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A CRITIQUE AND REFORMULATION OF
THEORIES OF INCOME INEQUALITY AND
POLICY ALTERNATIVES**

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**Latinos in the U.S. Economy:
A Critique and Reformulation of Theories of Income
Inequality and Policy Alternatives**

by

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**LATINOS IN THE U.S. ECONOMY:
A CRITIQUE AND REFORMULATION OF THEORIES OF INCOME
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Introduction

Few studies analyze the mechanisms that cause inequality in earnings, employment and occupational achievement between Latino and non-Latino populations. Compared to analyses of income for blacks, relatively little attention has been devoted to the study of income determination among Latino populations. Previous studies consider income inequalities from the perspective of human capital theory. This paper considers two dominant theoretical perspectives for explaining income inequality: the human capital model and the class/structural model. Then it will review related empirical studies of Latino populations. After critiquing the human capital and class/structural perspectives, this paper discusses policy initiatives emerging from these two competing models on income inequality. Finally, it considers future research directions for the analysis of income determination and employment among Latinos in the United States and concludes with some thoughts on the challenges we face in the post-Reagan era constructing policy alternatives and a movement that secures economic and political justice for all.

Dramatic changes are expected in the racial and ethnic composition of new entrants into the labor force in southern California. Between 1980 and 1990 non-Latino whites are projected to compose only one out of five new workers; blacks will make up one out of six, and other non-Latino groups one in nine. About one-half of the expected expansion of the labor force will come from Latino residents, and most of these will be of Mexican origin (Muller et al., 1985:166). Ethnic changes in southern California's labor force in the 1990's will be even greater. The number of non-Latino whites (both female and male) will decline and new workers of Mexican origin will account for three out of four new

workers in the region. According to a recent study by the Urban Institute (Muller et al., 1985), even without any further immigration or internal migration, the majority of workers added to the labor force in southern California over the next twenty years would be Latino, primarily of Mexican origin.

So, there is little doubt that Latinos compose one of the fastest growing groups in the U.S. labor market. Latinos will soon become the largest minority in the United States. However, little is known about the process by which Latinos enter and participate in the labor market. This is particularly troubling because of the continuing serious inequalities in income, wages and occupational achievement of Latinos compared to white non-Latino workers. Little work of a longitudinal nature has been completed. In part, this has occurred because of the difficulty, until recently, of identifying Latino national-origin groups in census information. Changes in census categories for identifying Latinos have created problems of compatibility between 1950 and 1970. With the inclusion of Latino identifiers in the Census Bureau's annual Current Population Survey since the 1970's, and with the release of the 1976 Survey of Income and Education (SIE) microdata file, empirical work has become more feasible. Now it is possible to distinguish considerable socioeconomic variation within national-origin groups, allowing for separate analysis of populations with origins in Mexico, Cuba, Puerto Rico, Central and South America and a residual "Other Hispanics" grouping.

Theory determines to a considerable extent what we observe. Put another way, theory also determines what we do not observe. Theoretical perspectives facilitate our asking certain questions and hinder our asking other kinds of questions. Consequently, it is important to consider the theoretical perspectives currently shaping the empirical investigations discussed in this paper. Two major theoretical models for exploring income determination are the human capital model and the class/structural model. Each will be discussed, and we will consider their relevance in understanding Latino income inequality.

The Human Capital Model

Human capital theory makes certain assumptions about societies and how they function. For the most part, it fits within a non-conflictive perspective. Society and the economy are in equilibrium. Individual mobility is determined by individual abilities and efforts. The earning gap between Latinos and the Anglo population can be closed as Latinos acquire education, skills, English-language proficiency and other individual traits similar to productive white workers. In other words, as Latinos adapt to their new social environment they will achieve social and economic parity with the dominant groups, and social equilibrium will be achieved.

In human capital theory, individual choice is the basic unit of analysis and the focus of attention. The individual is the ultimate regulator in the process of acquiring income, as each person holds subjective preferences for present compared to future consumption. At any given point in time, individuals make a variety of choices about how to spend their time and resources. In terms of human capital investments, a decisive choice is the allocation of one's time toward acquiring immediate income, maximizing present consumption or deciding to allocate one's time toward improved skills, thereby maximizing future consumption. This perspective assumes that skilled labor is more productive than unskilled labor, and, consequently, employers will pay higher wages according to neoclassical economics. Racial and ethnic discrimination is seen as a disturbance to the free market operation of individual choice in the determination of individual income.

From this theoretical perspective, there is no reason to consider or analyze how different social structures influence the process of individual acquisition of job skills. Social classes are not part of the units of analysis in this framework for explaining income determination. The basic question human capital theorists ask is why individuals with different amounts of education, job skills or other investments receive different incomes.

Such a question is not irrelevant or uninteresting if asked from a larger perspective, that is, within a context of social structures and changing class relations. Individual-level analysis can be placed in relation to the other mediating structures, such as class or social network. An individual's class position can be considered a major determinant of educational attainment.

For the past twenty years, human capital explanations have provided banal explanations of income differences for black and white populations. Historically, measured skill disparities between blacks and whites have narrowed throughout the twentieth century. However, income inequality between the two populations did not begin to narrow until the 1960's. Before the micro-level 1960 Census data tapes became available, Morton Zeman's 1955 dissertation on income inequality of blacks and whites was the standard empirical reference.

Using 1940 Census data, Zeman focused on years of schooling and on-the-job training, two of the most important determinants of income according to the human capital model. Incomes of both races increased with schooling and age, but the rate of increase in income was much higher for white men. Zeman's study suggested that giving blacks the same amount of education as whites would accomplish little to reduce income inequality. Further research in the 1950's tended to confirm Zeman's findings (Smith, 1984:685). Even the early work of Lester Thurow (1969), based on the micro-level 1960 Census tapes, continued to show low returns to schooling for blacks in addition to dramatic declines in relative earning potential for blacks throughout their careers. Economists focused on market discrimination against black skilled labor and government discrimination, which contributed to lower quality education in black schools, to explain declining black-white income ratios with schooling. Theories of discrimination accounted for differences in job investment: either blacks were seen as being denied jobs with human capital growth, or they were confined to secondary labor-markets.

In the late 1960's and early 1970's, two factors contributed greater credibility to human capital analysis (Smith, 1984:686). For one, there was a continued substantial rise in black-white income ratios. Secondly, analysis based on micro-data tapes from the 1967 Survey of Economic Opportunity and the 1970 Census suggested that rates of return to education appeared as high for blacks as for whites. The latter was especially true for higher education. Nevertheless, the historical validity of the human capital perspective continued to be questioned (Ashenfelter, 1977; Levin, 1978; and Darity, 1982). The significant rise in relative black income that began during the mid-1960's coincided with the enactment of the 1965 Civil Rights Act. Some critics of the human capital model attribute considerable importance to antidiscrimination legislation as the explanation for this rise in black income (Freeman, 1973). The long historical record continued to show that for blacks, although there had been a steady convergence in human capital characteristics between blacks and whites, income inequality had not changed much until the late 1960's.

A more recent, careful analysis of the historical trends in schooling, income and labor market participation for blacks and whites indicates a stronger case for human capital explanations of these trends. Smith (1984:695) found that black generations born between 1886 and 1905 had an impact on interpretations of time-series changes in the relative income of blacks that lasted for forty years. As long as they remained a large part of the total labor force, there was no reason to expect much convergence in income ratios based on human capital elements alone. Once these cohorts left the labor market in the 1960's and 70's, improvements in economic conditions of black men became evident. Smith and others now argue that black men of recent cohorts do not encounter career prospects that differ from those of white men. They see the fundamental problem as the wide inequalities that exist when labor market competition begins. Smith (1984) concluded that the large income gap between white and black men that exists when careers begin may be due substantially to racial discrimination. However, this perspective now places more

confidence in the human capital model, asserting that as the human capital of blacks increases relative to whites, black wages will also increase accordingly.

Most human capital analysis is based on Mincer's model (1974) which proposes that yearly earnings are determined by a worker's productivity. This productivity results from an individual's education and work experience. Since a substantial number of Latinos are foreign-born, other variables enter the equation, including nativity, English-language proficiency, length of time in the U.S. and nationality.

This approach questions to what extent differences in earnings between Latinos and non-Latinos can be attributed to differences in human capital characteristics (e.g., educational attainment, English-language fluency, work experience, etc.). It is assumed that immigrant and native-born Latino workers face an open competitive labor market in which their individual skills determine their income. If they experience difficulties, it is because of deficiencies in their education or job skills. However, extended models consider both individual characteristics and the effects of discrimination.

Empirical studies based on the extended human capital model vary considerably due to differences in variables included, definitions and ways of operationalizing the same variables, data sets applied and measurement. However, these models do conform in certain general ways. Most studies find that, in contrast to studies of blacks, educational attainment is the most important income differential between the Latino and Non-Latino white population. The low wages of Latinos in the U.S. labor market are not strongly accounted for by wage discrimination as occurs with black/white wage comparisons. Instead, wage differences between Latino and white workers are caused by the lower levels of human capital characteristics (ie. education and job skills) found among the Latino population.

Reimers' work (1985:55) shows, for comparative purposes, a 23 percent wage-offer gap between black and white men.¹ Less than one-half of the gap can be explained by different individual characteristics. Educational differences account for only 10 percent of the inequality. As much as 14 percent of the wage-offer difference may be due to discrimination. The study identified a significant wage difference between Latinos and non-Latino white men. Mexican men had a 34 percent observed wage difference compared to non-Latino white men.² Educational differences account for about one-half of the wage difference. Statistically controlling for differences in socioeconomic characteristics of the two groups, the wage gap was substantially reduced, to six percent. This residual, unexplained gap in income was attributed to discrimination.

In analyzing the differences in unemployment rates between Latino and non-Latino white populations, DeFreitas (1985) found that individual characteristics accounted for most of the gap. However, the residual or unexplained difference suggested that discrimination also played a role in creating the higher unemployment rates for Latinos compared to the white population.

The effects of education on income vary significantly across Hispanic-American groups. Generally, these studies indicate that income returns to education for Latinos are lower than for whites, but it varies by nationality. Using 1975 data, Reimers (1985) found that Hispanic-Anglo wage ratios for men ranged from .72 for Mexicans to .89 for Cubans.

Although racial discrimination is viewed as a more important factor in determining income for blacks, it is still considered to be an important element, particularly for certain Latino groups. While Reimers (1985:40) claims that race has no significant impact on the

1 Reimers (1985) holds that the wage-off distribution will be different from the observed wage distribution. If a proportion of the population decides not to work, the observed wage distribution cannot be used to predict how much the average Latino would earn. If those who receive unusually low wages offers are less likely to accept them, the average observed wage will be higher than the average wage offer.

2 Reimers (1985) aggregated a "Mexican" category by including those individuals aged 14 or older who identified themselves as being of Hispanic origin and called themselves Mexican-American, Chicano, Mexicano or Mexican for the 1976 SIE. Hispanics may be of any race.

wages of Latino men, she concludes (1985:55) that discrimination in the labor market may be responsible for wage differences of 18 percent for Puerto Ricans but only 6 percent for Mexican men compared to non-Latino white men.

All Latino groups (except U.S.-born Mexican-Americans) had lower returns to education than Anglo men (Reimers, 1985:41). Compared to earning increases of 6.1 percent per grade of additional school completed for Anglo men, "Other Hispanics" earn 3.4 percent and Mexicans 5.4 percent. Except for Cubans and "Other Hispanics", foreign-born Latinos have lower returns to their U.S. schooling than native-born men of their ethnic group (Reimers, 1985:44).

Studies show that returns to foreign work experience are much smaller than returns to work experience in the U.S. (Reimers, 1985:45). Immigrants from Mexico, Puerto Rico, and Central and South America gain little in wage rates based on their prior work experience. In terms of wage rates, these immigrants are viewed the same as new entrants into the labor market. There are also differences between immigrants and U.S. natives in returns to their work acquired within the U.S. Mexicans, "Other Hispanics", and black male immigrants have higher initial returns to U.S. work experience than their native born counterparts. However, their experience also peaks more quickly. Puerto Rican, Cuban and Central/South American immigrant men have lower initial returns to U.S. workers than the native-born (Reimers, 1985:45). Comparing an immigrant man who arrives at age 20 with an eighth-grade education with a U.S. native with an eighth-grade education, the catch-up period is four years for black men, 18 years for "Other Hispanics", 34 years for whites, 42 years for Puerto Ricans, and 51 years for Cubans. Mexicans never catch up. Central and South American immigrants start out earning more than the native-born, but the gap narrows the longer these workers remain in the U.S.

Reimers (1985:49) found that in states where Latinos constitute larger proportion of the population, white and Cuban men earn at least as much as they earn elsewhere. However, Mexican, Puerto Rican and "Other Hispanic" men receive lower wages than

elsewhere. This may be evidence of discrimination affecting Latinos when they represent a larger proportion of the population. These conditions could also result from Mexicans and "Other Hispanics" choosing to work where there are many other Latinos, regardless of the lower wage rates in these regions.

Empirical findings based on language proficiency and other characteristics of immigrant backgrounds are less conclusive. Reimers (1985:56) found that deficiencies do not depress wages of Mexican men as much as the four other Latino categories. Wage losses due to a poor command of the English language are estimated to vary from five percent for Mexican men to 18 to 20 percent for "Other Hispanics" and Puerto Ricans (Reimers, 1985:41).

Studies of the determinants of Latina women's wages show some differences from men. Reimers (1985:70) reports that Mexican women's average wage offers are 20 percent lower than white non-Hispanic women.³ After compensating for regional cost-of-living differences, the gap narrows to 16 percent. Years of schooling was found to account for 93 percent of the "real wage offer" gap. Puerto Rican and Cuban women's wages are about the same as white non-Hispanic women. The most likely explanation offered is that white non-Latina women tend to be employed in white-collar jobs, while minority women with comparable education are more often employed in blue-collar jobs, which provide higher wages.⁴ Again, just as for Latino men, Reimers (1985) argues that race is not an important factor in explaining the lower average wages of Latina women (1985:72). Immigrant status accounts for small differences in the wage gap for women, from 0.2 percent for Mexican women to eight percent for Central and South American women. English language problems cause wage differences ranging from none for Puerto Rican

³ The same Mexican aggregate category is also used for the analysis of women in the labor market.

⁴ Reimers (1985) explains this greater geometric mean wage offer notwithstanding the Puerto Rican woman's apparent disadvantage in human capital due to the high-price, high-wage Northeast. Their wages are also based on a compensating differential for their less desirable job status and working conditions.

women to eight percent for Cuban women. The larger families of Mexican women are considered a factor in the three percent wage gap versus their Anglo counterparts, but represent minimal differences for other groups of Latinas. In all, the human capital studies suggest that ethnic discrimination is not experienced by Mexican, Puerto Rican and Cuban women, although it is more of a barrier to Central and South American and "Other Hispanic" women. Reimers (1985:75) found that in addition to the significant impact of education, age and number of children in the family, health and public sector employment also influenced their wages.

On the whole, all Latina women receive lower returns for their work experience than white non-Hispanic women (Reimers, 1985:74). This may occur because Latina women have less access to jobs with training and promotion opportunities. Latina women often have more children than white non-Hispanic women, and this also lowers their wages.

Traditionally, economic literature distinguishes between two types of discrimination: that which occurs within the context of the labor market (i.e., discrimination in schools, housing and the neighborhood), and that which takes place beyond the boundaries of the labor market. These forms of discrimination, however, are now regarded by other economists as impossible to separate analytically (D'Amico, 1987:312). Consequently, they are artificial distinctions that have been misleading to the human capital approach. Gary Becker (1972) agreed that the economist's analysis of discrimination has been too narrowly drawn, and that more attention must be devoted to institutional barriers to the unfettered operation of the individual's human capital in the labor market. This newer perspective recognizes that labor markets do not exist within a vacuum but operate within the context of a larger society. Market relations reflect social relations and reflect a continuing interaction with the surrounding environment.

Certain weaknesses of the human capital model are recognized. For one, market imperfections, monopoly conditions and labor unions disturb the more simple association

between marginal products and wages. Numerous studies have now shown that schools and training institutions provide a credential process not closely related to providing needed, productive skills for the work place. In general, human capital theorists must recognize that skills are embodied in human beings. In other words, all sorts of difficulties arise because of imperfect information and, therefore, decision-making occurs in a context very different from the assumed rationality of the market place.

Other critics of the human capital model are concerned with the exclusion of class and class conflict as important factors explaining labor market phenomena. Bowles and Gintis (1975:75) argue that an adequate theory of human resource utilization must include both a theory of production and of social reproduction. They claim that human capital theory offers no theory of reproduction and only a weak theory of production. Class issues influence the demand for labor. Ownership of capital and control structures in capitalist enterprises significantly impact the incentive of workers. While the human capital perspective focuses on workers' individual characteristics and attributes, this perspective seems to limit itself to consideration of their technical skills as related to productive capacity. The human capital perspective ignores labor history, wherein management has used race, sex, age, ethnicity and formal educational degrees to fragment the labor force. Issues of power and class are fundamentally involved in accounting for labor demand, allocating workers to positions, structuring jobs and defining the productivity of workers.⁵ The complexity of the labor market is not expressed by a human capital perspective which considers a free market matching of technically-defined skills with technically-defined production requirements.

According to the human capital perspective, the supply of human capital is mainly the aggregate of individual choices. However, it simply does not follow that the current state of our educational institutions is only the product of individual choice. The social

⁵ A small group of radical economists has written extensively on recent divisions within the U.S. working class. For example, see David M. Gordon, Richard Edwards and Michael Reich (1982).

organization of education and schooling is not the result of individual choice. Studies by Michael Katz (1968), Samuel Bowles and Herbert Gintis (1976) and others show that school financing, changes in classroom techniques and the general control and organization of schooling are more often introduced and influenced by dominant class interests than by aggregate individual appeal. Educational systems, therefore, do much more than produce human capital and distribute technical and administrative knowledge. Schooling is seen by critics as legitimizing economic inequalities by reproducing capitalist social relations.⁶ The individual choice model, from this critical perspective, is superficial and fails to discern the root of the problem -- that is, the capitalist economy and the ubiquitous relations of domination and exploitation inherent in the society.

The Class/Structural Model

A class/structural perspective considers three basic units of analysis: macro-social structures, classes and individuals. This perspective argues that social structures and classes are just as real as individuals, and that they have real consequences for determining individual income. In addition, the structuralist perspective considers these three units as interdependent. A fully developed theory of income inequality must be cognizant of the characteristics of the social structures within which income is determined.

With an analysis of the social structural basis of the income determination process, specific analysis of income determination at the class level can take place. Income determination at the class level can be considered by two factors: the analysis of income

⁶ Bowles and Gintis (1986) have recently recanted on this more "economistic" approach to understanding the relationship between education and the capitalist economy. This is not the place to enter into an extended discussion of whether class constitutes the central category in the structural analysis of capitalist societies. Suffice to say, a variant of a Marxian-based class analysis offers a rich foundation for such theoretical and empirical endeavors. For a more dialectical analysis of education in capitalist society, which integrates forms of struggle and contradictions both inside and outside the state, with structural determination, see Carnoy and Levin (1985).

determination within classes, and the analysis of the ways in which the entire income determination process is shaped by class conflict. Class relations are believed to influence income determination of individuals. Classes are organized social forces which enter into conflict and change social structures. According to Erik O. Wright (1979), class conflict influences the income determination process in two basic ways: first, through union struggles over wages, unemployment insurance and other social welfare benefits, and second, by transforming the social structures within which income determination occurs.

From the structural perspective, the analysis of individual-level income determination involves two dimensions: first, the way in which individual choices and actions can change a person's position within class relations through inter- or intra-class mobility, and second, the various processes which affect those specific individual choices influencing the individual's income within a certain class location. Certainly, individual characteristics influence income, but within the context of class relations. An individual's education, for example, has a bigger impact on the income of a manager than for a worker. This perspective considers class and social structural relationships which influence individual consciousness.

Human capital research focuses on wage discrimination as the most important form of discrimination occurring within the labor market. A class/structural perspective regards wage differences as the result of the location of workers within the labor market, in terms of industrial sector and occupation. Here we consider three major non-competitive labor market structures: dual labor markets, occupational segmentation and ethnic enclaves.

Industrial dualism argues that the organization of the product markets (as monopolistic or competitive) determines the relative bargaining of firms and workers (Gordon 1972 and 1979). Firms belong either in the core sector or the periphery. Higher earnings are realized in the core sector while lower wages are earned in the peripheral sector.

Occupational segmentation considers the degree of control an individual has in the work environment. Edwards (1979) identified three occupational segments. Secondary jobs are those requiring little formal training and are characterized by low pay, no career mobility and high turnover. A subordinate primary segment are those jobs attached to the top segment requiring some formal training, and are characterized by limited career mobility, moderate pay and benefits, and some career mobility. The independent primary jobs, those requiring considerable training, are characterized by real career mobility opportunities, high pay, good benefits and low turnover. About two-thirds of the Latino labor force is located in the peripheral industries and more than 60 percent is concentrated in the low-wage occupational segment. (Meléndez, 1988:1).

Empirical studies have found significant differences in earnings in core and peripheral industrial sectors after taking into account workers' characteristics. Workers in core industries earn 30 to 40 percent higher wages and experience lower turnover (Bibb and Form, 1977; Kallenberg et al., 1981). Studies of occupational segmentation indicate that workers in secondary jobs do, in fact, experience less upward mobility and have lower wages, while those in primary sector jobs experience higher salaries and more job mobility (Rumberger and Carnoy, 1980; Gordon, 1972). Segmentation theories emphasize class conflict in the productive process in labor markets. Segments are not reducible to occupations. Labor segments are related to types of labor control as well as to historical responses of the segments to class conflict. For the most part, these earlier studies analyzed female and black populations. Few considered the Latino labor market.

A recent study by Meléndez (1988) has begun to examine the effects of labor market structure on Latino labor markets in New York City. Meléndez considered several categories of Latinos: Mexicans, Puerto Ricans, Cubans and "Other Hispanics" using 1980 Census data. The findings from this study indicate that labor market structures (in this case, industrial sectors and occupational segmentation) are important determinants of Hispanic, non-Hispanic black and white hourly wages in New York City. In fact, labor

market structure explains a substantial proportion of Latino wage differences from non-Latino white populations. About 16 to 19 percent of the difference is explained by primary segment location for Hispanic men and 36 to 58 percent for Hispanic women. Working within core industries explains about 7 to 14 percent of the Latino wage gap for men and about 4 to 7 percent for women. Meléndez found that discrimination is still an important factor in accounting for the wage gap for Latino men and women. Discrimination was responsible for about one-third of the wage gap for Mexican, Puerto Rican and Cuban men. Although the wage gap was much smaller for Latina women than men, discrimination accounted for one-fifth to one-half of the gap. This study of the New York City labor force determined that whites have higher returns to education and job experience than blacks and Latinos. Finally, Meléndez found that education was the single most important factor for all Latino groups in explaining the earnings gap between them and the white population. However, the proportion of the wage gap explained by differences in education varies greatly among the different Latino groups. Human capital characteristics account for 25 to 50 percent of the ethnic wage differences and reduces by more than 50 percent womens' wage differences.

Previous studies of structural theories of labor market segmentation have barely touched upon the interaction of class and ethnicity. Little attention has been paid to ethnically organized economic activities. Recently, Portes and Bach (1985) have integrated the concept of ethnic enclaves with analysis of segmented labor market theory. Their analysis involved a six-year longitudinal study in which immigrants from Mexico and Cuba were interviewed as they arrived in the U.S. They were subsequently reinterviewed two times over the following six-year period. Contrary to the human capital model, immigrants do not arrive as isolated individuals. Immigrants have access to resources of the larger groups to which they belong. Portes and Bach argue that an immigrants' ability to utilize individual human capital is influenced by class position, social networks and state policies. State policies may work to direct immigrant groups into secondary markets. Ethnicity,

rather than individual skills, combines with an immigrant's working-class background to link secondary labor employers to new laborers. For some immigrant groups, however, another new structure operates within the labor market: the ethnic enclave.

Ethnic enclaves are distinct economic formations characterized by spatial concentrations of immigrants who organize a variety of enterprises to serve their own ethnic market and the general population (Portes and Bach, 1985:203). Ethnic enterprises possess two essential traits: the presence of immigrants with sufficient capital to create new opportunities for economic growth and an extensive division of labor within the enclave. The enclaves develop as the first wave of immigrants sends over an entrepreneurial class. The growth and diversification of this class offers subsequent immigrants from the same ethnic group employment opportunities unavailable to immigrants entering regular labor market sectors. Studies show that these entrepreneurial activities can expand because they are able to reproduce (on a local scale) some of the characteristics of monopolistic control that account for success of firms in the larger economy. Ethnic entrepreneurs use new immigrant workers to suppress unionization and to capitalize through pooled savings and rotating credit systems (Light, 1972; Bonacich and Cheng, 1984). The labor organization of immigrant enclave economies requires recent arrivals to first take the worst jobs. Immigrants are willing to stay in these secondary-type jobs because they open paths of upward mobility unavailable outside the immigrant enclave. Expanding enclave firms are expected to create managerial-level openings or self-employment for members of the same minority.

Ethnic enclaves differ from the secondary sector. Ethnic ties permeate the class relationship with a sense of collective purpose. Ethnic solidarity forces discipline on the part of workers; however, it also demands obligations from the managers to provide training and skill upgrading for the workers.

Portes and Bach show how Cuban entrepreneurs in Miami merged into the local economy through the growth of a small-scale entrepreneurial class which was assisted by

the established social network within the Cuban community. However, it is also important to recognize that the majority of the sample studied entered into the outside economy, moving into the segmented primary and secondary sectors. They found that ethnicity in the secondary sector was associated with lower rewards and subordinate social and economic positions generally found among the immigrant minorities. Their study concluded that individual skills operated differently depending on where immigrants worked. In the enclave, Cuban education contributed to occupational gains early in the resettlement experience and over time. Also, workers benefitted from work experience in Cuba and from the additional experience they gained in the U.S. Outside the enclave in the secondary sector, there were few benefits or rewards for individual skills. Previous education in Cuba penalized occupational workers. Workers in the secondary sector moved upward by accumulating economic resources transferred from Cuba or acquired over time in the U.S.

In all, Portes and Bach found that the process of occupational and income attainment among Cuban immigrants was significantly influenced by the availability of ethnically organized enclaves. Self-employment and economic returns on human capital, made possible through the operation of enclaves, had little to do with the individual abilities of immigrants. Instead, their upward economic achievements depended on the enclave social structures that received and supported them. In contrast, although many Mexicans had greater education and occupational training than Cuban immigrants, few Mexican immigrants in Portes study became small businessmen within six years of their arrival in the U.S. Portes and Bach claim that Mexican immigrants do not have an enclave option but, instead, are entrenched in a long historical working-class migrant flow. It is likely that new research in Southern California and other urban parts of the southwest will show vigorous Latino enclave economies developing.

Beginning with the works of Simmel, sociologists have been interested in how group size influences social behavior and social structure. Recently labor market analysts

have investigated how the relative size of minority populations in the U.S. labor market influence minority wages relative to the white majority. Studies reach different conclusions, in part because they use different dependent variables (income and occupational status) to demonstrate increasing or decreasing inequality. Also, most studies treat minority populations as homogeneous, with no attempt to account for the increasing heterogeneity found within minority groups today.

There are two general explanations for the widening disparity of income with the white majority as minority group size increases. One argument is that discrimination increases as minority workers compete for scarce resources, thereby threatening the majority economically and politically. This results in discrimination against minorities both in access to educational institutions and to good jobs in the work place. A second explanation is that when threatened by growth of the minority population, the majority will use its control of capital to subordinate minority workers, using them as sources of cheap labor and for driving down wages (Bonacich and Modell, 1980). Consistent with other studies (Borjas and Tienda, 1985) Tienda and Lii (1987) found that Latinos working in labor markets with larger shares of minorities earned less than Latinos working in areas with smaller minority concentrations. Earnings losses of blacks, Latino and Asian men associated with residence in areas with high minority concentrations were greatest among the college educated and lowest among those who had not completed high school. College educated whites gained most from these minority concentrations. Whites with less education did not gain from increased minority density. Tienda and Lii's work suggests that Asians and Latinos appear to compete more with each other than with whites in the markets where they are disproportionately represented (1987:160). Significant earnings disparities between highly educated men from minority groups and whites suggests that schooling, by itself, is not sufficient to narrow the earnings gap (Tienda and Lii, 1987:162). These findings coincide with other studies showing that socioeconomic inequalities between majority and minority income increase as the proportion of minorities

in the labor market grows. Reich (1971) argued that racial/ethnic inequality increased due to the suppression of labor union growth or labor militancy as well as the reduction in minority access to educations needed to make gains in the labor market.

Another perspective suggests a more positive relationship between increases in minority populations and minority income. Frisbie and Neidert (1977) found that in terms of occupational status, both majority and minority workers benefitted from labor market concentration of minority workers, but that only white workers gained financially. Frisbie and Neidert argue that discrimination might be lessened in areas of minority concentration if racial or ethnic minorities are successful in creating and developing economic enclaves that insulate minority workers from competition with the white majority. Once a minority population reaches a certain size, it develops internally high status jobs and income generation through minority enterprises. Another explanation supporting this positive relationship is that as the minority population grows, so will its political power and its strength in economic bargaining (Reich, 1971). Increased political power will then lead to the enactment of legislation supporting equal opportunities or equal pay for equal work in the labor force for minority workers (Bonacich and Modell 1980).

Policy Implications

Conventional policy recommendations for reducing income inequality focuses on conclusions drawn from the human capital model. Proposals typically suggest increasing formal schooling, providing job training for minorities and improving English-language fluency for immigrant groups. To the extent that differences in individual characteristics like education and job training explain differences in income, policies should emphasize education and job training. However, the human capital approach translates into a myopic view of policy changes that might contribute to change in income disparities for the Latino

population. It provides a narrow view of production and an even more limited understanding of social reproduction in the economy .

The human capital model, interpreted at face value, can be used to support a victim-blaming explanation of inequalities in income. The intense focus on individual characteristics suggests that the individuals are responsible for inadequate schooling, weak job skills and a poor command of the English language.

Policy recommendations based on the class/structuralist model offer different solutions for rectifying the disparity of income for minorities. From this perspective, income inequalities result from the normal operation of the labor market. That is to say , income inequality is a structural aspect of the capitalist economy and does not derive from individual differences in skills and competencies. More importantly, this model posits that class, defined as positions within the social relations of production, plays a central rôle in mediating income inequality in a capitalist society. Only through a fundamental restructuring of the economy and the distribution of benefits will it be possible to significantly reduce inequalities in minority income.

Industrial Policy

Since the middle of the 1970's, corporate restructuring has dramatically changed the labor market and the income of labor. International competition has radically influenced U.S. corporations. Increasingly, foreign economic and political conditions are influencing U.S. domestic labor and welfare policies. During the 70's, the U.S. economy rapidly moved from a goods-producing to a service-producing economy. Most new jobs since the 1982 recession have been created in the service sector, and service sector workers are worse off economically than their counterparts in the manufacturing sector.

These international economic and political changes have contributed to sharp declines in profits for U.S. corporations. Corporations have responded by restructuring in

ways that significantly affect labor and minority labor incomes. Some of the changes in corporate structure have had a clear impact on depressing labor conditions. Interregional and international shifts of capital have contributed to the highly visible cycles of plant closures in the U.S. Plant closures have received widest attention in certain areas of the economy, such as the automobile, tire and steel sectors. Currently, Congress is considering national plant closure legislation that would require owners of firms with 100 or more workers to give 60 days' notice before a closure or significant layoffs. The introduction of new technologies plays a controversial role in other sectors of the economy. With the introduction of new technologies, jobs in electronics and telecommunications face deskilling. Wage cuts accompany the process of deskilling occupations. Highly centralized companies with well-defined internal career paths are being replaced by smaller operations with fewer long-term career opportunities -- even occupations are being "downsized". Management practices in the 1980's regularly demand wage freezes, staff reductions and two-tiered pay systems.

The impact of the tremendous growth in part-time employment or contingency work by Latinos in the labor force must be considered. In order to increase flexibility in organizations, a new emphasis has been placed on converting full-time jobs into part-time jobs, contracting out jobs to non-union firms and increasing numbers of new homeworkers, as a special labor version of outsourcing. Informal estimates of part-time or contingent labor suggest an increase from eight million part-time workers in 1980 to 18 million today. Increasing the size of the contingent work force allows management to reduce the firm's benefit expenses. The Employee Benefits Research Institute in Washington, D.C., reported that, in 1986, 70 percent of all part-time employees had no company-provided retirement plan and 42 percent had no company-provided health insurance. Contingency workers also receive a lower hourly wage compared to full-time employees. A recent study of 44 different service and manufacturing industries found that part-time workers were paid lower hourly wages than full-time workers, and they were less

likely to be covered by health insurance and pension plans, even after statistically controlling for differences in workers' characteristics (Ehrenberg, forthcoming). These changes will heavily impact Latinos in the part-time labor force.

Current debates center on whether low-wage jobs are growing at the expense of high-wage jobs and whether the middle-class is disappearing. In a recent study completed for the U.S. Congressional Joint Economic Commission two economists, Bluestone and Harrison, were asked to address these issues (Bluestone and Harrison, forthcoming). They found that average hourly, weekly and annual wages and salary incomes of individual workers peaked in the early- to mid-1970's (Harrison, 1987, 9). Since that time, incomes have either stagnated or fallen. Median weekly earnings have yet to reach their 1973 peak. Presently, real working-class incomes stand at about the same level as existed in 1960. Harrison and Bluestone also found that between 1973 and 1979, about one-fifth of all net new employment created in the U.S. paid annual wages and salaries lower than the 1973 median wages (about \$7,400 in 1986 prices). The trend subsequently worsened. Between 1979 and 1985, over 40 percent of all net new employment paid these low wages. Indeed, these changes strongly suggest a proliferation of low wages in our newly restructured economy.

All sectors of the economy have experienced increases in part-time labor, wage freezes and union bashing. However, Bluestone and Harrison concluded that the growth of the service sector is particularly responsible for these dismal trends. They found that between 1979 and 1985, only six percent of net new jobs in manufacturing paid yearly wages below \$7,400. Forty percent of the jobs being created in the service sector were paying \$7,400 or less. Their study determined that service sector workers are seven times more likely to earn wages below the poverty line than are manufacturing workers (Harrison, 1987, 10). Policy-makers need to consider reorganizing the performance and remuneration of service-sector jobs instead of denying their growth.

Certainly consideration must be given to the role of union organizing in reducing wage inequalities. While organized labor has experienced a poor record in terms of support for minority workers, strong pressure from community-labor coalitions and new union leadership seem to have recognized the earlier failures and shown serious interest in organizing sectors with high minority labor concentrations. There is a need to organize more workers in these newly expanding service sectors. Finally, labor law must be reformed at the national level. Consideration should be given to extending equal pay and providing benefits for part-time and other contingent workers.

Employment Policy -- Full Employment and Affirmative Action

Although the U.S. Congress has passed legislation directed at full employment on two occasions, the Employment Act of 1945 and the Full Employment and Balanced Growth Act of 1978 (Humphrey-Hawkins Act of 1978), neither the Federal government nor society have come to terms with fulfillment of the goal of a full-employment economy. Theda Skocpol (1988) offers an analysis of the federal government's failure to advance a policy of full employment. She argues that the rejection of full employment reinforced a sharp disjuncture between social and economic policy, and it narrowed the scope of what subsequently would be considered legitimate economic policy. What was finally enacted into law was a shadow of the original intent. Certainly, some representatives of business oppose the implementation of a full employment policy. They fear that wage increases and inflationary pressures would create an intolerable business climate. Others simply oppose the redistribution of power that a full employment economy might bring to the U.S. Gary Orfield (1988) expands on this argument in a provocative discussion of the decline of the liberal agenda and the abandonment of race-conscious policy remedies to economic and social problems.

Possibly the strongest and most visible push for substantive full employment legislation has come from the U.S. Catholic Bishop's Conference pastoral publication, Economic Justice for All: Catholic Social Teaching and the U.S. Economy. The bishops declare that the Church's moral and theological teaching requires "full employment as the foundation of a just economy. The most urgent priority for domestic economic policy is the creation of new jobs with adequate pay and decent working conditions." (p.47) The bishops call for political action to pursue the goal of full employment.

Recently, new bills have been developed in Congress that address the issue of full employment. Congressman John Conyers began work in 1982, followed up by Charles Hayes in 1984 through the introduction of the Income and Job Action Act of 1985. In addition to full employment, the bill deals with other related issues including industrial policy, public works programs, capital flight, job flight and military spending. Still, in its latest form, the bill falls short of actual full employment policy goals linked to the individuals right to work. Senator Simon's Guaranteed Job Opportunity Act again raised the issue of job rights and guarantees before Congress. However, the bill proposes very limited wage levels and is not tied to any larger fiscal or monetary policies directed toward full employment. (Moses, 1987, 14).

While affirmative action programs have made progress in improving job opportunities for minorities, more progress is needed. Recently, the State Personnel Board of California reported that Latinos held only 13.7 percent of the state government jobs at the end of 1987. This number is below the goal of 17.7 percent set by the Deukmejian administration based on the number of Latinos in the non-government work force in the 1980 Census. By 1990 Latinos will have to hold 21 to 26 percent of the state jobs in order to achieve parity with their representation in the non-government work force. The State Personnel Board also stated that Latinos lag in terms of proportional representation in administrative and management positions. However, the Board does not believe parity can be achieved until the year 2015 (Shuite, 1988). Still, some progress has been made in

affirmative action for state government hiring: in 1974, Latinos represented only 5.2 percent of the state work force.

Meléndez' (1988, 75) analysis of Latino and black workers in New York City found considerable underrepresentation in private, core industrial employment. Minorities were equally underrepresented in terms of occupational segments. Again, affirmative action in hiring and promotion is necessary if minorities are to move out of the secondary labor market into good, primary labor market jobs. Affirmative action progress within the private sector will prove more difficult to accomplish. Although affirmative action policy does not deal directly with the class nature of the continued reproduction of inequality, it does reduce the more open racial discrimination in public sector employment.

Pay equity strategies promote the equal valuation of jobs in which minorities are concentrated. Pay equity attempts to transform jobs that are poorly paid because of minority concentration into higher paying jobs. Pay equity programs have been most successful for minorities and women in public sector jobs.

In general, public sector employment has contributed an increasing share of high-level and higher paying jobs in the economy. A study by Carnoy, Shearer and Rumberger (1983) argues that government jobs represent the greatest opportunity for minorities to increase their income. In 1980, 18 percent of the white males in the labor force holding high-level jobs were employed in the public sector. In contrast, 21.6 percent of the Hispanic males and 37.7 percent of the Hispanic females holding high-level jobs were in the public sector. Minorities and women have benefitted much more from the growth of government employment than have white males (Carnoy, Shearer and Rumberger, 1983). There are credible claims that government employment by itself has accounted for a significant portion of the economic progress of minorities, especially blacks and white women. Other studies show less convincing evidence of the contribution of government employment to minority income, but are based on more limited analysis (Reimer, 1985:41).

In all, government has played an important role in the provision of good jobs for minorities and women during the last 20 years.

Educational Policy

Both the human resource and class/structuralist models acknowledge the importance of education in determining minority income. There is a consensus that failure to complete high school is a major barrier to further education, occupational advancement and increased income for minorities. One study of Mexican-Americans shows that those who do graduate from high school go on to college at higher rates than do non-Hispanic whites, despite their lower class background (Fligstein and Fernandez, 1985). This analysis also indicates that, similar to non-Hispanic whites, general family background factors influence whether Mexican-Americans stay in school. Several studies, including those of the National Commission on Employment Policy (1982) and the U.S. Commission on Civil Rights (1982), concluded that programs designed to improve English proficiency in Latino schools would enhance the rate of students completing school.

From a class/structural perspective, schools are a reflection of the social environment in which they exist. They reflect the strengths and weaknesses of the larger environments and institutions upon which they depend for support. It follows that reducing inequalities in schools will not automatically result in reducing the larger inequalities of income and labor market segmentation. Enthusiasm for quick results from school reform should be tempered by attention to larger-scale changes needed in the economy that will support these educational reforms.

Studies show that children who are troubled in school learn more when they constitute a relatively small minority in the school rather than when they comprise a large majority. There are more successful students in racially/ethnically and economically integrated schools than in all minority or all poor schools (Jencks, 1988:3). Studies

indicate that poor children learn more in elementary schools that enroll a substantial number of middle-class students. Moreover, racial integration of schools may not only improve the performance of minority children in school but may also result in differences in college and job experience, and improve racial attitudes as adults (Orfield, 1987: 36). With increased political opposition to bussing, much of school integration depends on residential desegregation. Since 1970 residential segregation along racial lines has declined slightly in most U.S. cities, especially in the smaller, rapidly growing cities of the South and West. In the larger northeastern and midwestern cities of New York, Chicago, Philadelphia and Detroit, segregation has not declined and, in some cases, has increased. Economic segregation has increased substantially in the large northeastern and midwestern cities as middle income black and Latino families have moved out of poor neighborhoods. A new federal housing policy is needed that will promote racial and economic desegregation. Such a policy might contribute to restoring our urban schools and eventually to decreasing inequalities of income for minorities in the work force .

While schools have served some minority children as a class ladder into the corridors of mobility, the majority of working-class children have not benefitted. Yet, there is great appeal in locating a teacher or school principal who inspires minority children toward upward mobility. Recently the new film, *Stand and Deliver*, starring Edward Olmos, has attracted tremendous attention. Olmos plays the role of a teacher at a working-class high school in East Los Angeles. His charismatic teaching abilities in math and calculus guide students to perform with excellence. The film has attracted attention because many would like to think of this teacher as a solution to the tremendous barriers encountered and high drop-out rates of Latino children in their early school years. It is, however, purely a "Hollywood" solution. While it shines with potential, it fails to guide us when the lights come on and we are confronted with the realities of high unemployment rates, discrimination in the work place, crime-torn, gang-ridden communities, unstable families, and a large proportion of residents living as undocumented citizens.

Future Research

Certainly, the 1990 Census will provide a major new data base for the exploration of income determination among minority populations. A methodological problem with human capital studies is that cross-sectional data are used to impute causal forces. Better longitudinal studies or time-series analyses are needed to more accurately explain gender differences in the determination of income.

Far more research is needed on the ethnic enclave economies that are developing in Los Angeles, San Diego, the San Francisco-San Jose Silicon Valley, Houston, San Antonio and other urban areas in the southwest. Los Angeles will provide the opportunity for researchers to explore relationships among several ethnic enclaves within the city as Korean, Chinese, Vietnamese, Mexican and perhaps Central American entrepreneurs establish themselves and their labor forces. To what extent are these minority groups competing among themselves?

A great deal of research needs to be completed on the impact of corporate restructuring on Latinos in the labor market. How are Latinos doing as contingent or part-time workers? How are they doing in the middle-class professions? In general, more research is needed on Latinos within specific labor markets. The microdata census tapes used for analyzing human capital characteristics do not include self-employed individuals. Legal and undocumented immigrant women are employed extensively in the new high-tech electronics and micro-chip industries. More information must be collected about this group as well.

Now that it is possible to distinguish among Latino groups in the measurement of factors determining their income, policy analysts should begin to consider the differential impact their policy recommendations will have on these groups. The human resource analysts have shown that Latinos are a heterogeneous group, and that their different

locations within the work force must be taken into consideration when formulating labor and educational policies. Research that does not differentiate the "Hispanic" population according to class and national origin will indubitably lead to misguided policy.

What effects will the new immigration law have on native-born Latino employment and income? Research is needed to better understand the impact of urban undocumented workers on the incomes of other minority groups. Further research is needed to examine the relationship between local economic development and growth of the marginal sectors of the labor market. Are we seeing the exacerbation of the problems of this sector and a formation of a Chicano/Latino underclass in the urban political economy and social structure? How you structure a strategy to create a substantial number of jobs of quality for this group is of crucial importance to a comprehensive research agenda.

Last, and most important, future empirical research on the Chicano/Latino economic condition must be recast in a more rigorous analytical and theoretical framework. A critical analysis of the capitalist state and class structure is conspicuously absent in studies of the Latino population.⁷ In particular, what is missing in the growing body of quantitative approaches to the study of Chicano/Latino inequality, is a conceptualization of the centrality of class, both background and position, and the relationship of such positions in determining earnings, employment and unemployment. Future investigations of income inequality must include class position within the social relations of production as an independent variable. The landmark work, Race and Class in the Southwest by Mario Barrera, can serve as a guide for future research on Latinos in a changing U.S. political economy. Barrera's theoretical contribution lay in defining,

⁷ See, for example, Bean and Tienda (1987). I do not wish to totally dismiss such empirical work. Some of it is quite illuminating. Nevertheless, whatever their empirical usefulness, these studies are wanting on theoretical and methodological grounds. As has been reiterated several times in this essay, the absence of an analysis of the capitalist wage-labor system and class relations with its structural inequalities of income and power is a serious shortcoming.

locating, and connecting the subordinate class position of Chicanos with the institutionalized patterns of discrimination and the interests of capital. However, this focus on structural relations needs to be integrated into a broader theoretical framework that allows for ideological, political and cultural forms of resistance to capitalist hegemony. Recent work in state theory posits that the state rather than production is the site of conflict and counter-hegemonic struggles.⁸ To what extent is racial/ethnic relations a sphere of action autonomous from economic relations? In what ways do "race," "gender" and "class" structure each other and what is the role of the state in this process? Research on the accumulation and legitimation needs of the state can provide needed theoretical clarity to our understanding of Chicano inequality, and what public policies are needed to address it, in a liberal capitalist democracy. Thus, the theoretical imperative of doing research should become the moral imperative of policy and social reconstruction.

Concluding Comments: "Hispanic" America After Reagan

Race and class inequality must openly be confronted not only by Chicanos/Latinos but by all those committed to a more secure and equitable economy. Recent works that outline alternative economic and political programs include: Winning America: Ideas and Leadership for 1990's, edited by Marcus Raskin and Chester Hartman (1988); The Life of the Party: Democratic Prospects in 1988 and Beyond by Robert Kuttner (1987); Visions and Nightmares: America After Reagan by Robert Lekachman (1987); The Next Left: The History of a Future by Michael Harrington (1987); Tales of a New America by Robert B. Reich (1987); Why Some Peoples Are More Unemployed Than Others (1986), a provocative comparative study by Scandinavian socialist Göran Therborn; and the not so recent publication, The Year 2000 (1983), a perceptive look at the future written by one of Britain's most influential radical thinkers, the late Raymond Williams .

⁸ For an extremely valuable synthesis of recent debates on the state, see Carnoy (1984).

Full employment and increased affirmative action should be two inseparable demands of a progressive program for economic democracy and Chicano/Latino equality in the post-Reagan era . A third demand should address both overall economic inequality and racial inequality in a programmatic manner, e.g., a national policy that would raise the wages of low wage workers more rapidly than high wage workers -- a solidarity wage. For a fuller discussion of a solidarity wage, see Bowles, Gordon and Weisskopf (1983 : 283-284). This demand, in conjunction with the demands for full employment and affirmative action, represent what French sociologist Andre Gorz (1968: 7-8) termed "non-reformist reforms" -- i.e., policy changes which bestow greater power and democratic rights to "average" citizens in their daily lives as workers and consumers .

As indicated in this paper, conventional policy recommendations for discriminatory outcomes have indeed been based on a human capital model. At the same time, there are a set of initiatives that have attempted to deal with a different category of problem. That is, we have seen special unemployment payments given to steel workers in the early 1980's (to screen them from the effects of "unfair foreign competition"), a lengthening of workers' compensation periods to handle the same problem, and the bailout of several large industrial and financial firms (Lockheed, Chrysler, First Republicbank of Texas, and Continental Illinois). The rationale for these government ventures into the marketplace were not based on a human capital model. Instead, they were "structural" in the sense that a situation was defined as being abnormal or outside the acceptable limits of the "structure" of economic relations. Once the trade, banking , and bankruptcy crises of these corporate giants were defined in this way; exceptions were made, they could be administered to without disturbing the underlying corporate ideology.

Industrial policy is fundamentally structural, too. Its difference is that the above interventions have been crisis-oriented exceptions, while industrial policy implies the adoption of an ongoing explicit commitment to channel developments for the industrial structure as a whole. The question, then, is: how should this be done? A democratic

approach to industrial policy might insist on: (1) equal representation of workers on supra-organizational boards; (2) initiatives which not only protect the established position of privileged workers but also raise the access of unprivileged Chicano/Latino workers to better and more stable jobs; and (3) geographic preference which channels quality jobs into Chicano communities supported by local control and democratic participation.

In effect, what I am positing is that U.S. policy makers have already quietly recognized the need to correct economic outcomes when they are the result of warped or unacceptable structural disturbances. Perhaps a point of departure of relevance for Latino workers and communities would be to say, why not define instances of structural inequality and resource deprivation as unacceptable, too? This could serve as the rationale for government and other interventions, just as the government has jumped in to help big corporations in need.

The formidable task of developing a Chicano/Latino political strategy for the future is aptly summarized by Mario Barrera, professor of Chicano Studies at the University of California at Berkeley. Barrera (1984: 54) notes:

The most logical strategy would seem to be one in which a Chicano political organization would be built on the basis of ethnic/racial issues such as bilingual education, affirmative action in employment, community-based health clinics, antipolice harassment of Chicanos, and equitable immigration policies. At the same time, however, the leadership would be sensitive to the class nature of American society and would actively seek to create a working coalition with progressive black, Native-American, Anglo, and Asian-American groups. By pursuing such a strategy, it might be possible to acknowledge the reality of racially based class segmentation in the United States while simultaneously building a political movement that would emphasize rather than obscure class divisions.

Future policy research on contemporary Latino issues should be conducted within a framework of a politics of social change. Advanced intellectual groundwork, though essential, cannot substitute for political practice. The struggle for economic and social justice in the post-Reagan years will require the development of organizations and the marshalling of new social forces and movements committed to structural economic reforms. Also necessary is the advancement of a compelling vision of fairness, equity and grassroots participation upon which forms of economic democracy could be articulated and practiced in the electoral arena. Policy and political initiatives outlined in this paper come at considerable cost, but the benefits could be enormous -- a more democratic economy.

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