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## **National Black Law Journal**

### **Title**

The Political Economy of Race: Reflections on the Declining Significance of Race

### **Permalink**

<https://escholarship.org/uc/item/8qv9348w>

### **Journal**

National Black Law Journal, 7(1)

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### **Publication Date**

1981

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## THE POLITICAL ECONOMY OF RACE: REFLECTIONS ON *THE DECLINING SIGNIFICANCE OF RACE\**

William Julius Wilson

### I. INTRODUCTION

*The Declining Significance of Race*<sup>1</sup> has generated discussions of race and class in the black American experience that have come in three overlapping waves. The first wave, emerging immediately following publication, included both emotional diatribes largely by people who were annoyed with the title, and discussions by columnists and other political commentators most of whom failed to grasp the significance of the macro-structural arguments raised in the book. The second wave included more thoughtful commentary, but the discussion was limited to testing my arguments with census statistics covering the last ten or fifteen years and to various *ad hoc* arguments, devoid of any structural basis, about the changing or inclining instead of the declining significance of race. The third and current wave includes discussions that have moved beyond the emotional *ad hominen* level, beyond the narrow discussion of census figures and debates about race

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\* Revision of a paper for the Minority Section of the Association of the American Law Schools (AALS), Phoenix, Arizona, January 1980.

1. W. WILSON, *THE DECLINING SIGNIFICANCE OF RACE: BLACKS AND CHANGING AMERICAN INSTITUTIONS* (1978).

without reference to their structural underpinnings, to the broader and more fundamental problems of political economy and structural inequality.

Whereas my reaction to the first wave was one of wondering whether it would have been better if the book were ignored, and my response to the second wave was one of impatience and concern about the ability of social scientists and social commentators to view problems of race from analytical and theoretical perspectives, my feeling about the third wave is one of growing satisfaction. Specifically, in the third wave we are finally getting consistently serious discussions of the deleterious effects of basic economic changes on the lives of poor minority group members and of the extent to which the policies advocated by black leaders and liberals—policies that have been recently supported or enacted into law by the state—effectively address these problems.<sup>2</sup>

I believe that the discussion now occurring in this third wave of reactions to *The Declining Significance of Race* raises serious questions about the limits of civil rights laws and the racial policy programs many black leaders and white liberals have supported and advocated, questions that black lawyers should take into account in their efforts to promote and support racial equality. I would therefore like to take this opportunity to discuss in some detail the salient issues of this third wave of discussion and to present some new ideas that have occurred to me as these discussions have unfolded.

But first I should like to put the problem in proper perspective by briefly summarizing and then clarifying the main arguments of *The Declining Significance of Race*.

## II. THE DECLINING SIGNIFICANCE OF RACE: A SYNOPSIS

My book is an attempt to explain race and class in the American experience. I feel that in order to understand the changing issues of race and, indeed, the relationship between class and race in America, a framework that will relate changes in intergroup relations with changes in the American social structure is required. In this connection I try to show how the economy and the state interacted during different historical periods not only to structure the relations between blacks and whites and produce dissimilar contexts for the manifestations of racial antagonisms, but also to create different opportunities for racial groups' access to rewards and privileges. Using this framework, I define three stages of American race relations (preindustrial, industrial, and modern industrial), stages describing the role of both the system of production and of the state in the development of race and class relations.

Although my book devotes considerable attention to the preindustrial and industrial periods of American race relations, it is my description of the

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2. For representative studies of this third wave as discussed in this article see L.M. Killian, *Conflicting Definitions of the Racial Crisis in the United States, 1960-1980* (paper presented to New York Sociological Society, October 19, 1979); R.M. Williams, Jr., *Structure and Process in Ethnic Relations: Increased Knowledge and Unanswered Questions* (paper presented at the 74th Annual Meeting of the American Sociological Association, Boston, August 30, 1979); R.G. Newby, *Review of the Declining Significance of Race*, 87 *SCHOOL REVIEW* 100 (1978); A. Puddington, *Race or Class?*, *NEW OXFORD REVIEW* 21 (1979); S. Fenton *Race and Class in the United States*, 7 *NEW COMMUNITY* 293 (1979); C. Gersham *A Matter of Class*, *N.Y. TIMES*, October 5, 1980 § b (Magazine) at 24; P. Joseph, *Race and Class in Racial Inequality*, in *THEORY AND SOCIETY* (forthcoming).

modern industrial period that has generated controversy. I contend that in the earlier periods, whether one focuses on the way race relations were structured by the economy or by the state or by both, racial oppression (ranging from the exploitation of black labor by the economic elite to the elimination of black competition, especially economic competition, by the white masses) was a characteristic and important aspect of life. I also maintain, however, that in the modern industrial period the economy and the state are, in relatively independent ways, effecting a shift in the basis of racial antagonisms away from black/white economic contact to social, political, and community issues. The net effect is a growing class division among blacks—a situation elevating economic class to a position of greater importance than that of race in determining individual black opportunities for living conditions and personal life experience.

While the movement of educated blacks into higher paying professional and managerial positions is occurring at an unprecedented rate, the labor-market experiences of poor blacks continue to deteriorate. The signs of the worsening economic conditions of poor blacks are revealed in their rising levels of unemployment, declining labor-force participation rates, slowing movement out of poverty, increasing number of female-headed households and expanding welfare roles. Moreover, while young college-educated blacks now receive roughly the same salaries as young college-educated whites, young poor blacks earn substantially less than their white counterparts. And while the children of better educated and higher income black parents are entering college in record numbers, a staggering percentage of children from poor black families fails even to graduate from high school. In short, while some black intellectuals and leaders continue to stress a uniform or single black experience, class differences related to differential access to the modern American economy are widening each year.

For poor blacks the problem is that even if all racial discrimination in labor-market practices were eliminated tomorrow, their economic conditions would not improve significantly because of structural barriers to decent jobs. Racial oppression in the past created the large black underclass and disadvantages were accumulated and passed on from generation to generation, and today the economic and technological revolution of an advanced industrial society threatens to solidify that position. With the lack of job expansion in the manufacturing sector and the fact that the better paid jobs in the service industries require training and education, poor urban blacks face a situation in which the higher paying jobs that can be obtained without higher education and/or special skills are decreasing in central cities not only in relative terms but often in absolute numbers. Accordingly, poor blacks are increasingly confronting a situation in which the only jobs to which they have access are those that are dead-end, menial, frequently lack union protection, and provide little or no opportunities for advancement.

In view of these developments, it would be difficult indeed to comprehend the plight of inner-city blacks by exclusively focusing on racial discrimination. For in a very real sense, the current problems of poor blacks are related substantially to fundamental structural changes in the economy. A history of discrimination and oppression created a huge black underclass, and the technological and economic revolutions have combined to insure it

a more permanent status. By the same token, it would also be difficult to explain the rapid economic improvement of the more privileged blacks by arguing that the traditional forms of racial segregation and discrimination still characterize the labor market in American industries.

As the black middle class rides on the wave of political and social changes and benefits from the expansion of employment opportunities in the growing corporate and government sectors of the economy, the black underclass falls behind the larger society in every conceivable respect. The economic and political systems in the United States have demonstrated remarkable flexibility in allowing trained and educated blacks to fill positions of prestige and influence; simultaneously, these systems have shown persistent rigidity in handling the problems of poor blacks. And as we begin the last quarter of the twentieth century, a deepening economic schism seems to be developing in the black community with the black poor falling further and further behind higher income blacks. As a result, for the first time in American history, class issues can compete meaningfully with race issues in the way individual blacks develop or maintain a sense of group position.

### III. FIRST AND SECOND WAVE REACTIONS: THE SIGNIFICANCE OF RACE IN THE ECONOMIC SECTOR

As I previously indicated, the reactions to this thesis, whether clearly understood or not, were swift and sometimes furious. Whereas the first wave reaction was mostly ideological, a typical negative response of the second wave was the marshalling of statistics to "prove" that race was not declining in significance. Indeed the notion "declining" was often not even the issue because my arguments were treated as if I had said that race was insignificant. In nearly all cases, such statistics did not address the historical basis of my argument but instead focused on differences between blacks and whites within a given year or within the last decade. However, the proper test of my arguments cannot be made on the basis of cross-sectional data but must be made using historical data; and, as I try to demonstrate in my book, race is not as important in black occupational success today as it was, for example, in 1940 or 1950 or 1960. But even if one considers cross-sectional data at two points in time—say, 1950 and 1980—my critics would be hard pressed to defend the position that the power of race in interaction with class is as great today in determining black life chances as it was in earlier periods, despite the fact that race continues to be an important aspect in the black experience. In this connection, I hardly could take issue with statements such as "the black poor are far worse off than the white poor, and that the black middle-class still has a long way to catch up with the white middle-class in wealth and economic security." However, such arguments often obscure the very important distinction between the effects of previous discrimination and the present effects of race in the economic sector. In other words, they frequently allow the investigator to either ignore or overlook the importance of the legacy to previous discrimination and therefore to interpret the overall black-white gap in employment and income as an indication only of current discrimination. Accordingly, to say that race is declining in signifi-

cance in the economic sector is neither to say that economic discrimination no longer exists nor to ignore the legacy of past discrimination.

When I speak of the declining significance of race, therefore I am referring to the changing impact of race in the economic world and, in particular, the changing importance of race in mobility opportunities. However, even though my analysis of the declining significance of race applies only to the changing impact of race in the economic sector, and even though I firmly emphasize that there is still a strong basis for racial antagonisms on the social, community, and political levels, some commentators were trying to disprove my thesis with data that were relevant *only* to social, community, and political issues.

Indeed, these kinds of criticisms prompted Robin Williams, Jr. to take a careful look at the controversy surrounding *The Declining Significance of Race*. Williams states:

Despite the author's explicit qualifications and specifications, some critics seem to miss one of the author's central points: that *both* racial discrimination and class position importantly affect life-chances and that it is the changing character of the *interaction* of the two structural conditions that is critical for understanding the present situation. The increasing differentials within the black population in income, education, occupational prestige, and power-authority seem clear beyond dispute. That past institutionalized racism has powerfully shaped these differentials is equally plain, as is the fact that large average interracial differentials continue to exist. What Wilson argues is only that economic class has become *more* important than race in determining job placement and occupational mobility, as signaled by the growth of a black middle class concurrently with the crystallization of a disproportionately large black underclass, which share with poor whites a marginal and redundant position in the secondary labor market.<sup>3</sup>

Poor blacks' marginality and redundancy in the secondary or low wage labor market is a central concern in *The Declining Significance of Race*, a concern which is also receiving special attention in the third-wave reaction to the book, to which I now turn.

#### IV. THIRD WAVE REACTION AND ISSUES OF POLITICAL ECONOMY

*The Declining Significance of Race* discusses the development of a black class structure featuring today a middle class consisting of those in which white collar jobs and in the craftsmen and foreman positions, a working class of semiskilled operatives, and a lower class of unskilled laborers and domestic service workers. Within the lower class is an underclass population representing the very bottom of the economic class hierarchy and includes not only those lower class workers whose income falls below the poverty level, but also the more or less permanent welfare recipients, the long-term unemployed, and those who have dropped out of the labor market.<sup>4</sup> Thus if individuals in the underclass were to become full-time workers

3. Williams, *supra* note 2 at 35.

4. I should also like to point out that the black class structure is also reflected in income distribution and levels of education. Indeed much of the critical commentary concerning my book used income statistics to test many of my arguments. Although I make no assumptions about an *exact* correspondence between my specification of the black class structure using the conventional indicator of occupational categories, I do assume a *rough* correspondence in the sense that middle

or were to reenter the labor market they would in nearly all cases enter into what I have designated as essentially lower-class jobs. This implies that movement into and out of the underclass takes place mainly within the ranks of the lower class. And I should point out a distinguishing feature of the underclass, aside from the fact that it is extremely impoverished, is that the families are overwhelmingly female headed.

In the first two waves of discussions critics were preoccupied with what I had to say about the improving economic conditions of the black middle class—so much so that many of them virtually ignored my more important arguments about the deteriorating conditions of the black poor. Indeed some of them went so far as to say that all blacks are suffering and there is no need to single out the black poor. My feeling is that this monolithic view of the black community not only obscures the significant differences in experiences and suffering in the black community, it also leads to policy programs that are not designed to address the specific needs and concerns of the most disadvantaged segment of the black community. Let me briefly focus on this point by providing an example of the problem I am trying to define.

A number of black leaders and intellectuals have pointed out that the black-white income ratio has declined in recent years. And they are correct. In 1969 black median family income was sixty-one percent that of white, by 1976 it had dropped to fifty-nine percent, by 1977 to fifty-seven percent and by 1978 it had climbed slightly to fifty-nine percent but was still below the level reached in 1969. On the other hand, it should be emphasized that the ratio of black to white median family income in male-headed homes was seventy-two percent in 1969, reached eighty percent in 1976, dropped to seventy-five percent in 1977, and then climbed back up to eighty percent in 1978.<sup>5</sup>

Now the point I want to emphasize is this: a correct explanation of the overall black family income decline since 1969 has to include the fact that the proportion of black families with female heads has correspondingly increased during this period—from twenty-eight percent in 1969, to thirty-six percent in 1975, to thirty-seven percent in 1976, to thirty-nine percent in 1977, and finally to a startling forty percent in 1978.<sup>6</sup> And when one considers that in 1978 the median income of black female-headed families (\$5,888) was \$9,690 less than the median income of black male-headed families (\$15,578) it does not take a great deal of imagination to understand why the income ratio of black to white families has declined in recent years.<sup>7</sup> By

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class blacks, as I have defined them, can be represented by the highest income category and the underclass can be represented by the lowest income category. A similar assumption can be made with respect to education and training, with the most highly educated and trained blacks associated with the middle class and the least trained and educated with the underclass.

5. These figures are based on calculations from the U.S. BUREAU OF THE CENSUS, *Money Income and Poverty Status of Families and Persons in the United States: 1978*, CURRENT POPULATION REPORTS, Series P-60, no. 120 (1979) (hereinafter cited as CURRENT POPULATION REPORTS, P-60, no. 120).

6. *Id.*

7. It could be argued that this huge difference in the median income of black male and female headed families is due to the fact that in many black male headed families the wife is also employed. However, even in male headed families where the wife is not in the paid labor force the median income is \$5,292 higher than, or nearly twice that of, black female headed families. When the wife and husband in male headed families are both in the paid labor the median income

1978, seventy-four percent of all poor black families were headed by females—an all-time high. (Only thirty-nine percent of poor white families were headed by females.)<sup>8</sup>

In *The Declining Significance of Race* I emphasized the point that the increase in female-headed households among poor blacks is a consequence of the fact that the poorly trained and educated black males of the inner city increasingly have restricted opportunities for higher-paying jobs and thus find it increasingly difficult to satisfy the expectations of being a male breadwinner. Moreover, as Carol Stack, in her sensitive analysis of poor black families, has pointed out, “caretaker agencies such as public welfare are insensitive to individual attempts for social mobility. A woman may be immediately cut off the welfare roll when a husband returns from prison, the army, or if she gets married. Thus, the society’s welfare system collaborates in weakening the position of the black male.”<sup>9</sup>

Yet, when many people examine the black-white income ratio statistics, they do not unpack the figures to see what they really signify; rather they interpret the figures to mean that all black families are experiencing increasing problems and therefore we need more vigorous enforcement of programs such as affirmative action—even though, as I shall argue in more detail later, such programs are not designed to deal with the hard-core economic problems that are plaguing the black poor.

Several writers of the third-wave have noted that in *The Declining Significance of Race*, race relations are placed in the context of the political economy and are not isolated therefore from nonracial problems in society particularly as those problems are related to or are embodied in structural inequality. As the black sociologist Robert Newby wrote in a recent review of my book, “by placing race relations in the context of the political economy we can easily discern that race is rooted more in society’s productive structure than in people’s psyches.”<sup>10</sup> In other words, Newby notes, race relations do not evolve in a vacuum but “grow out of certain sets of productive relations” and *The Declining Significance of Race* “shows that in different periods the changing forces of production give rise, of necessity, to different social relations in that productive process. Recognizing that racial conflict or its absence more often than not finds its basis in the productive relations serves to demonstrate the interconnection of labor and race. It is precisely this interconnection which is important and aids our understanding of race relations.”<sup>11</sup>

Whereas Newby gives me credit for analyzing and interpreting race as a special problem within the general context of political economy, Lewis Killian, in a recent paper entitled *Conflicting Definitions of the Racial Crisis in the United States, 1960-1980*,<sup>12</sup> carefully points out that other black writers before me had also explained racial problems in this way. Killian examined

(\$19,073) is nearly three and a half times higher than that of black female headed families. See, CURRENT POPULATION REPORTS, Series P-60, No. 120.

8. Based on calculations from CURRENT POPULATION REPORTS, P-60, no. 120.

9. C. STACK. ALL OUR KIN: STRATEGIES FOR SURVIVAL IN A BLACK COMMUNITY 113 (1974).

10. Newby, *supra* note 2, at 101.

11. *Id.* at 102.

12. Killian, *supra* note 2.



editorials and articles in *Crisis*, the journal of the NAACP, "to ascertain what have been debated as current issues in race relations by black putative opinion leaders beginning in 1960."<sup>13</sup> Killian found that "one of the earliest references to the notion that economic problems of blacks were due to more than just racism is found in an article in 1962 by Herbert Hill"<sup>14</sup> who was concerned about the effect of automation on the unskilled and semiskilled jobs in which blacks are heavily concentrated. This position is similar to the one taken by Kenneth B. Clark in a paper written in 1967 and entitled, "The Present Dilemma of the Negro". Clark also stated that "the masses of Negroes are now starkly aware of the fact that recent civil rights victories benefited primarily a very small percentage of middle class Negroes while their predicament remained the same or worsened."<sup>15</sup> Indeed, a close examination of ghetto black discontent during the 1960 riots revealed issues that transcended the creation and implementation of civil rights laws, issues that had to do with *de facto* segregation and social class subordination, issues, in particular, that pertained to inferior ghetto schools, deteriorated housing, and, most important, unemployment and underemployment. It is little wonder then that, in the late 1960s, some black leaders emphatically proclaimed that for lower-class ghetto blacks, the question of human rights is far more fundamental than the question of civil rights. As Martin Luther King, Jr. put it, shortly before his death, "What good is it to be allowed to eat in a restaurant if you can't afford a hamburger?" The import of such remarks is that even if all legal racial barriers are removed, ghetto blacks could hardly compete on equal terms with the rest of society because of an accumulation of disadvantages created by previous periods of discrimination and prejudice passed on from generation to generation. Furthermore, the situation for ghetto blacks is complicated by basic structural changes in our advanced industrial economy whereby adequate training and education are increasingly important to entry into higher paying and desirable jobs, and growing technology and automation have helped to create a surplus of untrained black workers.

This theme was once again echoed in the pages of *Crisis* in a February, 1968 issue dedicated to the memory of W.E.B. DuBois. Henry Lee Moon wrote, for example, that:

When DuBois was pleading for the development of his Talented Tenth he envisioned a black elite which by active participation in the struggle for equality and by example would lead and inspire the black masses to a plane of equality with other Americans in every aspect of private and community life. This DuBosian ideal remains largely unrealized, not so much because of the failure of his Talented Tenth to meet his expectations . . . as because modern automation, which at the turn of the century, he could not foresee, has rendered unskilled labor obsolete. . . .

What began as a color problem at the time that Dr. DuBois emerged as the leader of Negro protest, has become, in the last third of the Twentieth Century, basically a problem of education and economics. The advent of automation foreclosed to the Negro masses the road which European immigrants had successfully traversed to middle class status, that is, to the

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13. *Id.* at 2.

14. *Id.* at 6.

15. Killian, *supra* note 2 at 8.

American ideal.<sup>16</sup>

Finally, only four years before the publication of *The Declining Significance of Race*, the late black economist and former president of Clark College, Vivian W. Henderson presented the issue in much the same way I did. However, his arguments, as Lewis Killian appropriately notes, were stated more clearly, succinctly, and forcefully than mine. In a speech delivered at a conference in honor of W.E.B. DuBois at Atlanta University in October, 1974 and reprinted in the February, 1975 issue of *Crisis*, Henderson wrote that: "If all racial prejudice and discrimination and all racism were erased today, all the ills brought by the process of economic class distinction and economic depression of the masses of black people would remain." Henderson concluded this speech by speculating on how the DuBois of the post-NAACP days, not the DuBois of the "Talented Tenth," would view the situation of black people today. He stated:

In all probability, DuBois would not voice surprise at the serious class problem today or its entrenchment in the economic situation, or the impact of the industrial and economic organization and policies employed by the United States upon the underclass. If he were here, he probably would project a kind of social upheaval unparalleled in this country primarily because of the battle of countervailing powers (big labor, big business, big government, and helpless consumers) over slices of the real no-growth economic pie and the powerless position of the sub-groups of income recipients and dependents and the rising strength of organized workers in public and private essential service industries.

The economic future of blacks in the United States is bound up with that of the rest of the nation. Policies, programs, and politics designed in the future to cope with the problems of the poor and victimized will also yield benefits to blacks. In contrast, any efforts to treat blacks separately from the rest of the nation are likely to lead to frustrations, heightened racial animosities, and a waste of the country's resources and the precious resources of black people.<sup>17</sup>

After reviewing articles by Henderson, Clark, Moon and others, Lewis Killian correctly concluded that my "analysis of the plight of the black masses, of the growing distinction in the life-situation of the black bourgeoisie and the masses, and the dangers of the preoccupation of the black middle class with blackness rather than with poverty, is in no way new." A similar point was raised by Arch Puddington, executive director of the League for Industrial Democracy and editor of *New America*. Puddington states, in a discussion of my book in the *New Oxford Review*, that "as far back as the mid-1960's critics like Bayard Rustin and Tom Kahn were counseling black activists to heed the economic dimensions of racial inequality."<sup>18</sup> Puddington noted, however, that despite this advice a crucial segment of the civil rights movements came to reject the coalition building urged by Rustin and welcomed instead the dead-end movements of separatism and Black Power. Puddington agreed with my arguments that the hopeless state of the black underclass constitutes the most serious racial problem and "poses a

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16. H.L. Moon, *The Leadership of W.E.B. DuBois*, 77 *CRISIS* 56 (1968); also quoted in Killian, *supra* note 2 at 9.

17. V. Henderson, *Race, Economics and Public Policy*, 82 *CRISIS* 55 (1975); also quoted in Killian, *supra* note 2 at 21.

18. Puddington, *supra* note 2 at 21.

monumental challenge for government policy-makers.”<sup>19</sup> Elaborating on my argument that the economic and political systems in the United States have demonstrated remarkable flexibility in allowing trained and educated blacks to fill positions of greater prestige and influence at the same time that these systems have been less than successful in handling the problems of the black poor Puddington states:

For roughly a decade and a half the country's political leadership has grappled with the problems of the ghetto poor with at best minimal success. To this end a whole series of strategies and programs have been put forth by people in government, by liberal supporters of civil rights, by Nixonian conservatives, and by blacks themselves. Anti-discrimination laws, the anti-poverty program, school desegregation, community control, rebuilding the ghetto, tearing down the ghetto, educational innovation, back-to-basic school policies, welfare rights activism, black capitalism, affirmative action—each of these ideas was advanced, at least in part, as a means of reducing poverty in the black community—either by making services more accessible, redirecting services to the particular needs of blacks, inculcating race pride, organizing blacks into a political force, or setting aside jobs, business opportunities, or places in higher education for aspiring blacks.<sup>20</sup>

There are many reasons why these policies have been less than successful, not the least of which is that they do not really confront the fundamental causes of poverty, unemployment, and underemployment. The economic problems of the urban underclass cannot be addressed sufficiently by programs based on the premise that race is the major cause of current black economic problems. Rather the current problems of the black underclass are more appropriately associated with class subordination, problems that developed from previous experiences with racial oppression, problems which are now compounded by the economic changes of modern industrial society. In other words, policies that *cannot control* the characteristics of the national economy including its rate of growth; the nature of its demand for labor; the characteristics of the industry in which people are employed such as technology, profit rates, unionization; and individual and institutional migration patterns as a result of industrial shifts and transformation will not effectively deal with the economic dislocation of poor minorities.

It is instructive to examine the importance of affirmative action programs in this connection, because of all the programs introduced to improve the lot of black people during the past decade, affirmative action has received the most attention. However, whereas affirmative action programs have effectively improved job opportunities for the trained and educated especially in situations where there is a reasonable relationship between supply and demand, they are not useful in attacking the colorblind structural barriers resulting from labor-saving devices, industry relocation, labor market segmentation, and the shift from goods-producing to service-producing industries. Moreover, affirmative action programs cannot be meaningfully applied to the problems of labor surplus in the low-wage sector because many of the low-paying and dead-end jobs are not in high demand, have come to be identified with the minority work force, and therefore do not

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19. *Id.* at 22.

20. *Id.*

generate racial competition among the national white and black labor force. Many of these jobs go unfilled as fewer black and white workers are willing to accept an economic arrangement that consigns them to work that is not only dead-end and menial but also does not provide a decent wage.

But the resistance of national workers to dead-end jobs has not produced a situation in which low-wage management is forced to raise wages and provide better working conditions. In the corporate sector, management deals successfully with rising labor costs either by relocating industries to cheaper labor areas at home and abroad or by careful plans in which capital intensive replaces labor intensive patterns of development. However, what is true of large corporations is not necessarily true of small competitive businesses in their efforts to deal with domestic pressures on wages. Having neither the capital outlay for technological development nor the resources to relocate production processes, many low-wage service and manufacturing industries have increasingly relied on immigrant workers including the use of illegal aliens (or undocumented workers) from Mexico and other Latin American countries to keep wages depressed and control labor problems.

This is why I am not persuaded by the conservative arguments of the black economists Thomas Sowell and Walter Williams. Although Sowell and Williams also place greater emphasis on economic factors than on racial discrimination in discussions of current ghetto poverty, they believe that the main problems stem from such trade union policies as minimum wage legislation. Accordingly they have argued that business would be encouraged to hire unskilled workers if the federal minimum wage was either reduced or abolished. However, the problem for poor blacks is not simply the availability of or access to menial jobs in low-wage industries, but the availability of jobs that pay decent wages and that provide opportunities for advancements—jobs, in other words, that will enhance an individual's self-respect and feelings of self-worth. As I pointed out in *The Declining Significance of Race*, both the lack of job expansion in the manufacturing sector and the fact that desirable jobs in the service industries require education and training mean that the better paid and more desirable positions into which workers can enter without special skills and/or higher education are decreasing in central cities not only in relative terms but sometimes in absolute numbers.

I remain convinced that the recent developments associated with advanced capitalism are largely responsible for the creation of a semipermanent underclass in the ghettos; and that the predicament of the underclass cannot be addressed satisfactorily by the mere passage of civil rights laws or the introduction of special racial programs such as affirmative action. Indeed the very success of recent antidiscrimination efforts in removing artificial racial barriers in the economic sector only points out, in sharper relief, other barriers that such efforts cannot even begin to confront; barriers which create greater problems for some members of the black population than for others; barriers which, in short, transcend the issues of racial and ethnic discrimination and depict the universal problems of class subordination.

## V. THE DECLINING SIGNIFICANCE OF RACE: IMPLICATIONS FOR THE 1980'S

The arguments presented in *The Declining Significance of Race* have several implications for American intergroup relations in the 1980s. Aside from the question of racial strategies and policies, there is the question of the changing character of intraracial and interracial differences. Current trends in education provide the clearest basis for projecting the nature of class differences among blacks in the 1980s.

The number of blacks attending two- and four-year colleges and universities in the United States has increased from 340,000 in 1966 to well over a million today. "Blacks who make up eleven percent of American's population, now make up ten percent of the 10.6 million college students," states Clifton R. Wharton, Jr. "In one year, 1974, the percentage of black high school graduates actually exceeded the percentage of white high school graduates going to college."<sup>21</sup> The proportion of 18- to 19-year-old black males attending college in the 1970s has risen while the proportion of 18- to 19-year-old white males has dropped. As Wharton, the black chancellor of the State University of New York, put it, "[t]hese young people constitute the largest concentration of black intellectual manpower in the entire world, there is now a higher percentage of blacks going to college in America than [of] whites going to college in almost every European nation."<sup>22</sup>

It goes without saying that this rapid rise in black college attendance has enormous implications for the growth of the black middle class in the 1980s and beyond. The class stratification that we observed in the black community today may only be a vague outline of what is to come. This is particularly true when we consider that class or family background for blacks, as shown in the research of economists Richard Freeman and sociologists Robert Hauser and David Featherman, is increasingly becoming an important factor in determining overall educational attainment and who goes to college. In this connection, Freeman points out that "despite all the attention given to enrollment of the ghetto poor into college, it was the children of better educated and wealthier black parents who went in increasing numbers in the 1960s."<sup>23</sup> More recent data from the U.S. Department of Commerce reinforce Freeman's conclusion. For example, only seventeen percent of both black and white families with incomes of less than \$5,000 a year had at least one member (18 to 24 years old) attending college in 1974, and the percentage of family members enrolled in college tended to increase for both blacks and whites as family income increased. Families with incomes of \$15,000 or more had the highest proportion of young adults in college (forty-two percent for blacks and fifty percent for whites).<sup>24</sup>

We do not have to restrict ourselves to the examination of the facts on higher education to see the significance of class background for black educa-

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21. C.R. Wharton, Jr., *Education and Black Americans: Yesterday, Today and Tomorrow* (paper presented at the New York State Black and Puerto Rican Legislative Caucus, Ind., and New York State Conference of Branches, NAACP, February 19, 1978).

22. *Id.*

23. FREEMAN, *BLACK ELITE: THE NEW MARKET FOR HIGHLY EDUCATED BLACK AMERICANS* (1976).

24. U.S. BUREAU OF THE CENSUS, *The Social and Economic Status of the Black Population in the United States, 1970*, CURRENT POPULATION REPORTS, Series P-23, no. 38 (1971).

tion and the gap between the haves and the have-nots in the black community. An even more revealing picture emerges when we juxtapose the figures on black higher education with those on black lower education. Specifically, while nearly an equal percent of white and black high school graduates are entering college, the percent of young blacks graduating from high school lags significantly behind that of white high school graduates. In 1974, eighty-five percent of young white adults (20 to 24 years old) but only seventy-two percent of young black adults graduated from high school. Moreover, only sixty-eight percent of young black adult males graduated from high school. And of those young blacks (18 to 24 years old) who were not enrolled in college and whose family income was less than \$5,000, an alarming forty-six percent did not graduate from high school (the comparable white figure was thirty-nine percent).<sup>25</sup>

Thus, as the class divisions of the black community grow, it will become increasingly difficult in the 1980s for social scientists to mask these differences either by treating blacks as a monolithic group, or by speaking of a uniform or single black experience, or by presenting gross statistics that neither reflect significant variations in the resources of various subgroups within the black population nor the differences in the effects of race in the past and the effects of race in the present.

However, it is one thing to speak of the growing class division among blacks, it is quite another to talk of the stability of the new black middle class. For example, the black sociologist Cora Marrett has pointed out that if the country experiences a prolonged economic downturn, "the tenuousness of the black middle class will be revealed."<sup>26</sup> I would like to point out that historically blacks have experienced their greatest gains during periods of economic prosperity and their worst setbacks during periods of economic decline. It is interesting to note, however, that during the serious recession of the 1970s trained and educated blacks continued to improve their position vis-à-vis whites, both in terms of income and occupational advancement, while poor blacks, including inner-city black youths, experienced increasing problems of unemployment and labor force participation. This suggests, in other words, that even if more privileged blacks do experience setbacks in the 1980s, it will probably be poor blacks who will *severely* suffer from a prolonged economic downturn.

As far as interracial differences are concerned, many of my critics have argued that a systematic comparison of more affluent blacks and whites will show that large gaps between the two groups still exist. This is true, but recent studies consistently show that whether the focus is on education, income or occupation, the gap has narrowed in recent years especially among younger black and white college graduates who have recently entered the labor market. And there is no clear indication that the gap will not continue to narrow during the 1980s. But what is true for trained and educated blacks is not as true for the black poor. In other words, the recent gains enjoyed by higher wage blacks have been accompanied by the decline in labor force participation rates and the increase in unemployment rates among low-wage

25. *Id.*

26. C. Marrett, *The Precarious Position of the Black Middle Class*, 9 CONTEMPORARY SOCIETY 18 (1980).

blacks. And there are no signs that the labor market experiences of poor blacks will improve during the 1980s. This brings us to the final, and most difficult, question concerning effective strategies and policies to address the kind of race/class issues raised in my book.

Among the conclusions that could be drawn from *The Declining Significance of Race* is that the sole concentration of policy programs dealing with racial bias makes it difficult for blacks to recognize how their fortune is inextricably connected with the structure and functioning of the modern American economy. Indeed, it is clear that the rapid economic growth of the 1960s resulted in a significant reduction in the percentage of poor blacks. And throughout the twentieth century, economic expansion has benefited racial minorities.

Thus if one of the important preconditions for egalitarian reform of the socioeconomic order is economic growth and if it is unlikely that we will witness a return to high growth rates in the 1980s, then the challenge facing liberal policymakers is very great indeed—even if they recognize the need to go beyond the limits of ethnic and racial discrimination by attempting to address economic class problems. On the other hand, they may continue to push traditional liberal programs such as the restraining of workers displaced by the use of labor-saving devices, special training efforts for poor urban workers, and various public works projects. However, such programs do not control the characteristics of the national economy that led to worker displacement in the first place. And if the economy is experiencing little or no economic growth these programs become all the more difficult to implement on a sufficiently massive scale presumably to have an impact. On the other hand, liberal policymakers may push such programs at the same time that they direct their attention to controlling the problems of the national economy.

In other words, an additional strategy of reform for liberal policymakers and minority leaders of the 1980s could be an increased emphasis on social democracy “which refers to a substantive historical *process* of modifying and reshaping market patterns.”<sup>27</sup> It is a strategy of reform intended to make capitalism work with a minimum of social disruption. Thus, it might be recommended that a central government planning agency be created with respect to industrial policy, labor market projections, regional distribution of resources, land use and educational development.<sup>28</sup> Although central government planning is common in several other western democracies, it does not exist in the United States. As Guy Benveniste has observed, planning in the United States takes place “in many different industrial firms, banks, market unions, voluntary groups, and think tanks, and it also takes place in government agencies at all levels, in the executive and to a limited extent in the legislative branch. This fact alone would make United States planning decentralized.”<sup>29</sup>

The American institution that came closest to a national planning

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27. Katznelson, *Consideration of Social Democracy in the United States* (paper presented at the Conference on Democratic Socialism, Research Institute on International Change, Columbia University, October 1976).

28. *Id.*

29. BENVENISTE, *THE POLITICS OF EXPERTISE* 81 (1973).

agency was the National Resource Planning Board created by President Roosevelt in 1934. Its influence and its adversaries increased throughout the New Deal years, and was finally abolished in 1943 with Congress ruling that its functions were not to be transferred to any other government agency. "Since that date," Ira Katznelson observes, "the diffuse decentralization features of American planning have been reasserted with a vengeance. Such a system underpins a high degree of political and economic inequality, since planning resources are available only in class-specific terms, insulated from public scrutiny and pressure."<sup>30</sup> Although space will not permit a detailed discussion of the functions of a national planning agency, my purpose in introducing the idea here is to suggest the kinds of new strategies that black leaders and liberals, who recognize the shortcomings of a purely racial policy, might pursue in controlling the deleterious effects of basic economic changes on the lives of the poor.

Finally I would like to discuss a political strategy that supporters of minority rights might adopt in the 1980s. It seems to me that many black intellectuals and leaders of black organizations have fallen into a habit of dramatizing black disadvantages to the degree that they miss the significance of the selected racial changes that have taken place. In the 1960s this strategy produced greater attention to the plight of blacks and led to the creation of programs designed to rectify the situation. We live in a different period now and such a strategy tends to leave the impression that the programs now in existence have been largely unsuccessful. I think this is wrong, dangerous, and falls easily into the hands of critics of antidiscrimination programs, affirmative action, and the growth of government and public expenditures. Those programs have had a substantial effect on the progress experienced by more privileged blacks. There must be some recognition that the tortuous struggle in the 1960s paid off to some extent—that activism did something; otherwise I believe that the net impact will be disenchantment and apathy. I also suspect that systematically playing down black achievement is insulting to many blacks and demoralizing to both black and white advocates of racial justice.

## VI. CONCLUSION

How refreshing it would be if black and white groups in America could recognize both real social progress and real social injustice in the 1980s. I personally believe that there is no basis for assuming that this kind of consensus cannot be achieved. It would, of course, be necessary for both whites and blacks to be more honest and candid about the nature and degree of racial progress in America. It would be necessary for whites to acknowledge that real racial inequities continue to exist in American society despite noticeable progress in recent years; and for blacks to acknowledge that real progress, however restricted or circumscribed, has been made by some members of their group and to assume that such progress could be used as positive inducement to generate even greater progress not only for the more privileged members of the black population but for the less privileged as well.

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30. Katznelson, *supra* note 27.