

**The Labor Market Experience of Young
African American Men from Low-Income Families in Wisconsin**

by

**Harold M. Rose, Professor, Geography and Urban Affairs
Ronald S. Edari, Associate Professor, Sociology
Lois M. Quinn, Senior Research Scientist, Employment and Training Institute
John Pawasarat, Senior Research Scientist, Employment and Training Institute**

Computer Assistance

**Linda Hawkins, Sr. Information Processing Consultant, Social Science Research Facility
O. Peter Akubeze, Information Processing Consultant, Social Science Research Facility
Frank Stetzer, Statistical Consultant, Computing Services Division**

Graphics

Vanessa Higginbottom, Student Research Assistant

Data Assistance

**Dorothy E. Smith, Program Assistant
Charisse Kendricks, Student Research Assistant**

**Employment and Training Institute, Division of Outreach and Continuing Education Extension,
University of Wisconsin-Milwaukee, with support from the Milwaukee Foundation**

November, 1992

Perspectives

The Labor Market Experiences of Young African American Males From Low-Income Households

by Ronald S. Edari

Introduction

The ongoing debates surrounding welfare reform in Wisconsin and across the nation have fueled the production of an enormous literature examining the connection between work and welfare. A remarkable feature of this literature is the extent to which the discussions have continued to be conducted along the "sexist" lines summed up by such cliches as "women in poverty," "poverty and the female-headed household." Exemplary of this sexist discourse is Ellwood's study, which found that the commonest route out of poverty and welfare dependency for women was through marriage (1987). Consequently, the unemployment of African American males is accorded a greater public policy priority if it is tied to the welfare dependency of females. Otherwise, the poverty of African American males is beyond the purview of politicians, since this category of the poor forms part of the landscape of the undeserving poor. It is this type of sexist discourse that has led to welfare policies that have not only hounded women with punitive measures labeled "welfare reform," but have also rendered "indigent" males invisible, except in what is assumed to be "extreme negative" states of incarceration, homicides, homosexuality, and marriage ineligibility induced by the lowly socioeconomic circumstances.

Once the main parameters for public discussion are mapped out along these lines, then a good many of the African American males become Ralph Ellison's "invisible men," who have moved beyond the pale of the social bonds that bind the ordinary mortals to the social fabric of society. They become hunted men: by the school system (learnfare), the criminal justice system (for assorted crimes), the county welfare agencies (for child support), street hoodlums (for their attire or wrong gang affiliation). One might ask here: "Who cares for these people?" The answer to this question, according to African American historical consensus is: "their mamas"!

African American Males Are Their Mothers' Children!

With reference to the transition to adulthood there is a significant pool of young minority population that is loosely attached to the AFDC households of their mothers and other female relatives. Due to a number of reasons, these youths find it increasingly difficult to make the transition to the world of work through the conventional labor market processes. It is such a group that is the focus of this study. These youths are caught in a deep existential quandary, characterized by the constant movement among several spheres of life: family, school, the streets, low wage employment, the underground economy and the criminal justice system. In a sense, the continued attachment to their AFDC households, however tenuous, is often the only social bond that provides them with some semblance of stability. So far, the literature on work and welfare has yet to reckon with this group's deeper connection with the AFDC recipient, who is bureaucratically constituted as a "casehead." In the face of this absolute state of impoverishment, these remaining strands of the "umbilical cords" tying the youths to their

mothers constitute the only life support system these young men have. It is from this operating "base" that the youths attempt to negotiate their way into the world of work in the low-wage industries. In this paper I will explore the ramifications of this reality.

The Scope of the Paper

While modest in scope, this paper is intended to counter-balance in some measure the recent voluminous literature on work and welfare, whose conservative thrust has tended to focus on the debilitating characteristics of individuals rather than industries. The paper examines employment, earnings and returns to schooling, in order to ascertain the degree to which the low wage industries have become a major problem in resolving the issue of welfare dependency. It is further argued that at the subjective level, such industries also create a number of disincentives to work, that cannot simply be inferred from the alleged values of the youth living in AFDC families.

Description of the Population

The target population for this study is the young African American males living in households where one or more members applied for public assistance. The critical question was to examine what happened to these youths upon reaching maturity.

Altogether, there were about 5,800 African American male workers, born from 1966 through 1970, inclusive, in households where a household member had requested or received AFDC, food stamps, or medical assistance some time between 1987 and 1989 in the state of Wisconsin. The study focuses particularly on a subset of these youths who lived in the Milwaukee county, whose casehead was described as "black, not of Hispanic origin."

The Depth of the Labor Market Crisis for the Young African American Male Youth

The rate of unemployment for young African American males in the study population, was ten times (41 percent) the Milwaukee area unemployment of 3.8 percent. This figure, however, does not tell the whole story. If we define "underemployment" as a labor market "state" of earning less than the equivalent of the minimum wage for full-time work, then there were as many as 38 percent of the young African American males who were underemployed. Altogether, we are therefore talking of as many as 79 percent of the young African American males whose labor market status was extremely problematic.

The data presented in Table 1, shows that the labor market problems grew worse for each successive cohort of African American males, particularly for teens born between 1973 and 1974, inclusively. This labor market picture reflects both, the impact of adverse economic trends and discrimination, on the one hand, and the problematic nature of the labor supply characteristics of the youths, on the other hand. In this paper, such labor market traits will be viewed, among other things, as an adaptation to low-wage employment.

Table 1.

**Youths with Earnings for Each Age Cohort
Milwaukee County**

<u>Year of Birth</u>	NUMBER IN STUDY POPULATION			<u>% of Total Without Earnings</u>
	<u>With Earnings</u>	<u>Without Earnings</u>	<u>Total</u>	
1966-1968	2,648	771	3,419	22.5
1969-1970	2,199	585	2,784	21.0
1971-1972	2,201	868	3,069	28.3
1973-1974	1,431	1,378	2,809	49.0

For those who experienced some "spells" of employment, their work histories have been characterized by a high rate of turnover, underemployment and low wages. These are some of the employment patterns that will be discussed below.

High Turnover Rate and Job Loss

Table 2 gives data pertaining to the rate of turnover by industry group.

Table 2.

**Turnover in Jobs Held in 1990
(For Men Born in 1966-1970: Milwaukee County)**

<u>Industry Group</u>	<u>Total Jobs</u>	QUARTERS WORKED AS % OF TOTAL:			
		<u>Four</u>	<u>Three</u>	<u>Two</u>	<u>One</u>
Manufacturing, Durable	361	26%	9%	25%	40%
Finance, Insurance, Real Estate	89	24	12	20	44
Transportation, Communication, Utilities	257	23	9	26	42
Manufacturing, Non-Durable	517	21	10	23	46
Services-Health, Education, Legal, Social	601	18	10	25	46
Wholesale Trade	300	16	10	28	46
Retail Trade	2,414	13	9	25	53
Services-Hotel, Auto, Business	1,382	10	9	22	58
Construction	189	7	15	28	50
Day Labor	2,227	1	4	22	44
Government (not schools)	54	**	**	30	52
Other, miscoded	62	**	**	31	44
ALL JOBS	8,453	11%	8%	24%	58%

**Values are suppressed for cell sizes less than 10.

The table above shows that of the persons holding 8,453 jobs, with earnings in 1990, about 7,500 of these jobs paid wages for less than 4 quarters of the year. Overall, Table 2 highlights the following patterns of job turnover by industry group:

1. The jobs with the lowest turnover rates were in durable manufacturing; finance, insurance and real estate; transportation, communication and utilities; and non-durable manufacturing.

2. The sectors with the highest turnover rates or short-term employment included government; day labor; construction; services areas; and retail trade.

3. Of all the jobs held in the year 1990, most were in retail trade, day labor and service sectors. This means that the young African males were mostly employed precisely in those sectors of the Milwaukee economy characterized by high turnover rates.

The seasonality of employment is an integral part of the problem of turnover. Table 3, highlights the impact of the downturn in employment after the holiday season.

Table 3. Impact of the Post-Holiday Downturn in Employment
(For Men Born in 1966-1970: Milwaukee County)

<u>Type of Industry</u>	<u>Jobs Held in 4th Qtr. 1990</u>	<u>Same Job Continuing in 1st Qtr. 1991</u>	<u>% of 4th Qtr. Jobs Continuing</u>
Retail Trade	1,105	614	56%
Day Labor	701	206	29
Services-Hotel, Auto, Business	608	304	50
Services-Health, Education, Legal, Social	313	204	65
Manufacturing, Non-Durable	269	168	62
Manufacturing, Durable	187	146	78
Transportation, Communication, Utilities	154	113	73
Wholesale Trade	154	102	66
Construction	85	33	39
Finance, Insurance, Real Estate	50	38	76
Government (not schools)	22	12	55
Other and Miscoded	31	16	31
ALL JOBS	3,679	1,956	53%

The impact of the downturn after the holidays is apparent in the sharp decline in the jobs held in the Fourth Quarter of 1990, which did not continue into the First Quarter of 1991. Only 53 percent of the jobs held in the Fourth Quarter of 1990, continued into the First Quarter of 1991. The jobs that were less susceptible to seasonal fluctuations were in durable manufacturing; transportation, communication and utilities; and finance, insurance and real estate (see Table 3 above). Needless to say that jobs in these sectors are very difficult to come by, for the young African American workers in the Milwaukee area.

Low Wages and Underemployment

For the African American young men, underemployment compliments low wages, in accounting for the meager economic returns deriving out of participation in the conventional labor market. Underemployment rates are given in Table 4, below.

Table 4.

**Underemployment Rates by Major Industry Groups
(For Men Born from 1966-1970: Milwaukee County)**

<u>Type of Industry</u>	Percent of Jobs Paying Less than Full-time Minimum Wage:	
	<u>4th Qtr. 1990</u>	<u>1st Qtr. 1991</u>
Day Labor	97%	96%
Services-Hotel, Auto, Business	80	80
Retail Trade	77	75
Transportation, Communication, Utilities	56	70
Services-Health, Education, Legal, Social	62	61
Wholesale Trade	52	51
Construction	61	57
Manufacturing, Non-Durable	55	44
Government (not schools)	81	47
Finance, Insurance, Real Estate	44	38
Manufacturing, Durable	28	30
ALL JOBS	73%	70%
Number of Jobs	3,662	2,950

It is apparent in Table 4, that apart from day labor, the three sectors with the highest rates of underemployment include: service industries (hotel, auto, and business); retail trade; and transportation, communication, and utilities. Jobs in the durable manufacturing category showed the lowest rate of underemployment, as measured by jobs with less than full-time work at minimum wage.

Table 5 shows the distribution of jobs according to industry group, and the associated wages deemed to support one- and three-person families.

Table 5.

**Jobs Held by African American Men in First Quarter, 1991
(for Men Born From 1966-1970: Milwaukee County)**

<u>Type of Industry</u>	<u>Total Jobs</u>	<u>Average Quarterly Wages</u>	<u>Percent of Jobs Paying Enough to Support:</u>	
			<u>1 Person</u>	<u>3 Persons</u>
Retail Trade	874	\$1,269	33%	3%
Services-Hotel, Auto, Business	493	1,094	26	2
Day Labor	481	434	6	**
Services-Health, Education, Legal, Social	283	1,754	45	10
Manufacturing, Non-Durable	206	2,395	62	22
Manufacturing, Durable	181	2,927	73	29
Transportation, Communication, Utilities	151	1,575	42	5
Wholesale Trade	124	2,137	57	18
Finance, Insurance, Real Estate	48	2,642	65	21
Construction	44	2,033	57	14
Government (not schools)	15	2,463	60	33
Other and miscoded	52	---	--	--
ALL JOBS	2,950	\$1,432	36%	8%

**Values are suppressed for cell sizes below 10.

From Table 5, we can discern the following patterns of employment and earnings:

1. The three sectors of the Milwaukee economy paying the lowest wages, also employed the highest number of African American men. These are: retail trade, including eating and drinking services, food and other retail stores; services, including hotel, auto and business; and day labor.
2. Three major sectors of the local economy provided less than 2 percent of the jobs held by the African American men from low income families. These are, in their order of the low number of jobs: government (excluding schools); construction; and finance, insurance and real estate.
3. Although the durable manufacturing was sixth among the sectors employing the men comprising the study population, it had highest number of jobs with quarterly earnings large enough to support a three-person family.

Other patterns concerning the relationship between underemployment, intermittent work and wages are summarized below:

1. Nearly 40 percent of the jobs held by the young adults in the 39 month period paid less than \$300, for about 2 weeks of work at the minimum wage.
2. About 25 percent of the jobs paid a total of \$300-\$1000, at the minimum wage for about 3 to 6 weeks of work.
3. Only 35 percent of the jobs paid over \$1000, or an equivalent of at least 7 weeks of work at the minimum wage.
4. Due to the low wages and the temporary nature of the jobs, a number of the young men held more than one job in any given quarter. Thus, 32 percent of the jobs held by men born from 1966-1970 were in their second, third or fourth jobs held in the same quarter or period of reference. The number of men with more than one job in a quarter tended to decrease as they became older.

Schooling and the Labor Market Experience of the Young African American Men

One of the recurrent generalizations that is found in the literature on minority youth employment and schooling is that young men who held jobs while attending school, tend to do better in terms of future employment and earnings. With reference to the study group, teens from the Milwaukee Public Schools showed a high interest in working, with over 3,400 males employed while attending school. However, most of the jobs held by in-school youth were of a very short duration with low wages. In order to explore further, this articulation between the labor market and schools, we examined the labor market experiences of the Milwaukee Public Schools African American teens, and arrived at the following generalizations:

1. Most of the 18 and 19 year old MPS youth in the study had jobs while attending school.

2. Many of the youth started working at the ages of 14 and 15. This includes only jobs with earnings covered by as part of the state's unemployment compensation system files. It does not include informal and part-time jobs excluded from the state system.
3. Nearly 900 males in the study group had summer jobs in 1990, while still enrolled in the Milwaukee Public Schools, and over 750 of these youths held jobs in the First Quarter of 1991.
4. The majority of the jobs held by in-school youth in both the summer and the school year were in retail trade, primarily food establishments.
5. Government agencies and public utilities offered very few employment opportunities for African American males from AFDC families, either during the school year or in the summer.
6. Only about 25 percent of the MPS students in the study earned \$1,000 or more during the summer of 1990. 12 percent of the 858 jobs held by the students in the Winter of 1991 paid more than \$1,000 or more. Most of these jobs were in retail trade.
7. One out of five summer jobs lasted for less than a week, based on minimum wages for full-time work. Nearly half of the summer jobs lasted for the equivalent of less than three weeks of full-time work. Similarly, about half of the jobs held by the MPS students in the Winter of 1990 paid less than the equivalent of three weeks of full-time work at minimum wage.

A Comparison of Earnings by Industry Between MPS Graduates and Dropouts

In the First Quarter of 1991, about 1,000 Wisconsin jobs were held by the recent Milwaukee Public Schools graduates and dropouts from the study population. The employment and earnings data for eleven sectors were tabulated in order to examine the patterns of distribution of types of jobs and wages. The results are given in Table 6.

**Table 6. First Quarter, 1991 Wages for Recent MPS Students
(for Men Born from 1968-1970)**

<u>Type of Industry</u>	<u>GRADUATES:</u>		<u>DROPOUTS:</u>	
	<u>Average Wages</u>	<u>Number of Jobs</u>	<u>Average Wages</u>	<u>Number of Jobs</u>
Retail Trade	\$1,565	126	\$1,120	182
Services-Hotel, Auto, Business	1,377	76	1,024	88
Day Labor	585	49	316	97
Services-Health, Education, Legal, Social	1,751	47	1,381	46
Manufacturing, Non-Durable	2,016	38	1,702	28
Transportation, Communication, Utilities	1,449	35	1,143	22
Manufacturing, Durable	2,744	29	2,514	21
Finance, Insurance, Real Estate	2,288	21	*****	**
Wholesale Trade	1,819	20	2,135	25
Construction	2,086	13	*****	**
Government (not schools)	*****	**	*****	**
Other	*****	**	*****	**
ALL JOBS	\$1,633	470	\$1,137	527

** Values are suppressed for cell sizes below 10.

From the data in Table 6, we can make the following observations:

1. For both, graduates and dropouts, the only sector of the Milwaukee economy paying sufficient average quarterly earnings to support a family a three-person family was durable manufacturing. Needless to reiterate that the number of young men employed in this sector was very small.
2. Over half of the MPS high school graduates were employed in the retail sector, including food and drinking establishments, food stores, general merchandise and other retail stores; or in the services, including hotel, automotive and business services. The average quarterly pay for these jobs did not attain the minimum income level necessary to support a single person above the poverty level.
3. MPS high school dropouts were particularly vulnerable to underemployment in the service jobs in hotels, automotive and business; in retail trade; and in transportation, communication and utilities. In each of these sectors, more than 75 percent of the employed dropouts earned less than full-time minimum wage.
4. Overall, the labor market picture for both groups of young men does not manifest a pronounced difference.

The Better Paying Jobs

In an effort to identify the better paying jobs for the young men comprising the study group, we examined 8,453 jobs held by the young African American men in 1990. Of the total number of jobs held by these youths, only 954 or 11 percent had earnings for all four quarters of the year. Table 7 gives the distribution of earnings by industry group, for sectors which employed at least 40 men all-year round.

Table 7.

Industries Employing Men for all 4 Quarters of 1990
(for Men Born in 1966-1970: Milwaukee County)

<u>Industry Group</u>	<u>Total Jobs</u>	<u>PERCENT PAYING ENOUGH TO SUPPORT:</u>			
		<u>One</u>	<u>Two</u>	<u>Three</u>	<u>Four Persons</u>
Retail Trade	314	68%	42%	25%	11%
Services-Hotel, Auto, Business	145	59	39	21	10
Services-Health, Education, Legal, Social	111	75	59	36	17
Manufacturing, Non-Durable	110	88	69	53	41
Manufacturing, Durable	95	100	96	85	75
Transportation, Communication, Utilities	59	78	37	20	15
Wholesale Trade	49	76	57	43	31
All Other Industries*	71	68	59	49	39
ALL JOBS	954	74%	54%	37%	25%

*Industrial groups employing fewer than 40 workers full-year included: government; construction; finance, insurance, and real estate; landscaping and agricultural; and day labor.

The examination of data in Table 7 reveals a number of patterns, which are summarized below:

1. The best paying jobs were clearly those in the durable goods manufacturing sector. Most of the men working for four quarters in this sector, all earned enough to support themselves above the poverty level. This figures declines to 75 percent, for the case of a family of four persons. But even in this case, the proportion of jobs paying enough to support a four-person family is much higher that the comparable figure for the other sectors. While not as high in magnitude, 88 percent of the jobs in non-durable manufacturing paid enough to support a single person above the poverty level. The comparable figure for a four-person family was 41 percent.
2. By contrast, of all the sectors employing at least 40 men with earnings all year-round, the worst paying jobs were in the retail trade and service sectors. In these sectors, even if the African American men worked for all four quarters, a significant number of them would still not earn enough to rise above the poverty level of income. As the number of family members increases, the income picture becomes even more bleak.
3. There were a number of sectors in the Milwaukee's economy that had less than 40 workers employed all-year round. These included: government; construction; finance, insurance and real state; landscaping and agriculture; and day labor.

It is apparent from the foregoing discussion, that the young African American males have been caught in a deep labor market crisis, that has been unrelenting since the early 1970s, when the recession fueled partly by the oil crisis introduced the rather grotesque term of "stagflation," to describe the new structural crisis of American capitalism. The conventional economic theories seemed to have run their course, as it were, in explaining the new developments in the American economy. It was at this historical conjuncture, that new theories of the functioning of the capitalist labor markets came into current vogue. (See, for example, Doeringer and Piore, 1971.)

In the current labor market crisis affecting the African American youth, I would argue that conventional wisdom of mainstream economic theories has once again run its course. Such cliches and platitudes as reservation wages, spatial and skill miss-match, offer little in way of a deeper understanding of the problem, not to mention fundamental solutions. It would seem that more profound insights have to be sought elsewhere, and this is the subject I would like to explore briefly.

Theories of Labor Market Segmentation and the Limits of Reform Under Existing Institutional Arrangements

One of the most intractable problems built into the structure of industries employing the bulk of African American young men is low wages. Indeed, within the entire structure of the American economy, it may be stated that one of the conditions for survival for such industries is the existence of cheap labor. It was partly in response to this seemingly intractable labor market problem, that the theories of labor market segmentation were promulgated (see Edwards, et al., 1975). While short on solutions, these theories have nonetheless supplied us with a number of valuable insights regarding the characteristics of the low wage industries which

operate in the "secondary labor markets." Besides low wages, these industry are characterized by a high rate of turnover, arbitrary personalized authority of the management, limited prospects for occupational mobility, limited incentives for workers to remain on the job, and low employer expectations with regard to job performance, absenteeism, punctuality and work discipline. In most cases, there are no fringe benefits offered as part of the wage package, which is among the strategies employed to reduce the total labor costs. Given such unfavorable conditions of employment in the secondary labor markets, employers recruit workers from the disenfranchised groups in society, including minorities, women, youth, new immigrants and the undocumented workers. Since a capitalist economy cannot offer jobs to all those who are willing and able to work, the continued existence of a huge reserve army of labor guarantees the existence of such desperate category of workers.

It has been my basic contention that the low wage industries have built-in debilitating structural characteristics that compound the labor market problems of socially oppressed groups in society.

I will now proceed to discuss this thesis briefly.

Low Wage Industries and Work Disincentives

The major disincentives for workers in these industries include: low wages, lack of fringe benefits, poor working conditions, and physically demanding tasks that, in some instances, may be outright dangerous. Since workers get very little in return for their labor, they often do not share the same perspective with employers regarding punctuality, absenteeism, and standards of performance. Often they do as little possible to get by and hope that they will not be detected and incur the wrath of the management. For African American workers, there is a historical precedent for this kind of "sloughing off"-- and that was during slavery. The slaves had virtually no incentives to increase their productivity. The only rational behavior in this type of work arrangement was "sloughing off" in order to save one's mind, body and spirit. The reactions to physical labor under such subhuman conditions formed part of the matrix of the culture of resistance.

From the slave master's perspective, this type of behavior was interpreted as "laziness." Today, we find the same type of attitudes towards the African American workers in the low wage industries. These attitudes have become part of the stereotypes that shift the burden for labor market problems to the African American workers themselves and become mystified by use of such terms as "labor force attachment." I should mention in passing, that the "sloughing off" of the African American workers is not unlike the disapproval of "rate busting" on the part of the erstwhile unionized white production workers.

Among one of the most tormenting aspects of the jobs in the secondary labor markets, is the social stigma associated with these jobs. This becomes a "double whammy" for a group that suffers from the sting of racism. In service occupations in which the workers have to engage in face to face interaction with customers, e.g. in fast food restaurants, the income disparities and racial differences all reinforce the badge of inferiority for African American workers.

The management attitudes and style is another dimension of problematic working conditions. Often the workers in the low wage industries are subjected to the authoritarian, arbitrary and personalized power of the management and their supervisors. This is compounded by the fact the top management is often white, while the majority of the workers are Black. The management style and the its demographic composition, do set the stage for racial hostilities and mis-communication. The two protagonists know "deep down" they do not like each other, but neither can one do without the other.

Employers in low-wage industries need a steady supply of cheap labor, and groups with a weak bargaining position need jobs. Thus, they are locked in a curious antagonistic interdependence which is part of the problematic nature of work in low-wage industries. However, this scenario is only part of the larger picture, which I will briefly discuss by way of a conclusion.

The Larger Picture: The Growing Problem of "Work" in America

The intractability of the labor market problems of the African American males is symptomatic of a deeper crisis of "work" in the context of the changing American economy and the so-called "the new international division of labor." According to the statistics compiled by Mishel and Frankel (1991: ch.3), about 75 percent of the net new jobs created between 1979 and 1989 were in the two industrial sectors that have historically paid low wages: retail and wholesale trade, and services. These industries made extensive use of part-time and temporary workers.

The breakdown of the rate of "involuntary" part-time work according to race and gender (using white males as the reference category) showed that : "Women, teens and blacks [were] the groups most likely to be stuck in part-time work, despite a preference for full-time work." (Mishel and Frankel, 1991:135).

The decline in employment in the manufacturing industries and the growth of jobs in the two categories of the low-wage industries were the main reasons for the downward shift in earnings of all workers--not just the non-white. Thus, the percentage of workers earning poverty wages increased from 24.3 percent in 1979, to 29.3 percent in 1987, for whites; 33.9 percent in 1979, to 40.6 percent in 1987, for Blacks; and 31.7 percent in 1979, to 42.1 percent, for Hispanics. These changes represented percentage increases of 5 percent, 6.7 percent, and 10.4 percent, respectively. The latter figure for Hispanics is particularly worthy of note, in view of what has been made of the relatively higher degree of "labor force attachment" for some of the Hispanic subgroups, as compared to other "disadvantaged" minorities. That the desperation of working for poverty wages can be construed as the virtue of labor force attachment is a commentary on the degree to which some conventional economic theories have become nothing more than crude rationalizations of the greedy and cynical practices of the capitalist class.

In line with what was alluded to above regarding the new international division of labor, American companies have relocated production jobs abroad to capitalize on cheap labor and lax occupational safety regulations. The complementary development here is that the low-wage industries within the United States have taken advantage of the latest wave of non-white immigrants, whose level of destitution in their countries of origin renders them so desperate as

to work for very low wages, and often without any fringe benefits. These are some of the converging processes that have compounded the labor market problems of the American workers, particularly those drawn from the racially oppressed groups, such as the African Americans. The latter have historically depended on the relatively better-paying "residual" production jobs (given the racist division of labor), and the low-paying jobs in service industries. It would seem that the latter types of jobs are going to constitute an arena of intense competition among minority and white workers, which will, in turn, exacerbate ethnic antagonisms. It is these developments, among others, that have fueled the dramatic growth of neo-Nazi movements and other crypto-fascist groups, not only in the United States, but also in Europe. Indeed, the structural change in the United States economy and the new level of internationalization of capital are not only wreaking havoc on the employment prospects for American workers, but have also brought to a new level the racial polarization groups, within and between nations. It is for this reason that an international perspective on industrial policies aimed at promoting human welfare is badly needed. However, the current mood of retrenchment is a major obstacle in the development of such a vision.

References

Doeringer, Peter B. and Michael J. Piore.

Internal Labor Markets and Manpower Analysis. Lexington, Mass.: D.C. Heath, 1971.

Edwards, Richard C., Reich, Michael and Gordon, David, eds.

Labor Market Segmentation. Lexington, Mass.: D.C. Heath, 1975.

Ellwood, David.

"Understanding Dependency: Choices, Confidence or Culture?" prepared for the U.S. Department of Health and Human Services. No. HHSOS 100-86-0021, 1987.

Mishel, Lawrence and David M. Frankel.

The State of Working America, 1990-1991. Armonk, NY: M.E. Sharpe, 1991.