Population Below the Poverty Level: 1980*, P-60/133 (Washington, D.C.: U.S. Government Printing Office, 1982), Table 4, pp. 19-20. Figures for 1987 are from the U.S. Bureau of the Census, *Money Income and Poverty Status in the United States: 1987*, P-60/161, using advance data from the March 1988 *Current Population Survey* (Washington, D.C.: U.S. Government Printing Office, 1988), Table 18, pp. 34-35.

n.a. = Not Available.

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to 20.4 in 1970, while black poverty was up sharply in the Midwest and the Northeast. In both of the latter two regions, a good portion of the reduction in poverty that occurred during the 1960s was lost in the 1970s.

Racial inequality as measured by the ratio of black-to-white poverty rates has declined in the South but, relative to 1970 levels, is now higher in both the Midwest and the Northeast. Once again, the pattern of change in racial inequality has varied by regions. It should also be noted that despite the improvement in the South, racial inequality and absolute levels of poverty there generally have been higher than in any other region (though the Midwest has now overtaken the South as the region of greatest absolute and relative black poverty). The income and poverty trends thus mirror the labor market trends discussed earlier.

Wealth

Information concerning wealth holdings is scarce, and there are no meaningful trend data. However, a recent survey by the Census Bureau has provided an up-to-date picture of relative black wealth holdings. (See Tables 23 and 24.) Wealth has always been distributed more unequally than income. This continues to be the case today according to the Census Bureau report. While median black income equals about 57 percent of median white income, median net worth for blacks in 1984 was only \$3,397, compared to \$39,135 for whites. Thus, median black wealth was only about 9 percent of the median wealth holdings of whites.

TABLE 23
PERCENT OF HOUSEHOLDS OWNING, BY ASSEST TYPE AND
BY RACE: 1984

	Black	White	Black:White
Number of Households (Thousands)	9,509	75,343	
Interest-Earning Assets at Financial Institutions	43.8	75.4	.58
Other Interest-Earning Assets	2.1	9.4	.22
Regular Checking Accounts	32.0	56.9	.56

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Stocks and Mutual Fund Shares	5.4	22.0	.25
Equity in Business or Profession	4.0	14.0	.29
Equity in Motor Vehicles	65.0	88.5	.73
Equity in Own Home	43.8	67.3	.65
Equity in Rental Property	6.6	10.1	.65
Other Real Estate Equity	3.3	10.9	.36
Mortgages	0.1	3.3	.30
U.S. Savings Bonds	7.4	16.1	.46
IRA or KEOGH Accounts	5.1	21.4	.24
Other Assets	0.7	3.9	.18

Source: U.S. Bureau of the Census, *Current Population Reports: Household Wealth and Asset Ownership: 1984*, P-70/7 (Washington, D.C.: U.S. Government Printing Office, 1986), Table 1, pp. 8-11.

TABLE 24

**MEDIAN VALUE OF HOLDINGS FOR ASSET OWNERS, BY RACE:
1984**

	Black	White	Black:White
Number of Households (Thousands)	9,509	75,343	
Net Worth	\$3,397	\$39,135	.09
Interest-Earning Assets at Financial Institutions	739	3,457	.21
Other Interest-Earning Assets	a	9,826	—
Regular Checking Accounts	318	457	.70
Stocks and Mutual Fund Shares	2,777	3,908	.71
Equity in Business or Profession	2,054	7,113	.29

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Equity in Motor Vehicles	2,691	4,293	.63
Equity in Own Home	24,077	41,999	.57
Equity in Rental Property	27,291	34,516	.79
Other Real Estate Equity	10,423	15,488	.67
U.S. Savings Bonds	200	305	.66
IRA or KEOGH Accounts	2,450	4,922	.50
Other Assets	a	13,089	—

Source: U.S. Bureau of the Census, *Current Population Reports: Household Wealth and Asset Ownership: 1984*, P-70/7 (Washington, D.C.: U.S. Government Printing Office, 1986), Table 5, pp. 22-25.

^aDenotes base is too small

As the data in Tables 23 and 24 show, black wealth holdings are lower because blacks are less likely to own any given type of asset, and those blacks who do own a particular asset typically own less than whites. The ratio of the proportion of blacks holding a given asset to the proportion of whites owning the same type of asset varied from .18 to .73, that is, blacks owned none of these assets at the same rate as whites. Blacks came closest to equality in the ownership of assets related to everyday household needs. They were less likely to hold investment and business types of assets. The median value of black asset holdings relative to white holdings varied from a low of 21 percent to a high of 79 percent. The relative size of median black asset holdings was least in business and interest-bearing accounts, and greatest in real estate, stocks and mutual funds.

It is clear from the data that relative black wealth holdings are very small. In fact, aggregate black wealth in 1984 totaled only 192.5 billion dollars. If blacks had parity in the ownership of wealth, their total wealth would have been about 820.9 billion dollars.

Analysis of Twentieth-Century Trends

The twentieth century has been one of tremendous economic change for black Americans. The principal dynamic factor in this change has been the movement of the black work force out of its heavy concentration in low-wage agricultural and domestic service pursuits into higher-wage and more diversified industrial employment. Thus, the economic position of the black work force as the twentieth century draws to a

close is entirely different from what it was at the outset of the century. Yet, substantial disadvantages remain.

In the introduction to this chapter, five major forces were identified as determinants in the evolution of black economic status during this century. These are market developments, racial inequality and discrimination, black ownership of human and material resources, black self-help activities, and the evolution of government policies. Each of these factors, alone and together, have helped to determine the path of black progress over the century.

The major factor influencing black economic status in the twentieth century has been the evolution of the economic structure, which, in large measure, has determined the range of opportunities in the society. The distribution of the available economic opportunities between blacks and whites has depended on the operations of markets, the competitiveness of blacks, and the extent of discrimination. Over the century, discrimination has influenced both the allocation of opportunities to earn income and the distribution of opportunities to acquire human capital. Black self-help efforts have operated through individual and collective efforts to gain human capital, develop businesses and combat discrimination. Finally, public policy has influenced the structure of opportunities as well as the rules of the game. A brief exposition of the role of each factor will clarify this presentation's explanation of twentieth-century trends.

Developments in the market have affected the range of opportunities within the society. In particular, growth and structural change in the economy alter the level and nature of demand for labor and other resources. Since the primary resource owned by blacks at the beginning of the century was labor, the evolving demand for labor was the major market development affecting black economic status. The decline in the relative demand for labor in the agricultural sector and an increase in the relative demand for labor in the industrial sector were the main engines driving the black labor market transformation. The dimensions of this transformation have been discussed already. The major cause of this change was technological progress in both the agricultural and nonagricultural sectors, which increased the productivity of labor. In addition, other developments which reduced the comparative advantage of southern agriculture also affected the demand for agricultural labor in the South. The net consequence of these evolving market forces was the wholesale displacement of black workers in southern rural agriculture. Simultaneously, there was an increase in the demand for black industrial workers in the South, North and West.

These developments in both agricultural and nonagricultural industries set the stage for a major black economic transformation. The

wrenching uprooting of millions of blacks in the agricultural regions of the South is well-known. Having lost jobs in agriculture, these blacks had little choice except to seek to secure some of the expanding opportunities outside of the agricultural sector, most of which were outside the South. But in seeking employment opportunities in the nonagricultural sector, blacks faced tough competition from white labor, and had difficulty attaining equal access to jobs, especially good jobs, in the industrial sector.

The ability of blacks to move into industrial employment was hampered further by the discrimination they faced in both the North and the South, as well as by their lower levels of education and training. In the South, discrimination confined blacks to a lower caste, prohibiting their participation in many nontraditional roles. In the North, discrimination against blacks was less rigid: There were fewer absolute restrictions on black participation. Still, the effect of discrimination was to lower the probability of blacks gaining access to positions which were desired by white workers. Discrimination thus constrained the equal participation of blacks in the labor market, as well as limited their ability to gain the educational credentials and skills needed to compete on equal terms in an industrial setting.

The consequences of discrimination and inferior preparation are clear. First, because the South was more agricultural than the North and blacks in the South were overconcentrated in agriculture, the greatest need for new jobs was in the South. Agricultural jobs in the South for blacks not only declined as a share of jobs, but also declined in absolute numbers throughout most of the twentieth century. Although blacks did gain some jobs in the nonagricultural sector, their gains in the South were not nearly sufficient to offset their losses due to the decline of the agricultural sector.

In fact, the absolute level of black employment declined in the South. In 1910 about 4.6 million blacks were gainfully employed in the South; in 1970 only 3.8 million blacks were employed there, a decrease of about 800,000 jobs. (See Table 1.) White employment in the South increased by nearly 7 million over the same period from 12.3 million to about 19.0 million. (See Table 2.) Clearly, blacks were not succeeding in the competition with southern white workers. Blacks failed to make proportional gains in nonagricultural pursuits in the South throughout the first seventy years of the century. As a result, many blacks migrated North. Fortunately, they were more successful at finding jobs in the expanding industries of the North and West. Black employment in these regions grew substantially throughout the century, except for the depression years of the 1930s. Between 1910 and 1970, black employment outside of the South increased by almost three million jobs. How-

ever, this good fortune in the North came to an end in the early 1970s. The rate of black job growth in the North and West has declined significantly since 1970 as these regions have experienced economic decline and transformation.

White discrimination and inadequate preparation also restricted black access to better jobs in the North and South, although the restrictions on black industrial employment were greater in the South. As a consequence, black penetration into the industrial job market, especially in the early part of the century, was disproportionately into lower-level jobs. Nonetheless, the industrial and occupational transformation that occurred during the first twenty years of the century improved black living standards, since even low-level industrial workers were better off than low-wage agricultural and domestic service workers.

The willingness of industrial employers to hire blacks throughout most of the century appears to have depended on the tightness of the labor market. Whenever there have been labor shortages, employers usually have been willing to hire more blacks. In times of labor surplus, blacks have been hired at a lower rate and displaced at a higher rate. The cliché, "last hired, first fired," seems to have been a true characterization of black labor market status throughout most of the century.

Blacks have engaged in self-help activities throughout the century to improve their economic status. Such efforts have frequently met with collective and individual resistance from individual whites, white-controlled institutions and the government. Black self-help activities have taken two main forms. First, there have been individual efforts by members of millions of black families to prepare themselves and take advantage of whatever opportunities existed in society. These individual efforts, though encouraged by group norms, have, for the most part, been the result of individual blacks pursuing their own self-interest as best they could. One of the most noteworthy achievements of this individual self-help activity was the massive migration of southern blacks to the North and West. In every decade of the twentieth century up to 1970, substantial numbers of blacks have uprooted from their traditional southern homes to seek better opportunities in other regions. Net migration from the South averaged roughly 1.5 million blacks in each of the three decades following World War II. This remarkable movement, without any substantial government or other external support, permitted blacks to take advantage of the faster growth of demand for industrial labor in the North.

Another achievement of individual black self-help has been the conspicuous increase in black educational levels despite the hardships of poverty and inferior schools. Census Bureau data indicate that in 1890,

fifty-seven out of every one hundred blacks were illiterate; by 1979 this figure had declined to under two of every one hundred.²² Most of this improvement occurred before 1940. Since 1940 the median years of school completed by the adult black population have more than doubled, and the gap between black and white median attainment by 1987 had dropped from 3.1 years to three-tenths of a year.²³

Individual black self-help efforts to create greater levels of business ownership and control have produced individual success stories, but have had only a limited impact on the aggregate ownership position of the black population as a whole. The small and marginal character of most black businesses has been called out already. This characteristic of black economic status has changed little over the course of the century, despite black self-help activities in this direction.

The second major form of black self-help has been collective action to change systemic barriers to progress. At the level of the individual, black self-help efforts essentially rely on one either accommodating oneself to the existing system or working out exceptions. At the collective level, black self-help efforts attempt to bring about systemic changes that will benefit the group as a whole. These collective activities have aimed at altering both internal and external barriers to black progress, with the main focus for most of the century on changing externally-controlled systemic barriers. The major thrust of these efforts has focused on reducing racial discrimination and racial inequality in all aspects of economic life. Such efforts have aimed at influencing the behavior of individuals as well as that of public and private sector institutions; at changing public policy, laws, attitudes, mores, regulations and conduct which permit discrimination; and at redistributing resources to end racial inequality in income, ownership and human capital.

As a result of self-help activities against discrimination, the most extreme forms of racist behavior by unions and public sector employers outside of the South was dampened by the 1950s. Some success was also achieved in getting favorable federal court rulings and executive orders against discrimination starting in the 1940s, but most of these successes occurred between the mid-1950s and the early 1970s. During this period, substantial progress was made in establishing laws and programs to address discrimination and to promote the attainment of equal treatment for blacks and other minorities.

Although substantial controversy surrounds the impact of these changes, it seems that they did help in relation to the economic status of blacks. Their major impact appears to have been the erosion of the caste system, especially in the South where it had been entrenched for generations. Thus, the major impact was probably felt in the South.

Indeed, the timing of black gains in the South corresponds to the period following the successful assault on the institutions that legalized and legitimized the system of Jim Crow. Yet the changes have so far proved inadequate to eliminate completely racial discrimination either in the North, the West or the South. After the initial success of establishing new, more aggressive equal opportunity programs such as affirmative action in the 1960s and early 1970s, a period of retrenchment in implementation and interpretation emerged in the late 1970s and continued throughout the 1980s.

Black self-help has had only limited success in promoting policies to eliminate racial inequality in ownership and human capital. Most of the limited success of this strategy occurred during the 1960s and 1970s with the implementation of the War on Poverty. A variety of educational and employment programs to increase black human capital were implemented during this period. Much smaller efforts under the general rubric of black capitalism were also begun. Employment, training and educational programs clearly had some initial success at increasing black human capital. Educational gaps have closed significantly, for example. However, the programs have never been implemented in sufficient magnitude to eliminate undue human capital differences. The programs to promote black capitalism were so marginal, relative to the existing capital gaps, that they have had very minimal impact on overall relative ownership by blacks. Given the severe curtailment of both types of programs in the 1980s, the relative gaps in ownership are no doubt on the rise again. Ownership gaps remain extremely large as the end of the twentieth century approaches; consequently, blacks remain vulnerable and dependent on the good will of whites.

As one peers back across the century, one observes that the government has played a secondary and reactive role in the evolution of the economic status of blacks. Throughout the century, government has essentially followed a laissez-faire policy in relation to the evolution of the economic structure. Accordingly, there have been only minimal efforts to assist blacks in adjusting to the disruption caused by economic transformation and growth. In general, few explicit attempts have ever been made to direct economic development to provide opportunities for blacks who have been displaced or passed over by economic change. Little help was provided to those blacks displaced by the agricultural decline in the rural South, or to the blacks who have experienced great difficulties in consequence of the technoindustrial transformation occurring at the century's end. Blacks experiencing economic difficulties have been left to fend for themselves.

Moreover, the government generally has played a marginal role in dealing with the social cost created by the economic dislocation of

blacks. Prior to 1930, nothing of note was done about such problems in a systematic fashion. The Great Depression did lead to the provision of a variety of what are now called "safety net" programs. Blacks who had been excluded from economic participation did benefit from some of these programs, but they were not structured to have a major impact on blacks. The War on Poverty of the 1960s did add to the number of safety net programs and also resulted in more equitable black participation in existing programs. But even with the changes of the 1960s, the efforts in this regard must be judged as minimal. The assistance afforded has been inadequate, and has usually been provided begrudgingly and in ways that stigmatize.

For most of the century, government generally has also not supported black efforts to eliminate discrimination. In fact, in the South until the late 1960s, state and local governments supported the system of racial discrimination. For a brief shining moment during the late 1960s and early 1970s, the federal government was actively engaged in promoting equal opportunity for blacks. This effort ended in the mid-1970s, though, and government has once more become at best a passive actor. Many of the activist policies of the all-too-brief civil rights era have been placed on hold.

Finally, it should be noted that government efforts on behalf of blacks generally have been in response to demands placed before the government through the self-help efforts of blacks and their allies. The general posture of government in the absence of such pressure from civil rights advocates has been to give low priority to the collective advancement of blacks. In the normal course of events, *laissez-faire* is actively promoted, and government actively has fostered the interests of the white population without regard to the impact this would have on blacks.

In summary, the five major forces affecting black economic status during the twentieth century have been economic growth and transformation, white racism, black ownership of human and material resources, black self-help efforts and government policies. Economic growth by and large has responded to market forces. Economic growth and transformation created the conditions which permitted changes in the structural character of black participation in the American economy by displacing blacks in agriculture and creating opportunities for their employment in nonagricultural pursuits. White racism and discrimination have served to block the equal allocation of opportunities to blacks when these opportunities were desired by whites. The role and impact of white racism have varied with the overall state of the economy. White racism and discrimination have decreased over the century, especially in the South, but they continue to be substantial

obstacles. Black self-help activities have been instrumental in enabling blacks to gain access to opportunities. The migration north and the educational upgrading of the black population have played major roles in permitting blacks to penetrate nonagricultural employment sectors. Antidiscrimination efforts have had major impacts on permitting occupational upgrading, especially in the public sector. Increasing the level of black ownership and economic development efforts has been less successful, though. Finally, the self-help movement had some temporary success during the 1960s in getting the federal government to play an active role in improving the economic status of blacks.

As one scrutinizes the role of government, one cannot but conclude that it has not been a major initiating force in improving the economic status of blacks. In general, the government has adopted a *laissez-faire* policy in relation to economic change, which negatively affects blacks. It has, for the most part, simply reacted to broad sociopolitical forces in formulating and implementing its policies. For much of the century, government at the state and local levels resisted black efforts for advancement. Nonetheless, black self-help efforts did have some success in turning this situation around.

Prospects for the Twenty-First Century

Taken as a whole, blacks have made notable economic progress during the twentieth century. Incomes are higher, poverty rates are substantially lower, and occupational status has improved. They have also made substantial educational gains, and a government policy of supporting discrimination has been reversed. Still, blacks remain a long way from attaining parity, and their economic status has improved only in the South in recent decades. In the North, black economic status has actually deteriorated in absolute and relative terms since the mid-1970s. Indeed, industrial transformation is currently displacing blacks in the North just as agricultural transformation displaced them in the South in earlier decades of the century. Moreover, just as southern blacks had limited success in obtaining jobs created by the new economic structure which replaced agriculture, northern blacks are also having difficulties obtaining a proportionate share of the newly-emerging jobs that are replacing blue-collar employment.

Prospects for the twenty-first century will depend on the same forces that have operated in the twentieth century. The current transformation is eroding the living standards of a great many American workers. Highly-paid, goods-producing jobs are being replaced by low-paying service and trade jobs. Professional and technical jobs requiring a high

degree of education and/or training are being created, but only in sufficient numbers to employ a minority of the work force. The overall rate of jobs creation has been inadequate to accommodate the growth in the population, as well as increases in labor force participation by youth and women. These developments suggest that there will be substantial economic pressures on blacks in the future as a result of the economic changes that have accompanied the emergence and continued maturation of technologic society. And so, the prospects for blacks in the twenty-first century will depend, in no little measure, on the success of the economy in reversing the emerging patterns in the current economic transformation.

White racism and discrimination also will continue to play an important role. Over the 1980s, whites have once again revealed a preference for a reduction in efforts to achieve racial equality. White interest in maintaining the status quo has had an adverse effect on efforts to give blacks a fair share of scarce opportunities. In the absence of countervailing pressure, one can expect a tendency for white selfishness to rise if economic trends do not improve. If developments in the North in the 1980s are indicative of things to come, the increasing conservatism of whites could well have a devastating impact on black economic status if the economy were to contract severely.

Self-help efforts will thus remain crucial to the success of blacks in the twenty-first century. At present, black self-help is focused primarily on individual efforts to acquire education, attain good opportunities and start small businesses. These efforts are unlikely to be sufficient to bring about black progress in the next century, if current economic and social trends were to continue. The two major impediments affecting blacks at the end of the 1980s are white conservatism and inadequate opportunities. These will not be changed substantially by individual black self-help efforts.

Collective self-help will be required if blacks are to improve their chances of making progress. These efforts should focus primarily on addressing important, externally-controlled systemic barriers to black progress. Three important barriers must be addressed. First, more effective affirmative action efforts by the government should be sought. These efforts should emphasize *results*, and should focus on eliminating the glaring and increasing disparities between blacks and whites in education as well as in the ownership of the country's businesses. This affirmative action effort may be thought of as reparations for the severe cost imposed on blacks by centuries of racism and discrimination. Blacks will have little prospect of attaining economic parity in the early part of the twenty-first century without a considerable effort to eliminate the existing disparities in ownership of human capital and

material resources. Second, a concerted effort should be made to reduce the overall level of unwarranted inequality in the economy. This should include improving the wage structure, drastically reducing unemployment, providing an adequate social safety net, and eliminating the persisting disparities in wealth and ownership. Finally, blacks also should increase their efforts to ensure that government policy leads to a better economic future. Blacks should aim at encouraging the government to adopt policies that will permit the evolution of a technologic structure which will permit full utilization of all human resources at adequate levels of compensation. This implies a government policy which is activist rather than laissez-faire. Put differently, much of the thrust of black self-help efforts should focus on utilizing the government as a more effective instrument to promote progressive social policies.

If blacks can once more find the internal energy to organize the self-help effort to bring about effective national policies, then prospects for the twenty-first century can be bright. Should this not happen, blacks will continue to be battered by the forces of laissez-faire, much as they have been since their sojourn in America began. The increasing complexity and interdependence of the world suggest that laissez-faire policies may be more ineffective in the future than they have been in the past. If this is correct, then black economic development under laissez-faire will indeed turn out to be an impossible dream.

NOTES

¹See *Plessy v. Ferguson*, 163 U.S. 537 (1896).

²White-collar workers include owners, proprietors and tradesmen in the trade sector as well as those workers classified as "Other." In 1890, trade was included in the transportation and communication category. Given the 7 to 8 percent estimate for this category in 1910 and 1930, a rough guess would indicate a maximum of about 8 to 9 percent of the white work force to be in the trade sector in 1890, leaving an estimated 5 to 14 percent in the white-collar category.

³Gunnar Myrdal, *An American Dilemma: The Negro Problem and Modern Democracy*, 3d ed. (New York: Harper and Row, 1962), Vol. I, p. 236, Table 1.

⁴Ibid.

⁵The calculations in this and the next few paragraphs are based on the data in Tables 5 and 6. Only the nontraditional occupations have been included.

⁶This discussion is based on data from the 1950, 1960 and 1970 decennial censuses. These data are not reported separately on the tables included in this chapter.

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⁷Regional data not shown separately were derived from the same sources identified in Tables 5 and 6. See, for instance, the U.S. Bureau of the Census, *1980 Census of the Population: Detailed Population Characteristics*, U.S. Summary, Part B: Regions, Report No. PC 80-1-D1-B (Washington, D.C.: U.S. Government Printing Office, 1980), Table 323, pp. 385-424.

⁸See Table 7.

⁹John Cummings for the U.S. Bureau of the Census, *Negro Population 1790-1915* (Washington, D.C.: Government Printing Office, 1918), Table 2, p. 503.

¹⁰U.S. Bureau of Labor Statistics, *Handbook of Labor Statistics*, Bulletin No. 2217 (1985), Table 25, p. 64; *Geographic Profile of Employment and Unemployment: 1984*, Bulletin No. 2234 (May 1985), Table 1, pp. 3-7; and *Geographic Profile of Employment and Unemployment: 1985*, Bulletin No. 2266 (September 1986), Table 1, pp. 3-7. Swinton has discussed recent trends in black economic status in several articles. See David Swinton, "The Economic Status of the Black Population" and similarly titled articles in *National Urban League, The State of Black America: 1983, 1986, 1987, and 1988* (New York: National Urban League, 1983, 1986, 1987, and 1988), pp. 45-114 (1983), 1-21 (1986), 49-73 (1987), and 129-152 (1988).

¹¹U.S. Bureau of the Census, *Statistical Abstract of the United States: 1984*, 104th ed. (Washington, D.C.: U.S. Government Printing Office, 1983), Table 699, p. 422; U.S. Bureau of Labor Statistics, *Geographic Profile of Employment and Unemployment: 1983*, Bulletin No. 2216 (October 1984), Table 1, pp. 3-7; and *Geographic Profile: 1984 and 1985*, op. cit., note 10.

¹²See references cited in note 10.

¹³James P. Smith and Finis R. Welch, *Closing the Gap: Forty Years of Economic Progress for Blacks* (Santa Monica, CA: Rand Corporation, 1986), p. vii.

¹⁴For a discussion on this issue, see William Darity and Samuel L. Myers, Jr., "Changes in Black-White Income Inequality, 1968-1978: A Decade of Progress?" *Review of Black Political Economy* 10: 4 (Summer 1980): 355-379; Richard B. Freeman, "Changes in the Labor Market for Black Americans, 1948-72," *Brookings Papers on Economic Activity* 4: 1 (1973): 67-137; Richard Butler and James Heckman, "The Government's Impact on the Labor Market Status of Black Americans: A Critical Review," in Leonard Hausman, et al., eds., *Equal Rights and Industrial Relations* (Madison, WI: Industrial Relations Research Association, 1977), pp. 235-281; and Charles Brown, "Black-White Earnings Ratios Since the Civil Rights Act of 1964: The Importance of Labor Market Dropouts," *Quarterly Journal of Economics* 99: 1 (February 1984): 31-44.

¹⁵See discussions in Andrew F. Brimmer, "The Negro in the National Economy," in John P. Davis, ed., *The American Negro Reference Book* (Englewood Cliffs, NJ: Prentice-Hall Inc., 1966), pp. 251-336; Myrdal, op. cit. note 3, chapter 14; and E. Franklin Frazier, *Black Bourgeoisie* (New York: The Free Press, 1957), pp. 53-59.

¹⁶U.S. Bureau of the Census, *Statistical Abstract of the United States: 1989*, 109th ed. (Washington, D.C.: U.S. Government Printing Office, 1989), Table 622, p. 377.

¹⁷Data for the top one hundred black businesses were taken from *Black Enterprise* 15: 11 (June 1985): 97-105; data regarding the Fortune 500 were taken from *Fortune* 111: 9 (April 1985): 266-284. (Editor's note: In 1987, Reginald F. Lewis' TLC Group purchased Beatrice International Food Company for \$985 million and formed the TLC Beatrice International Holdings Incorporated, which in 1988 had sales of \$1.958 billion. This is the largest black-owned company. Indeed, the only other black-owned companies to have sales in excess of \$200 million in 1988, which were insufficient to make the Fortune 500 list, were Johnson Publishing Co., Inc., and the Philadelphia Coca-Cola Bottling Co., Inc., with sales of \$216.5 and \$210 million, respectively. See *Black Enterprise* 19: 11 (June 1989): 199.

¹⁸U.S. Bureau of the Census, *1982 Survey of Minority-Owned Businesses: Black*, Report No. MB 82-1 (Washington, D.C.: U.S. Government Printing Office, 1985), p. v.

¹⁹David H. Swinton and Julian Ellison, *Aggregate Personal Income of the Black Population in the U.S.A.: 1947-1980* (New York: Black Economic Research Center, 1973), Table 11, p. 32.

²⁰Brimmer, op. cit. note 15, Table II, p. 259.

²¹See Table 20 in the text.

²²U.S. Bureau of the Census, *Current Population Reports: Population Characteristics*, Report P-20, No. 99 (Washington, D.C.: U.S. Government Printing Office, 1960), Table A, p. 2; and U.S. Bureau of the Census, *Statistical Abstract of the United States: 1982-83*, 103d ed. (Washington, D.C.: U.S. Government Printing Office, 1982), Table 229, p. 145.

²³U.S. Bureau of the Census, *Statistical Abstract of the United States: 1989*, 109th ed. (Washington, D.C.: U.S. Government Printing Office, 1989), Table 213, p. 131.

Representative HAWKINS. We are running a little late or slower than I had anticipated. May I inquire of any of the witnesses if anyone of you will have some time problem?

Ms. NORTON. I do.

Representative HAWKINS. Since you were here so early, Ms. Norton, may we direct a question—and Mr. Mincy is the only other witness—or two to you since you have a time problem?

Ms. NORTON. I would appreciate it.

Representative HAWKINS. First of all, I wish to express appreciation for you being with us, and I would simply like to ask you that in terms of the civil rights enforcement which you have been identified with, whether or not that effort has somewhat slowed down and slowed down the drive to gain economical sufficiency for minorities in the current civil rights problems that we have existing, and trying to restore the rights—and in your opinion is there a direct correlation between lack of enforcement of civil rights today, and lack of progress of minority groups, including minority groups, such as women, and also the disabled?

Ms. NORTON. I believe so, Mr. Chairman, because as I think it has been documented in 1970, when there were strong bipartisan enforcement by the civil rights laws, gains were quantifiable, and clear.

The 1980's, the entire decade, saw the brakes put on civil rights enforcement, and beyond that, we get to the end of this decade, and, you, Mr. Chairman, are having to relive part of your public life by introducing a bill that is in itself redundant, because it reenacts what was enacted more than 25 years ago.

The breakdown in enforcement has been particularly tragic. With all deference to my own party, Mr. Chairman, the Republican Party of the early 1970's, which essentially amended affirmative action, and in my opinion has been chiefly responsible for strong enforcement in the equal employment area.

Thus, by the time that I came to the Equal Employment Opportunity Commission in 1977—and I found in 1980 that the business community was more responsible for affirmative action than the administration ever knew how. The effects of black and other salaries was—because larger corporations, particularly the Fortune 500, continued to use affirmative action.

The evidence was clear that business retreated during the period when it was felt that there was not strong enforcement. For example, I wrote an article during this period that used data from personnel directories involving companies showed that in the period of the late 1970's, that personnel practices, they devoted large amounts of their time to affirmative action and personnel matters in general, at least during the early 1980's.

Affirmative action, for example, had occupied the position of No. 3 on a list of 13; and by the mid-1980's, affirmative action had fallen to No. 13 out of 13.

The effect on employment opportunities was felt when companies did not have any incentive for self-enforcement, because they believed that the Government would not enforce the law. If anything that I think the Bush administration has to do is to demonstrate that there is once again a kind of enforcement that we had in the Democratic and Republican administrations alike in the 1970's.

So, it seems to me that enforcement has to be a first priority in affirmative action and we are going to need affirmative action for many more years than we otherwise would; and second, the second priority would be the enactment of the Civil Rights Act of 1990, and a strong congressional warning that the threatened veto by the President will not be tolerated.

Representative HAWKINS. All right. Congressman Hayes, do you have any questions for Ms. Norton?

Representative HAYES. No, I want to respect Ms. Norton's time, as well as the other witnesses, and if it is permissible, Mr. Chairman, I would like to know if it is possible to write some questions that I have in mind to the witnesses and that hopefully they would respond if that is all right.

Representative HAWKINS. All right.

Representative HAYES. There is one thing that I would like to have Ms. Norton respond to, that is today an Appropriations Subcommittee is meeting in hopes of sending quite a bit of funds to Panama and to Nicaragua and do you see this as being beneficial to the citizens of this country? I think it is \$700 million to Panama to repair the work that we tore down in the city; and I don't remember the figure to Nicaragua, but I think it is something like \$400 million.

Representative HAWKINS. To whom was the question directed?

Representative HAYES. I would start off with Ms. Norton.

Ms. NORTON. In my opinion, Congressman Hayes, funds being allocated like this to other parts of the world because of war reparations, and on the other hand, for example, Panama, and where we have a moral obligation to pay for what we tore apart.

On the other hand, those funds could be used for domestic or national concerns, and this is sure to cause a rift among people who have held off and cannot hold off any longer. These people are where I have most recently been in the last several months, both in Southern Africa, and before that, Uganda, and Keyna, and I saw—

Representative HAYES. Mr. Jaynes, the same question to you.

Mr. JAYNES. It would seem clearly that giving \$700 million to Panama would not have any direct relation to the needs in the United States, and I would simply say that I would agree with the comments of Ms. Norton.

Representative HAWKINS. Ms. Norton, if you care to leave, you may.

Ms. NORTON. Thank you, and I would like to reiterate what I said at the beginning of my statement, and that is to say that the House of Representatives will not be the same after you retire.

Representative HAWKINS. Well, thank you very much for your generous remarks. I think though this subcommittee will go on doing the same crazy things. Thank you very much. Mr. Jaynes, I think you said that you had a time problem, I believe, and maybe to accommodate you also, and since Mr. Mincy is the next witness, you may wish to leave at this time, and you have my permission as well.

Thanks again for testifying before the subcommittee, and I believe that you have an executive summary of a report which I would like to obtain.

Mr. JAYNES. I will see that a copy is sent to you directly.

Representative HAWKINS. Thank you.

Mr. Mincy, we will hear from you next, and then question you and Mr. Swinton.

STATEMENT OF RONALD B. MINCY, RESEARCH ASSOCIATE, THE URBAN INSTITUTE

Mr. MINCY. Thank you, Mr. Chairman. I welcome this opportunity to testify before this subcommittee about the status of black America. These hearings underscore the wisdom on this committee, which recognizes that blacks, and other minorities, are rapidly increasing their share of a slowly growing labor force. To help ensure that our nation remains competitive, black Americans must fully share every advantage of American life.

I come to questions of the status of black America through research that colleagues and I, at the Urban Institute, have been doing on the underclass since 1986. Therefore, my remarks will be somewhat less global, and focused on the lower end of the distribution of the black population, and not strictly on income and employment outcomes.

There is a growing concern about a population, known as the underclass, that is plagued by persistent poverty, concentrated poverty, and dysfunctional behaviors. These behaviors include committing crimes, depending on welfare, dropping out of school, abusing drugs and alcohol, bearing a child while still a teenager, and failing to participate in the labor market among nonelderly, nondisabled adults.

This small, but growing population should be of special interest to this subcommittee because it is disproportionately black and Hispanic. This underclass research has led me to focus on the cumulative effects of three key problems in black America.

I would like to summarize these problems and their policy implications before going into greater detail. First, no one can diminish the progress blacks have made over the past 25 years. Still, black America's families, children, and many of its communities show serious signs of weakness.

Black children face more than a 50-percent chance of being raised in female-headed households, which have more than a 72-percent chance of being poor.

Second, structural changes in urban economies and changes in family structure explain much of the growth in poverty among black men, women, and children.

Third, persistently high rates of segregation among blacks have concentrated poor jobless men, poor single mothers, and poor fatherless children in the same neighborhoods. This concentration creates conditions ripe for the growth of crime, drug abuse, dropping out of high school, and other dysfunctional behaviors typical of descriptions of the underclass.

To reverse these trends, Federal policies must give equal attention to the fathers and mothers of tomorrow's black families; and in this respect, the remainder of my comments forecast to the future on this, but I would really like to direct the committee's attention, the subcommittee's attention, to what are the real pros-

pects for overcoming the problems associated with the underclass in the future.

The goal is focused then equally on the future fathers and mothers of tomorrow's black families, which is to increase the ratio of adult earners to dependents in black families, enabling more of these families to leave areas where social problems incubate.

Important predictors of future economic problems are higher for young black males than young black females. Among the more important predictors are high rates of school failure, substance abuse, incarceration, unemployment and nonlabor force participation.

Training for welfare mothers and teenage pregnancy prevention programs provide a well-defined and developing structure of interventions to help young black females become self-sufficient.

Through these programs, young black females can avoid or correct the adverse effects of early out-of-wedlock childbirth on economic self-sufficiency. By contrast, policymakers have yet to define the structure of interventions to help young black males become economically successful.

Federal policies must help to create this structure of interventions. Federal policies must help communities now developing preventive, rather than remedial, programs to help young black males prepare to become responsible adults and parents.

Federal policy also must help to involve young black males in teenage pregnancy prevention. Finally, Federal policy must continue to support demonstrations to develop services for unemployed, absent fathers, linked to child support.

These services can complement services now available to single mothers under welfare reform. In the remainder of my remarks, I will elaborate briefly on the first two points.

We have had enough comments this morning about the economic progress of the black community, and I won't further that. However, it is important to point out that despite increases in black personal income, especially among women, over the past 25 years, black poverty rates are still high. The poverty rate among black families has been between 29 and 33 percent since the midseventies.

The growth in the fraction of black families headed by women explains much of the persistence of black poverty. Female-headed families have become a significant and steadily increasing share of all black families.¹ These families not only have had much lower median incomes than husband-wife families,² but much lower incomes and much higher poverty rates than their white counterparts.³

Further, poverty rates among black female-headed families fell rapidly between 1960 and 1975, but have shown little change since 1975. In part, this reflects a change in the characteristics of women heading such families. Before 1980 and 1981, most of the growth in black female-headed families involved women with at least a high school education.

¹ See table 1, p. 129.

² See table 2, p. 130.

³ See fig. 1, p. 131.

Many of these women became family heads through divorce or separation. More recently, the growth in black female-headed families has increasingly come from never-married women and has involved more out-of-wedlock births.

The consequences of this trend for black children are very serious. Today more than a third, 37 percent, of black children under 18 years old live in poor, female-headed households. These children suffer health, nutritional, developmental, and academic deficits compared with other children.

The literature clearly shows that boys adapt to a single-parent family less successfully than do girls, perhaps because they usually lack a same-gender role model.

Many want to know why black poverty persists despite the benefits that blacks received from civil rights legislation and increased social welfare expenditures during the 1960's and 1970's.

Economic forces provide much, though not all, of the explanation. Changes in the structure of urban employment over the last few decades hurt workers with little formal schooling. There were declines in the number of manufacturing jobs paying high wages to these workers and corresponding increases in service-sector jobs that require workers with some college.

To be sure, there was also growth in the number of service-sector jobs requiring a high school diploma or less, but much of this growth occurred in traditional female occupations, or in other occupations paying low wages. These structural changes reduced employment prospects for low-skilled people living in central cities, especially men and increased poverty among female-headed families.

Declining marriage rates are the other major trend contributing to the persistence of poverty among blacks. Teenage birth rates have been declining since 1960. However, declining marriage rates produced an increase in the proportion of out-of-wedlock births and female-headed families.

Some blame declining earnings and employment for lower marriage rates among less skilled blacks. Others blame changing social attitudes about marriage. Whatever the outcome of this debate, we know that the out-of-wedlock births increased and that declining earnings and employment reduced the capacity of absentee fathers to support their children.

Therefore, poverty rates and welfare dependency grew among black female-headed families. High rates of segregation among blacks create more complex problems for black children in poor female-headed households.

The combination of high poverty and segregation among minorities tends to concentrate poor jobless men, poor single mothers, and poor fatherless children in the same neighborhoods.

Under these conditions, many black families are unable to prevent poor outcomes among black children. Given the nutritional, developmental, and educational deficits, discussed earlier, the crisis of urban black youth is not surprising.

Improving the status of the most disadvantaged black Americans means reversing three key trends. The first is the growing detachment of men from jobs and families. The second is the growing number and concentration of female-headed families. The third is

the persistence of high rates of segregation among blacks in urban areas.

To reverse these trends, employment and earnings of young black males and females must rise and the number of unmarried black teenage mothers must fall. These two changes will increase the ratio of earners to dependents in black families, enable more of these families to leave neighborhoods where social problems incubate, and increase self-sufficiency among these families in their new locations.

Unfortunately, three forces now create imbalances in the rates of progress of young black males compared with black females. First, young black women have been making more progress than young black men in employment, earnings, and academic achievement.

Young black females have higher rates of graduation from high school and higher college enrollment rates than young black males.¹ Median earnings of employed black females have been rising faster than median earnings of employed black males.

Employment has been increasing among black women, but decreasing among black men. Second, the Family Support Act of 1988—FSA—will prepare young black single mothers for jobs, but FSA will not help young black men who become absent fathers.

Third, efforts to curb parenting among teenagers have not sufficiently involved males and the programs that include males have not yet proved successful. Besides these more easily documented imbalances, other signs of trouble among young black males merit attention.

Educators are beginning to express concern about patterns of academic achievement among young black males. For example, the fraction of young black males held back one or more grades begins growing rapidly during early adolescence.²

The slowdown in academic achievement among young black males begins as early as the fourth grade. Behavioral changes and tougher sanctions against disruptive behavior may accelerate the rate of grade retention and dropping out of school after elementary school.

Representative HAWKINS. Mr. Mincy, it is unfortunate, but we do have a vote in the House, and so I would like to suggest a 5-minute recess, and then we will come back as quickly as possible. So, we will take a 5-minute recess.

[A brief recess was taken.]

Representative HAWKINS. Congressman Hayes is on his way, and we will proceed.

Mr. MINCY. The basic point that I am making here is as follows: If we want to project out to the next 25 years or more and ask questions about what is likely to happen to the lowest end of the black income distribution, and in particular, the overlap problems, such as drug abuse, crime, teen pregnancy and so forth, we need to forecast improvements equally for young men and for young women.

¹ White females also have higher rates of high school graduation than white males, but lower rates of college enrollment.

² See fig. II, p. 132.

And right now, social policies fail to do that, and there are other trends that are taking place that also fail to do that. On the one hand, young black females are making greater progress in important events that would predict their future economic success.

Their employment rates are growing faster, and their incomes are growing faster, and their academic achievement is better; and as in the case with white females, young black females have a higher percentage in graduating from college, but unlikely from high school.

Now, the other set of problems that I would like to discuss briefly are problems that impact in early adolescence of young males, and divert them very early on from their education experience.

Educators are beginning to express concern about patterns of academic achievement among young black males. For example, the fraction of young black males held back one or more grades begins growing rapidly during early adolescence. The slowdown in academic achievement among young black males begins as early as the fourth grade.

Behavioral changes and tougher sanctions against disruptive behavior may accelerate the rate of grade retention and dropping out of school after elementary school.

Disciplinary problems often prompt teachers and school officials to impose severe sanctions on middle and high school students. The most important sanctions include suspensions, expulsions, and assignments to classes for the Educable Mentally Retarded.

At first glance these sanctions seem appropriate because they remove students who disrupt the learning process for other students with acceptable behavior. On closer examination, the causes and consequences of many of these sanctions are unacceptable.

On average twice as many as black students receive such sanctions as would be expected based on the racial distribution of the student body. Further, sanctions are much more likely to involve males than females. Teachers justify these sanctions because students are disruptive. An alternative explanation is that black male students and their teachers are from different worlds.

The teachers of most young black males in the public schools are white females from middle-income families. Differences in age, race, gender, ethnicity and socioeconomic status leave many chances for students and teachers to misinterpret the others' behavior, with predictable consequences.

Teachers often feel personally threatened by aggressive and assertive responses of young black males, when family, neighborhood and developmental influences predict just these responses.

For example, teacher-student conflicts often arise when students socialize with one another in the classroom. Teachers may not realize that verbal communication is a very important part of African-American learning styles.

Teachers may not know how to channel these verbal and listening skills in ways that promote learning.¹ Instead, teachers see talking and verbal games as disruptive.

¹ Fortunately, teachers are recognizing the educational value of the similar verbal skills displayed by blacks first in reggae music, now in rap music. All kinds of students are memorizing history, learning math facts, and discouraging drug use using these skills.

Their first impulse is to demand that students stop. Young black males may deliberately persist, arguing or even fighting with their teachers; or they may frequently slip into verbal patterns they use without sanction or much interference everywhere else.

Teachers see only defiance. They give warning number three, call the parents, send the students to the principal's office, and take other disciplinary steps.

In the end, many black male students develop negative attitudes about a particular classroom or school in general. They constantly experience conflict and harassment in school. They feel that no one stands up for them, and when they stand up for themselves, more conflict follows.

Students assigned to EMR classes realize that learning is a low priority in these classrooms, and that their teachers expect very little of them academically. Besides, students vary in their academic skills.

The less able students easily convince themselves that education is not for them, and the more able students never reach their full academic potential. Thus, barriers between teachers and students divert black male students from learning, the one activity that provides a doorway into the mainstream for the vast majority.

Instead of studying, many young black males devote themselves to other activities that their peers value. Some of these activities, like sports, have positive outcomes. Many other activities, such as gang violence and substance abuse, have negative outcomes.

Therefore, many young black males never learn the basic math and literacy skills that employers need. Further, those raised in highly segregated neighborhoods never learn habits of dress, diction, and deportment that are so important in our increasingly service-oriented economy. Others become members of a growing number of young black males who are deceased, incarcerated, or drug addicted before age 30.

Federal support is needed to develop preventive programs that provide intensive services to black males in early adolescence. These programs should increase academic motivation, achievement, and attainment; reduce substance abuse; and discourage premature fatherhood among young black males.

Programs can achieve these goals using a combination of mentoring, positive peer pressure, and incentives. Mentors can serve black male early adolescents as tutors, affiliates, life skills teachers, academic advocates, and intimate older friends.

Peer groups can provide a forum for changing attitudes about health, sexuality, substance abuse, academic achievement, and parental responsibility.

Incentives can encourage participation, reward achievement of short-term academic and behavioral goals, and secure completion of programs through additional lump-sum payments upon graduation.

Programs involving one or more of these elements are currently operating or under development in several major cities around the country. Sponsors include universities, community groups, large businesses, and State and local governments.

While a few programs target black males or black males in early adolescence, programs are generally too small and too sparsely funded to give enough attention to research and evaluation.

Federal funding for demonstration projects that target black males is needed to fill this gap so that policymakers can identify the structure of interventions that will help young black males in the same way that teenage pregnancy programs and welfare programs help black females.

That ends my statement, Mr. Chairman, and I would just state in closing that in the last few years I have had some experience with this committee and some experience with your leadership, and I echo the comments of my colleagues, in saying that the subcommittee will not be the same without your leadership. Thank you.

[The tables and charts attached to Mr. Mincy's oral statement follow:]

TABLE 1
 Percentage Distribution of Families by Type and Race,
 Selected Years, 1959-87
 (in percent)

Year	Black			White		
	Husband- Wife	Male- Headed ^a	Female- Headed	Husband- Wife	Male- Headed ^a	Female- Headed
1959	72.4	3.9	23.8	89.2	2.5	8.4
1964 ^b	72.0	3.0	25.0	89.0	2.0	9.0
1970	65.7	3.8	30.6	88.3	2.3	9.4
1975	60.0	4.1	35.9	86.8	2.4	10.8
1980	53.7	4.6	41.7	85.1	3.0	11.9
1985	53.2	5.3	41.5	83.5	3.6	12.9
1987	51.3	5.9	42.8	83.2	3.9	12.9

SOURCES: Calculations based on data from the U.S. Census of Population: 1960, "Persons by Family Characteristics," PC(2)-4B; and U.S. Bureau of the Census, Current Population Reports, Special Studies, Series P-23, No. 80, and Series P-60, Nos. 132, 154, 157 and 161.

a. The male-headed figure was derived by subtracting husband-wife and female-headed family percentages from 100 percent.

b. Data for 1964 was obtained from the CPS Series P-23, No. 80 which does not provide any significant digits after the decimal.

TABLE 2

Ratio of Black Median Income to White Median Income
by Family Type, Selected Years, 1959-87

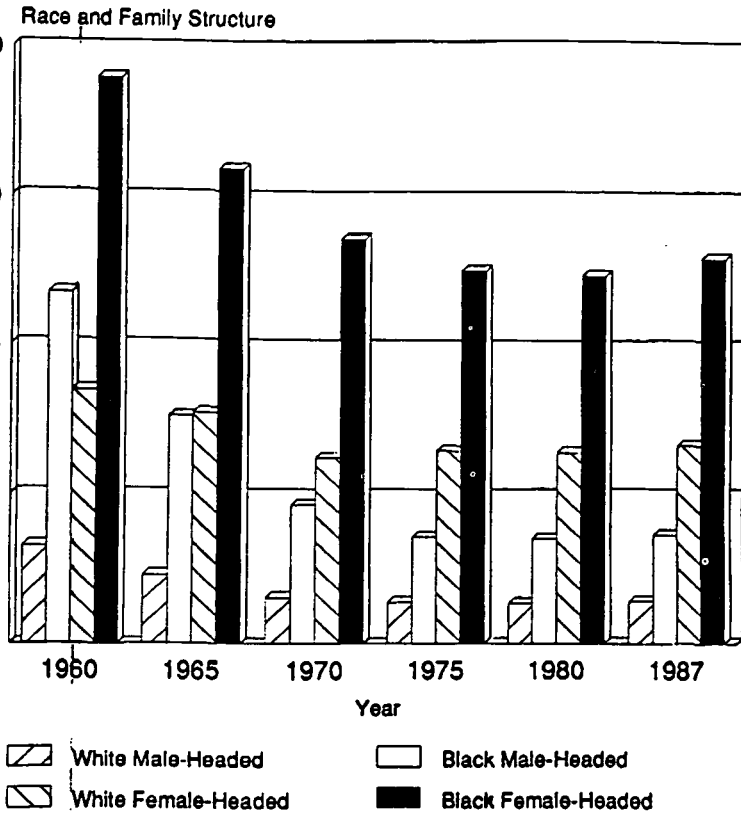
Year	Husband-Wife	Male-Headed	Female-Headed
1959 ^a	55.2	61.6	72.1
1964	62.1	NA	56.7
1970	72.9	70.9	62.2
1975	76.2	64.9	64.0
1980	79.1	67.0	62.4
1985	77.8	67.9	58.8
1987	77.0	66.5	57.1

SOURCES: See Table 2.

NOTE: NA = not available.

a. The figures for 1959 were calculated by interpolation from 1960 Census data.

Figure I
Poverty Rates by Race^a and Family
Structure, Selected Years, 1960-1987

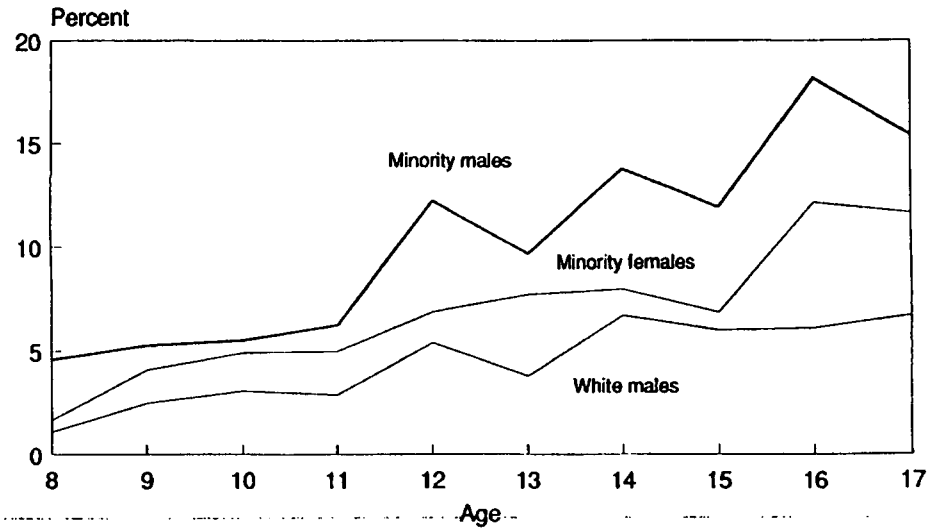


SOURCES: Calculations based on data from the U.S. Bureau of the Census, Current Population Reports, Series P-60, Nos. 106, 154, 157, and 161, and Special Studies, Series P-23, No. 80.

NOTE: Male-headed includes all male-headed families with wife present and wife not present.

a. Black includes all races other than white for 1960 and 1965.

Figure II
Percent of Enrolled Students Held Back
Two or More Years by Sex and Race: 1986



SOURCE: Current Population Reports, Series P-60, No. 428.

Representative HAWKINS. Well, thank you, Mr. Mincy. In connection with the statements that you have just made, with respect to black males, particularly to black males, some committees, and the Joint Economic Committee as well, are very interested in teacher training development, and providing for minorities who are increasing in our educational institutions role models, as well as teachers, and being one of the basic issues that must be faced.

Do you agree that currently the absence of teachers who many times are not competent to teach in certain neighborhoods or the absence of a dwindling number of minority teachers would have a direct impact on some of the problems, particularly with respect to black males?

Mr. MINCY. I agree, Mr. Chairman, that young black males in school need to see a greater representation of people of color in their own classrooms, of their teachers, but I would caution the resumption that having more black teachers is going to necessarily make black children from underclass areas any more comfortable with the educational environment than they are now.

We have had some studies where students, black male students, have suggested that they get a harder time from black teachers than from white teachers; and so I think what is needed is an increase in the sensitivity of all teachers to the peculiar problems that often young, black male students from underclass neighborhoods face, and trying to understand how they think about their environment, and just a greater sense of sensitivity to these children, and simply have more people of color teaching.

There needs to be a greater sensitivity, especially with people at the lower end of the distribution.

Representative HAWKINS. That was an interesting point any way. Mr. Swinton, you made reference to the Midwest, and would that include States such as Illinois and Michigan?

Mr. SWINTON. That would include Iowa, Wisconsin, as well as those that you mentioned.

Representative HAWKINS. Are those States simply more from the viewpoint of providing less of a setting for the progress of minorities than even the Deep South, the delta area, for example?

Mr. SWINTON. I am sorry. I could not hear your question.

Representative HAWKINS. I am a little surprised that you have selected the Midwest as being the worst areas.

Mr. SWINTON. Yes.

Representative HAWKINS. And just on general observations, it could seem that there is the Mississippi Delta and areas like that where it would seem worse than the areas that you mentioned.

Mr. SWINTON. That is correct that there are particular areas in the South that are probably doing worse than particular areas in the Midwest, but the Midwest as a region, taken as a whole, is doing worse than the South at least as a whole; and it is true that its development has just occurred during the early 1980's.

Representative HAWKINS. I am sure that Congressman Hayes will want to follow up on that question, and so I will not pursue it at this time. The newspapers recently made quite a story out of what they claim is an exodus of blacks from the North to the South. Is either one of you able to document that or validate that finding?

Mr. SWINTON. Well, it is true that there have been determinations that there has been migration to the South, and after the 1970's the migration of the black population out of the South stopped basically in the mid-1970's, and there is no longer a large migration from the South to the other regions of the country.

Representative HAWKINS. Well, is there a State trend, and obviously there would be a movement both ways, but is there a distinguishable trend of blacks leaving the North to return to the South?

Mr. SWINTON. I think so.

Mr. MINCY. I think so, yes, but in addition, I think you have to put that in context. This remigration from the South and the comments earlier about the importance of the Midwest. I think the real dispute is that jobs are going to the South, and with them goes the black population, and in that respect, that remigration is a good thing.

Moreover, to follow up the earlier comments, what is important about the Midwest is the decline in manufacturing, heavy manufacturing employment, and those tended to be located in the Midwest, and moreover, it is intended to be heavily used down here.

So, the Midwest had industry and unions, which were the principal vehicles for wages for a lot of black people, and black men in particular; and so I think that some of those patterns, such as the decline in population and again the remigration back to the South is a positive sign that blacks are moving to where the jobs are, and perhaps that really is not such a bad thing.

Representative HAWKINS. But that would be true of whites as well?

Mr. MINCY. Yes, definitely.

Mr. SWINTON. Absolutely. The fact of the matter is that whites would not be unaffected by this trend in that area as much as black men have been affected, and it is true that in certain areas of the South, in Florida and Texas, and others, to a certain extent and Georgia, have been experiencing growth, and we definitely need to keep in mind that it is still the case in the South, that black income's low income is roughly 55 or 56 percent of white income—and it is quite correct that despite the fact that the income is a little higher in the South, the relative occupational structure is much worse than the relative occupational structure in other regions of the country.

So, the fact that blacks are leaving these other regions and going to the South, in my opinion it is not much more than blacks and other place in this country try to do, and that is trying to make whatever living adjustments they can make, and these adjustments are really not a solution.

They will not produce the kind of things that migration from the South to the North produced.

Representative HAWKINS. All right. Congressman Hayes.

Representative HAYES. Thank you, Mr. Chairman. I heard enough of this discussion that I want to get in on it, because I am from the Midwest, and we have lost a lot of industry, and some of it is because a lot of industry has decided to relocate into the South, and where they already have existing facilities in the South and they want to expand upon them, because they feel that the

can enhance their profits as a result of it, because of the low-wage standards that they pay in those areas.

Now, no one mentioned the jobs that are gone overseas, and investments by foreign entities or investments in foreign entities and industry on the part of our own manufacturers here.

So, I have not seen a real—the District of Columbia is 92 percent African-American, and I mean I have not seen a real movement on the part of the people out of the area to follow the jobs in the South.

I reckon that I have not seen a real movement on the part of the people out of the areas in the Midwest to follow the jobs into the South. One of the reasons why is because it is not going to lift them too much out of the poverty level.

Now, I was appalled when I saw on one of the television programs about the delta area in the South and the poverty is really—you know, it is really something out of this world, and so the advantage of going into that area—and which includes Jackson, MS, and down through that area, and I had a chance to travel through that area, and there is no escape to going there and relieving yourself from poverty.

And what are we doing to help the people who are already here? The investors do very well, but they do it at the expense of people. Now, many of the industrial jobs have just been completely eliminated due to technological advancements.

They gave foremen new jobs that exist today, but that is not altogether true. Some people are retrained and some programs that come from the Federal Government, but it is the problem of placement and making a living is really a subject that we have not been able to resolve.

I think we might be overemphasizing this question of exodus of African-Americans out of the Midwest and into the South, and they may find that it is not a solution to their particular problems, particularly those who are employed by private industry, and in many of those jobs the income was considerably higher than they had been. Is that true or not?

Mr. SWINTON. I don't know whether that is clear or not, but I don't believe that migration is a solution to the problem. I still think that obviously the South is still the second worst region for the blacks overall.

But I think that the main point that I was trying to make with reference to what has happened in the Midwest, was that what we saw in the sixties was not a viable solution to the problem, and we thought we would see greater progress and greater equality in those regions in the future, but that has not been realized.

We never saw the economic fluctuations which we would run into, and as it happens we are not going to eliminate it, and this had a definite impact on blacks, and that is what I am trying to say, is that we need to do something, and—

Representative HAYES. And you mentioned reparations as a way in areas where blacks are, the black community. Where do you see the resources coming from? You don't mention the Federal Government. Do you feel that they have a responsibility?

Mr. SWINTON. Yes, and as a matter of fact, I meant to say, or thought I said that the Federal Government was the main source,

was the source for reparations, and that the reparations could not come from any place else, except from the Federal Government. The point that I am making is that this is not necessarily a political feasible solution at this particular point.

However, this is the solution that has to happen somehow, and this has to be done within a reasonable period of years.

Representative HAWKINS. If I may interrupt. You say that is the solution, then you may as well forget about it. That is far fetched, and if there is no other solution, and you don't deviate from considering other solutions, then there just isn't any hope whatsoever.

Mr. SWINTON. Well, Mr. Chairman, I hope that you are wrong.

Representative HAWKINS. Well, I hope that I am wrong, too.

Mr. SWINTON. But I understand what you are saying, but—and there is no easy solution to this problem, and part of the problem in solving this problem is that everybody is searching for all kinds of solutions; and they keep finding out they don't exist.

Mr. MINCY. It seems to me that in addition to the differentials between blacks and whites, and which we focused upon, there are also differentials among blacks. Given the real resources at the Federal, State, and local levels, it is possible in time that we can think about redistributing the limited resources, and so we get the problems that are most critical.

And again those problems are families that are single-parent families and the problems of communities differ in a much more dramatic way in problems in the black communities.

We need to think carefully where these limited resources need to be distributed, and I think that it is a very complex issue and it is kind of a complicated issue.

Representative HAYES. Well, obviously there are other questions that I could raise, and not too many of us are listed in Fortune 500 and they have great impacts politically, and what decisions are made that affect the people that you are talking about here, and not just African-Americans, but economically disadvantaged people in this country.

Representative HAWKINS. If there are no further questions, may I again thank Mr. Mincy and Mr. Swinton for their patience and for their contribution to the subcommittee and we have benefited greatly from your testimony this morning.

[Whereupon, at 12:19 p.m., the subcommittee adjourned, subject to the call of the Chair.]

