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AN ASSESSMENT OF MINORITY INCOME DIFFERENCES AND GOVERNMENTAL POLICIES

Raphael Thelwell*

I. INTRODUCTION

This paper examines factors that have contributed to a new social environment which places lower priorities on equalizing minority opportunities; the impact of that environment on governmental policies that contributed to the 1981 recession and increased minority income differences; and the implications of the effects of current decisions on the future economic well-being of minorities. Suggestions are offered for changing this "new" environment, and for the development of more appropriate governmental policies for reducing income differences. The environment for public decisions is strongly influenced by continuing confusion between the progress of working minorities and the lack of progress of minorities as a group. This mistake has contributed to the majority belief that minority economic progress has been rapid and will automatically continue as a result of built-in features of this society.

In addition, the willful actions of the government in contributing to the 1981 recession are briefly examined and the available recourse of minorities in a majority society is considered. Reagonomics as an approach to reducing future minority income differences is examined and alternatives offered in terms of governmental, and minority community actions.

Higher levels of output, which has only been produced by close governmental and private enterprise cooperation, is a necessary condition for disturbing existing social consensus on the role of minorities and is a prerequisite to closing the income gap. It is argued that a more favorable environment must be based on the majority realizing the advantages of fully utilizing the unused resources of the minority community. The imperatives of international economic competition are making it increasingly difficult to inefficiently used minority resources. Moreover, growing international competition is strongest in those industries which employ large numbers of minority workers.

Future improvement will be even more difficult because the cumulative effect of past efforts to reduce discrimination have not produced significant improvements in the income ratio in more progressive regions, urban areas or industries. The improvement has been achieved by minorities shifting to more favorable regions, industries and occupations; by converging "productive" characteristics; and by reductions in the more flagrant discriminatory practices.

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Since minorities have substantially completed their relocation to less discriminatory environments they will now have to overcome a long record of income ratios in these less discriminatory situations that have not changed or have changed very little. The lack of significant improvement in the ratio in progressive areas over the last 25 years indicates the deep-seated nature of the remaining differences which have successfully resisted all past efforts to eliminate them. For these reasons, extrapolating a continuation of favorable past trends for working minorities is unwarranted. The evidence from longer data series on occupational placement suggests that progress has been very slow and has occurred as a series of advances, frequently associated with wartime labor shortages, and with declines and plateaus following those advances.¹ Hence, optimism about the continued improvement of minority income differences should be based on developing new initiatives to disturb the existing equilibrium and not on the more comfortable belief that society has systems and processes which will inexorably correct for racial income differences.

II. BLACKS AND UNEMPLOYMENT

Studies documenting closing income gaps for minority workers have supported the belief that there was a "virtual collapse in traditional discriminatory patterns in the labor market."² These studies, however, do not examine a measure that is broad enough to reflect the economic progress of minorities as a group, not only as job holders. The analysis missed the most important condition which prevents further minority progress—the disproportionately large number of minorities who are unable to find jobs while at the same time a growing proportion of whites are able to obtain employment. This phenomenon is most marked for the younger age groups, for example, in 1954 the 16 and 17 year old black male population had the same employment rate as did their white peers. In the intervening 25 years their employment fell to about 45% of that of whites.³ The prospects for the future are discouraging since there is evidence that past work experience is the single most important indicator of future employment prospects.⁴ The continuously deteriorating employment experience of minority youth is likely to have mortgaged a good part of their future income producing ability.

While jobs are an important and necessary condition, they are not sufficient to equalize the income differences between the races. The large number of minorities who are unemployed because of inadequate skills and others who live in poverty also contribute to the lower relative income of minorities as a whole. Minorities, for example, are more than three times as likely as whites to be in poverty, a condition which results in about 40% of all black children being reared in poverty even during periods of full em-

1. M. REICH, RACIAL INEQUALITY: A POLITICAL-ECONOMIC ANALYSIS 26 (1981).

2. Freeman, *Changes in the Labor Market for Black Americans, 1948-72*, in BROOKINGS PAPERS ON ECONOMIC ACTIVITY 67 (1973).

3. Thelwell, *An Analysis of Minority Income Differences*, NAACP REP. 7 (Nov. 20, 1981) (unpublished) [hereinafter cited as *Minority Income Differences*].

4. Levy, *Changes in Employment Prospects for Black Males*, in BROOKINGS PAPERS ON ECONOMIC ACTIVITY 513, 536-37 (1980).

ployment.⁵ Another way of viewing the effort that will be required is to note that in 1969, at the end of the longest post-war economic boom black unemployment, at a low of 6.4%, was higher than the white unemployment rate of 6.1% in the previous recession of 1958 and much higher than the 4.5% white unemployment rate during the following 1970 recession.⁶ Even at full-employment, "good times" for minorities are worse than the "bad times" of the white majority. As a result, in addition to jobs, income equality will require reducing the minority poverty population to the same proportions as those of the white population and providing an income maintenance program for the remaining individuals who are unable, for a variety of reasons, to participate in the labor force.

The more comprehensive indicators of minority economic well-being, such as median family income, capture the effect of unemployment. It shows a more sobering, but accurate picture of the median minority family income ratio as being on a plateau before 1965, improving by 8% in the late 60s, and then settling on another plateau, at around 62% of white median family income during the entire period of the 1970s.⁷ The conclusion, resulting from an examination of the comprehensive indicator and the more limited indicator on workers, is inescapable—the advances made by minorities who are working are being offset by the inability of a growing portion of minorities to find work. The optimistic studies of working minorities support the majority's firsthand observation of isolated instances of reduction in discrimination against minority co-workers, but produces a distorted picture of the economic advancement of the minority population as a whole. This biased perception of the minority situation has, regrettably, contributed to the misdirection of social policy. The analysis of the published results on racial differences on income indicates that economic justice, like full employment, is not an automatic result of today's economic system. Economic justice must be continually cared for to survive what has proven to be a hostile environment.

Recommendations

Change public's attitude toward minority economic progress. The preceding discussion distinguishes between the relative income advancement of working minorities and the lack of progress for minorities as a whole. It also shows that progress is a series of advancements, declines and plateaus. It suggests that a model of minority advancement resulting from disturbing the equilibrium that develops around a socially acceptable level of discrimination is a more appropriate guide to policy than the more comfortable assumption of automatic progress. This more accurate description of the change process, and the fact that minority economic progress is not being made, needs to be more widely understood by all as a start in changing majority attitudes and building the environment that will permit further advancements.

5. U.S. BUREAU OF THE CENSUS, *The Social and Economic Status of the Black Population in the United States*, CURRENT POPULATION REPORTS, Series P-23, No. 80, 50-2 (1978).

6. NAACP, REP. T-19 (New York April 28, 1981).

7. Thelwell, *Minority Income Differences*, *supra* note 3, at 7.

Create a trust fund to supplement goals and timetables as a remedy for past discrimination. The fund would be used to make human resource investments in older minority workers, the group suffering the largest income differences as a result of the effects of past discrimination. It would also move the remedy closer to those affected and perhaps mute the complaint that redress is made to minorities who have not suffered from discriminatory action and is paid by those who have not participated in or benefited from discrimination.

III. THE IMPORTANCE OF ECONOMIC GROWTH TO MINORITY EMPLOYMENT

The benefits of economic growth are widely understood and appreciated. Not as well known is the fact that minorities gain a disproportionately large share of new jobs created by such expansions and lose a disproportionately large share of jobs during the recessions. These changes are much larger than expected. For example, in the recession of 1958, black employment declined by 3% while white employment declined by half as much, 1.5%. Conversely, during the expansion of 1965, black employment increased by 3.5% while white employment rose by only 2.5%.⁸

The importance of small business success and the creation of new jobs is clear—two-thirds of all new employment is generated by companies with fewer than 20 employees.⁹ The relationship between economic growth and business success is equally clear—economic growth of less than 2% has led to business failure while growth above 3% has reduced that failure rate.¹⁰

The greatest disadvantage to minorities from slow economic growth is the hostile environment resulting from the tight job market. A labor surplus reduces the cost of discrimination by offering a large labor pool of workers with similar skills. Under these conditions the choice can be made on the basis of race. Moreover, under these circumstances minority advancement is frequently accompanied by losses to the majority.

For all of these reasons minorities realize that economic growth, while not sufficient to assure equal income, is necessary to create jobs as an essential stepping stone to income. Past and present administrators, however, have traded slow growth and higher unemployment in a frequently unsuccessful effort to reduce the rate of inflation.

IV. ANATOMY OF THE 1981 RECESSION AND GOVERNMENTAL POLICIES

The government's intentional actions designed to increase unemployment by slowing economic growth to fight inflation started with the tight money policy of the Federal Reserve Board in October 1979 and has continued to the present time. That policy has produced high interest rates and has contributed to the present recession by inhibiting home building, auto manufacturing, and crippled other interest-sensitive industries.

This restrictive monetary policy was originally matched by a restrictive

8. *An Important Condition for Economic Development that is Being Ignored*, 2 ECONOMIC UPDATE (Nov. 1981) [hereinafter cited as *Economic Development*].

9. D. BIRCH, *THE JOB GENERATION PROCESS* 8-11 (1979).

10. *Economic Development*, *supra* note 8, at 2.

fiscal policy (in January, 1980 a deficit of \$15.8 billion was proposed, down sharply from the \$39.8 billion deficit of the preceding year). In March 1980, a decision was made to further restrict the economy by proposing an even tighter budget with a surplus of \$16.5 billion and more stringent credit policies to further restrict credit. All of this was done to fight the inflationary pressures generated by the large oil price increases (from \$14 a barrel in late 1979 to \$35 by early 1981) and the tight monetary policy already in effect which was partially responsible for the high interest rates of over 20%. Not surprisingly, these efforts to restrict the economy worked, causing the unemployment rate to jump, receipts to fall, and income maintenance costs to rise which resulted in a \$55 billion deficit instead of the sought after surplus. This recession economy was further restricted by President Reagan's request for about \$15 billion in deferrals and recissions. These largely discretionary decisions were well above the \$1-1.5 billion level of the previous three years and reflect an appreciable move towards further restricting the economy. This policy is now being correctly described by the White House Administration as being the price that is paid for fighting inflation, although it was originally proposed as being an effective approach to increasing growth and reducing inflation.

Recommendations

Develop safeguards for minorities so that the power of the government can be matched by a responsibility to prevent minority losses. The checks and balances which are usually a part of our democratic system must be strengthened to protect the rights of minorities, particularly when those rights run counter to the will of the majority. At this time there is sufficient economic evidence to relate governmental actions to their effect on the minority community and elsewhere. As a result, the fiscal and monetary policies that trade off higher unemployment for lower inflation is a calculated act for which the government has been given the authority. What is missing is the government's responsibility for the costs of those decisions which are being disproportionately borne by the minority community. A legal remedy is needed to hold the government accountable and responsible for the costs incurred by the effect of its actions.

Similar arguments can be made for the government's decisions on the issue of illegal immigrants. The cost of which is the loss of entry level jobs that are disproportionately borne by the minority community while the benefits, lower costs for the goods and services produced, are disproportionately enjoyed by the majority community.

The conventional political redress, minority exercise of a political veto, has not proven to be effective. It is consistent with our political past to develop legal remedies to make a government which has been delegated the authority to control the economy accept the responsibility of compensating the groups which incur losses. A system of checks and balances to prevent the government's abuse of economic power is now needed in an area which could not have been foreseen by the founding fathers. Without responsibility for both the benefits and costs, irresponsible decisions are likely and the economic equivalent of a majority free lunch exists.

V. DISSATISFACTION WITH RECENT ECONOMIC PERFORMANCE AND POLICIES

Accustomed to a constantly increasing standard of living and low levels of inflation between the end of World War II and 1969, the economic progress of the 1970s was disappointing and contributed to changing public attitudes. Of real concern was the decline in an already slow rate of productivity growth, an increase in unemployment and inflation, and an appearance of ineffective governmental programs and leadership. This feeling of dissatisfaction was heightened by the realization of our dependency on foreign oil which had become an essential resource. This uncertainty seems to have bred a nostalgic yearning for the past, which in many cases ignored the economic progress that had been made—in all respects except productivity. Particularly disconcerting was the apparent failure of economic theory, which had successfully guided affairs since World War II, to produce continued growth and low inflation. Instead, high inflation and low growth occurred.

The fact that inflation and slower growth were the rule elsewhere in the world and that the source of these conditions was partially the result of international and uncontrollable forces, was ignored. It is a matter of record that the U.S. economy has performed better than the economies of other developed countries. Our growth rate of 2.48% between 1973 and 1980 was not greatly different from that of the second highest, France's 2.9%. Our inflation rate of 9.1% per year was second best, but well below West Germany's 4.7%. Our annual employment rate of 2.2% was right behind Canada's 3.0% and far above that of other countries which had rates of less than 1.0%. The employment record, while excellent, was still below that of full employment and, at 6.8% annually, was next to the worst.¹¹

The economic security of both individuals and firms has increased significantly in the last 20 years, but it has not reached the levels of protection offered in many other developed countries. Part of the price of security has been larger income maintenance payments which have also cushioned the economy against serious recessions. In a way, the majority's expression of dissatisfaction with these larger payments is a statement against the more visible costs without appreciating the hidden benefits.

A part of this dissatisfaction is the insidious result of inflation, which creates the illusion that an increase in income represents a "real" increase and ought to be reflected in an improved standard of living. When this does not happen, dissatisfaction grows.¹²

A. *A Belief That Economic Hardship Is Deserved And Is Necessary to Achieve Productivity*

Persistent racism attributes economic and social worth to inherent racial differences and underestimates the capabilities of minorities to contribute to the social well-being of the majority. In short, inferior economic

11. *NAACP Addresses the President and the Congress with Alternative Policies in the Public Interest for Economic Growth*, NAACP REP. A-2 (New York 1981).

12. See L. THURLOW, *THE ZERO-SUM SOCIETY: DISTRIBUTION AND THE POSSIBILITIES FOR ECONOMIC CHANGE* (1980).

status is attributed to inherited characteristics that produce inferior economic activity. Hence, the income differences is assumed to accurately reflect the cost of these inherited traits. The environment is influenced by the persistent claim that "intelligence" tests show blacks to be inferior to whites. A recent study of the results on which these contentions are based concludes that objective "proof" is not convincing and quite often has been manipulated, consciously or unconsciously, to support cultural prejudices and not biological facts. Measuring the differences between races by the products of cultural evolution and not the genetic differences between races is an error that frequently occurs.¹³ Where racial differences are not significant, as in England during the 1930s, class distinctions were attributed to genetic differences.¹⁴

B. *Blame The Victim*

Another group, while not racist, also believes that the income differences are deserved. This group blames unemployment on insufficient diligence. Everyone can identify individuals who because of less effort than themselves become prone to greater unemployment and consequently deserve lower income. The focus on the characteristics of individuals misses the true effect of macroeconomic policy which dictates that nine percent of the labor force will be unemployed even if everyone were equally qualified. Separating the genetic and motivational rationalization for blaming the victim will help create an environment which will allow full-employment without negative connotations about those needing employment.

C. *Underestimating the Cost of Discrimination*

The social cost of discrimination is high. The loss in goods and services which would have been available if there were no racial differences in employment rates and wages amounts to about \$100 billion in 1979, and over \$700 billion during the 1970s.¹⁵ Close to 5% of the nation's output is wasted in this way. The loss to the minority community is even more staggering because it is over 50% of their total income.¹⁶ The cost of welfare and other income maintenance programs could be added to this total.

VI. THE FUTURE IMPLICATIONS OF PRESENT ACTIONS THE 1982 BUDGET

A. *Reagonomics*

Partially as a result of these attitudes, the President ran and was elected on a "supply side" economic plank. Since then, the Reagonomics economic program has become a mixture of more than supply side theory. Supply side economics is the theory that economic growth can be produced by personal and business tax cuts which are expected to increase productivity and output by increasing the rewards to individuals and businesses which have been stifled by increasing taxes. Greater output would be possible, without

13. S.J. GOULD, *THE MISMEASURE OF MAN* 325-34 (1981).

14. *Id.*

15. *Id.*

16. Thelwell, *Minority Income Differences*, *supra* note 3, at 1.

unduly adding to inflation, if a large part of these tax reductions ended up as either investments, or worker performance that increased productivity. The translation of personal tax reductions to productive investments implies greater than usual personal savings to avoid inflationary demand. The return of a larger proportion of the tax reduction to the wealthy will place funds in the hands of the larger savers since lower income taxpayers need their entire income for necessities. As a bonus there will be no net revenue loss since the expected additional growth will make up for any loss.

In one way, supply side economics represents a return to the economic principles which governed policies before the Great Depression of the 1930s—minimal governmental involvement and reliance on the flexibility of wages and prices to produce full employment without inflation. In fact elimination of extended unemployment benefits, and other supply for nonworkers can be viewed as enhancing wage flexibility by reducing the bargaining strength of labor.

B. *Effects of Taxation*

There is no doubt that taxes have grown. However, the growth has been mainly in state and local taxes and not in the federal sector where in the past ten years the federal burden has remained fairly constant (20.0% of the GNP in 1970 to 20.3% in 1980). Although the gross amount of federal taxes have remained the same there has been important changes in the source of such taxes. The personal income tax has not changed however, individual taxes have increased because of the continued increase in the social security payroll tax. This increase in individual taxes has occurred simultaneously with a decline in business taxes while tax loopholes have grown. The net effect is that the tax system has become increasingly more regressive.

Research indicates that prime age males, the major part of the work force, do not increase the number of hours worked, or levels of productivity in response to lower tax rates. The more uncertain results of supply side econometric models indicate a modest increase in output of between .05% to 37%, for primary and secondary labor force, for every 1% increase in wages. Aris Protopapadkis, using very liberal assumptions, concluded that a 50% reduction in the marginal tax rate would be required to increase GNP by less than one percent—a modest increase indeed.¹⁷

Most studies have found that reduced taxes have not resulted in the assumed increases in savings. The criticized studies by Boskin and Evens which suggested increases in savings for a 1% increase in real after tax yields do not support the savings assumption implicit in the Administration's projections.¹⁸

Moreover, the accelerated depreciation for businesses is unlikely to produce marked increases in productivity investments that result in more jobs. One third of the approximately \$160 billion 1981-86 depreciation tax cut goes to four industries—utilities, telecommunications, petroleum refining and oil and gas production—which account for less than 5% of the labor

17. Protopapadkis, *Supply-Side Economics: What Chance for Success?*, BUSINESS REVIEW, FEDERAL BANK OF PHILADELPHIA 15 (May/June 1981).

18. *Id.* at 15.

force.¹⁹ None of the studies of accelerated depreciation schemes, or earlier U.S. experience with accelerated depreciation indicate that they created a greater rate of productive investments. Accelerated depreciation was in effect as early as January 1, 1981 and while costing about \$2 billion in lost revenue it has had little effect on the 0.3% increase in investments which occurred. If that increase could be attributed to accelerated depreciation the result would be that investments increased by about 50 cents for every dollar the U.S. Treasury lost. A recent Commerce Department survey of expected investments indicates a decline of 0.5% despite the large tax inducements to the contrary. Hence, the stimulative effect of the Reagan tax cut boils down to a Keynesian effect of increasing demand to stimulate growth.

C. *Fiscal Conservatism*

While supply side theory was the overriding economic plank during the presidential campaign, it was in fact severely restricted in the budget proposals by the more traditional Republican stance of fiscal conservatism—which translates into a balanced budget and less government. Fiscal conservatives fear that deficits channel loanable funds to the government sector at the expense of more productive private investments. In the past, to avoid this dilemma the Federal Reserve Board increased the money supply to accommodate both the government and private demands for loanable funds—the effect of this policy has frequently erred by oversupplying funds which fueled inflation.

The combined effect of accommodating a balanced budget while enjoying tax reductions and defense increases is to require cuts in other governmental programs. The bulk of the program reductions, on the order of \$45 billion, has been absorbed by programs to improve human resources or to maintain incomes for the poor. The cuts were levied on less than 30% of the budget and only a very small part was for the elimination of waste, fraud and other inefficiencies. This combination represents a marked change in priorities and results in a massive redistribution of income from the poor, which is disproportionately minority, to the more wealthy majority. Benefits, if they are to accrue to the poor, must “trickle down” from the rich.

There is little evidence of the conservative contention that deficits, particularly during recessions, divert funds to government purposes from productive private ends. Despite the ideological position of conservatives, Weidenbaum and Niskanen, two members of President Reagan's Council of Economic Advisors, have admitted that deficits have had no appreciable effect on private borrowing or on inflation.²⁰ Nevertheless, a long and effective campaign on the inherent evil of deficits and their role in the inability of the economy to perform adequately have gained favor in the attitudes of the public and the policy makers. More emphasis should be placed on the fact that past deficits have been used to create employment while this deficit is being incurred to provide tax cuts which have been skewed towards the wealthy. The tax cut will have to be borrowed to finance the deficit.

A part of the change in national priorities is the increased emphasis on

19. AFL-CIO DEPARTMENT OF ECONOMIC RESEARCH, REAGAN ECONOMICS—BEHIND THE RHETORIC II-7 (1981).

20. *Deficits Prove Supply-Side Theory False*, Washington Post, Dec. 20, 1981 at K-1, col. 5.

national defense. While it is difficult for laymen to sort out the validity of the national security threat it is now clear that our allies around the world do not view the threat as being as great as we do, or feel that the loss in economic growth is worth the defense investment. It is clear that there is a trade-off between domestic economic growth and the need to channel resources into defense growth. Representative Les Aspen (D-Wis.) and others have pointed to the restrictive effect of the Soviet defense build up on their economic progress. Defense expenditures are likely to absorb skilled labor which could be used to improve civilian productivity in industries facing sharp foreign competition. In fact there is a good possibility that these strong demands in a restricted market will add to inflation and not to output. In addition, the defense investments are only a socially useful consumption product in the event of war. In the past most of these outputs have become obsolete before they could be used. Since defense purchases of goods are primarily a consumption product, they are not a capital investment that adds to productivity as are most other governmental expenditures.

D. *Monetarism*

The third leg of the Reaganomics economic program is based on monetarist principles—that control of the money supply is necessary to control inflation. The present restrictive monetary policy is in conflict with an expansive fiscal policy and the net effect has been to restrict the economy in order to fight inflation. With real economic growth predicted to be below one percent too low to absorb the expected increase in the labor force, unemployment is expected to rise to over nine percent in 1982. The future looks like a repeat of the past with the majority imposing slow growth and high unemployment to reduce inflation. The proposed long run growth is likely to be modest if the psychological effects hoped for in supply side economics is discounted. The promise of long run growth is still a goal unsupported by detailed economic planning and does not convincingly include full-employment planning that would be required for significant progress in closing the minority income gap.

A most disturbing development is the assumption that full-employment can be achieved by the private sector without the help of government. It seems likely that as firms approach full-employment the increased risks of losses will prevent them from achieving that goal. It should be recognized that the unusual high resource utilization, which usually accompanied wars, was necessary to create the tight labor markets which caused the structural changes that led to reductions in discrimination and better economic opportunities for minorities.

While we are still ignorant of much of the basic knowledge necessary to improve on the performance of our economic system, it is increasingly clear that new information on the international economic system is needed to rationalize the effect of multi-national business entities, competition with foreign producers, the ramifications of a growing international money market, the effects of foreign labor costs and improved standards of living in the domestic economy. It is evident that greater efficiency in the use of resources will be a necessary component of economic strength in international competition. In the final analysis, a diverse domestic economy, in which

each person is able to fully contribute by reaching his potential, will be more economically efficient and will increase the ability of the economy to more easily respond to the inevitable changes of the future.

This paper has tried to establish a framework for minority income improvement by demonstrating that the majority has intentionally operated in an inefficient manner by not fully utilizing the resources of minorities. To the extent that these actions were the result of ignorance there is some hope that the situation can be corrected. While not clearly understood, the imperatives of international competition are making the inefficient utilization of resources more apparent and expensive.

Recommendations

Adopt expansive monetary and fiscal policies. The most powerful tools available to a society for increasing employment are the enlightened use of fiscal and monetary policies to promote economic growth—with a greater understanding of the importance of deficits as a means of stimulating a lagging economy. The government should have learned by now that restricting the economy is not a socially acceptable means of fighting inflation. Targeted efforts to increase productivity while avoiding inflation are possible and should be tried.

Revise the Welfare System. The Republican Party had a platform plank to revise the welfare system. That commitment needs to be honored. Related to the creation of jobs is the need to develop a true safety net to better protect society against the vagaries of economic fortune that is beyond the control of even the most willing worker. In this economy, workers cannot reverse a planned recession and create jobs. Unfortunately, the minority community serves as the cushion for planned, as well as unavoidable, fluctuations of the economic system.

Assuming that minority resources are capable of productivity greater than their maintenance costs, it remains for society to define the private or public goods and services that are needed. Since an appreciable part of all resources are devoted to psychological goods, as contrasted to the necessities of life, it is necessary that a consensus be developed on a socially accepted list of goods and services that makes use of all resources.

Minorities must participate in the design and operation of these socially acceptable programs to produce goods and services during recessions. In addition to bringing the problem to the attention of society, minorities must also accept the responsibility of participating in the design of more effective social programs. Current approaches have often resulted in the majority-led design of ineffective programs. The minority community is now faced with the dismantling of these programs without a substitute for effectively addressing the still unsolved problems.

In addition, there have been unrealistically high expectations about the performance of these new social programs. Despite criticism the net effect has been a significant decline in poverty and there is evidence that the evolutionary redesign of several of these programs has led to greater efficiency.

Expand Community Action. Minorities must capitalize on the opportunities

for community activities for self-help. Strong visible programs of self-help are useful, and perhaps necessary, in building a social environment for greater majority support. The economic disadvantages resulting from teenage mothers as heads of households and the ineffective use of large public investments in housing are potentially useful starting places.