

A Stacked Deck: Racial Minorities and the New American Political Economy

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Introduction

The 1960s brought the promise of a new era of social justice for all Americans. Indeed, the overturning of official, state-sanctioned racial structures was a watershed in national life. During the 1970s and 1980s, however, the earlier momentum of the civil rights period dissipated as the end of the postwar economic expansion ushered in a crisis of American culture and polity. “Symbolic racism” emerged as a powerful political and ideological instrument to buttress resistance to racial and ethnic equality. During the 1980s, a Reagan administration antagonistic to the aspirations of minorities and the working classes in general was able to impose an array of policies (and a discourse) on the nation which polarized ethnic groups and classes even more rigidly. In Reaganism, one sees the congruence and power of symbolic racism and class-targeted economic policy, the capacity of elite forces to carry out economic restructuring at the cost of minority equality. What the post-civil rights period has largely done is to stack the American deck against African Americans and Hispanics.

The 1970s marked a watershed in the economy of the United States, the passage from the “effortless growth” of the initial postwar period to a harsher age. It was a decade which witnessed price escalation, sharp economic recession, and culminated in the onset of stagflation. The decline of the much heralded “American Standard of Living” was felt in many quarters and especially throughout the lower middle and working classes.¹

At the core were deeply-rooted and apparently unsolvable structural problems reflecting an altered American global position: the inability of major corporations to raise productivity and profit levels and their loss of global and domestic competitiveness; the demise of substantial numbers of industrial jobs to export and automation strategies; instability in financial markets; and, above all, the end

of dependable, stable growth. In an important work appearing at decade's end, Paul Blumberg found "the chronic stagnation of living standards" begetting a "psychology of scarcity, limits and retrenchment."²

Economic decline severely undermined what had been deep public confidence in political institutions. Elected on a platform pledged to restore the public trust, the Carter administration (1977-81) lacked the political skills, sense of priorities, and outright capacity needed to reverse the deterioration. Moreover, major Carter policies from 1978 on—social budget cutting, inflationary control through recession and military buildup—were a repudiation of initial commitments to a more equitable society. This revealed the exhaustion of the possibilities of liberal corporatism (and also prefigured the coming of Reaganism).³ In the increasing hostility of business circles to various facets of the welfare state, in the newly emergent neo-conservative trend with its opposition to the claims of ethnic and sexual minorities, the face of the decade-to-come was visible. By 1980, the lack of a viable alternative economic strategy (or political coalition) set the stage for the bold experimentation of the Reagan period.

Reaganism set the tone of political discourse in the 1980s and helped carry out a profound transformation in both public and private spheres. In retrospect, it amounted to a grand and risky attempt to transcend the crisis of corporate-liberalism. The curious political coalition that put Ronald Reagan in the White House—right wing western energy, agribusiness and financial entrepreneurs, southern religious fundamentalists, traditional upper middle class Republicans, and crucial numbers of disillusioned urban blue collar and lower white collar workers—was largely held intact by Reagan's firm advocacy of high powered economic growth, low inflation and national renewal.

There was an additional source of active bonding here: *racism*. The civil rights movement had, among its great successes, succeeded in undermining the ideological power of white supremacy. Biological racism and its accompanying Jim Crow institutions had been largely discredited during the upsurge of the 1960s. Yet, racism was sustained as an American *norm* and continued to be central to the way in which white Americans ordered the universe. In a huge, disparate and deeply competitive nation, anti-black, anti-Hispanic sentiment served as a force for unity and stability among the majority population, displacing class conflicts into race and legitimizing the social structure.⁴ It, furthermore, conferred some definite material and psychological benefits upon whites. In brief, the civil rights revolution had failed to transform the cultural belief system that held the humanity and culture of African and (in a somewhat different degree) Hispanic Americans to be less than their own.⁵

This is a crucial aspect of the social justice "dilemma" in the United States today. Benjamin Ringer has argued that "America's response to and treatment of its racial minorities have had a dual character . . . built into its structural and historical origins."⁶ Because of deep institutional racial discrimination and the resilience of racial/ethnic hierarchies, some minorities have been acutely vulnerable to the functioning of marketplace capitalism; they have needed profound governmental interventions to secure entrée into the primary economic sector,

and, once in, something approaching equal opportunity. What the new “symbolic racism” which emerged as the successor to the traditional Jim Crow racism in the late 1960s did was to legitimize resistance to racial equality and equality of opportunity and delegitimize state intervention for minority social justice.

Symbolic racism has been an ideology attuned to the needs of the post-civil rights era. New “cultural” stereotypes have appeared to replace the more overt biologically-determined ones. African Americans and Hispanics in the labor market have been characterized as lacking the skills and motivation to perform in a high skill economy. What reinforced the power of symbolic racism was its incorporation of the dominant American ideology of individualism, which explains social structure and wealth and poverty by reference to individual character and talents.⁷ A society where “social solidarity” is based upon “separating those who are deserving from those who are not,” seeks to blame and discredit the “undeserving.”⁸

The context presented here is that of an “open” system ready to reward the capable and motivated. Symbolic racism uses the individualistic ethos to attribute non-white poverty, unemployment and low occupational status to personal failings. To explain why African Americans and Hispanics occupy a grossly disproportionate percentage of jobs in the lower wage, lower promotion, lower security *secondary* economic sector, why they often leave the labor market in despair, etc., it offers the notion of “cultural” and “personality” dysfunctions.

Reaganism: The Congruence of Class Politics and Racism

Reaganism marked the culmination of years of white backlash to the civil rights revolution. White counter-mobilization on a massive (and national) scale had first found its political focus in the right wing populist presidential campaigns of George Wallace. Wallace’s success in exploiting the economic insecurities and failed expectations as well as the racial animosities and fears of the lower middle and working classes prompted Republican strategists to embrace white southerners (and anti-black sentiment, in general) as the key to a “permanent” lock on the White House.⁹ Reagan’s decisive 1980 election victory capitalized heavily on racially motivated voters to sweep the South, while winning substantial support among those northern white ethnics alienated from the pro-minority stance of the national Democratic Party. The prolonged economic crisis had accentuated the struggles between majority and minority citizens for jobs and social services; meanwhile, increasing black political clout had made political action an imperative for groups espousing a “defensive” white ethnicity.¹⁰

In short, the presidential triumph of Ronald Reagan marked the ascendance of the politics of race and resentment; it provided a fearful white majority with a federal state committed to the racial status quo; it provided the New Right (and its agenda of “social control” over racial majorities) a powerful place at the center of policymaking.

The nature of Reagan’s core political base, in addition to his own corporate and ideological loyalties, meant certain business sectors (and the classes which owned and managed them) were to be the locomotive of economic expansion.

Resources and initiatives were transferred from the public to private sector. The scope of the federal regulatory mission was markedly reduced. To further capital accumulation in favored sectors, state spending was shifted from social services to the military, progressive taxation undermined, and an anti-trade union environment sustained, aimed at exacting wage discipline and concessions from the workforce. This amounted to a partial dismantling of the New Deal social contract, in essence, “a coherent ideological attack on the principles that have governed policy in this country for the last half-century.”¹¹

A centerpiece of Reagan program strategy was the diminishing of the welfare state. Here, a key thrust was the reduction/repeal of various public entitlements and programs directed at aiding poor and working class Americans. Only the “truly needy,” as defined by the administration, would be helped. This was, in effect, to be the Reagan solution to what O’Connor has called, “the main domestic problem facing big capital”—the social wages built up since the New Deal that constituted the American version of “Social Democracy.”¹² Such income maintenance programs were targets because they enlarged workers’ bargaining power and autonomy vis-a-vis capital. During the administration’s first year in office, it “made the severest cuts in social spending in our history.”¹³

It is significant for our ethnic/racial polarization thesis to note that ultimately those programs with a broad base in the (disproportionately white) middle strata such as social security and veterans benefits proved fairly resistant to cutting. In contrast, those oriented to the (disproportionately black and Hispanic) poor and working poor, such as Aid to Families with Dependent Children, vocational education, public service employment, etc. were dramatically slashed.¹⁴ What Reagan policy makers exploited was the partial legitimacy of programs oriented to the poor/working poor which (under the dominion of the “culture of individualism”) bore the onus of being “handouts” to the “unworthy.”¹⁵

In retrospect, some of the Reagan administration’s most ambitious initiatives were aimed at revamping the post-New Deal social contract between citizen and state. Thus, the objectives of the historic 1981 tax cut (and subsequent weakening of the federal financial structure) were not simply to reward affluent Republican voters and stimulate “supply side” mechanisms, but also to diminish the capacity of the state to provide an effective social welfare system and take new social policy initiatives. Citizens would be forced to radically reduce their expectations of what services and the amount of social wages government could reasonably provide. The goal, then (which was partly thwarted by Reagan ineptitude and congressional resistance), was to delink economic rights from citizens’ traditional political rights in the United States. Indeed, the post-Reagan \$3 trillion federal debt and massive annual deficits have placed severe constraints on restoration (or expansion) of future social welfare budgets.

The immediate consequences of the Reagan program were most apparent in certain minority communities. For instance, for the estimated 1.6 million of four million black families with children receiving AFDC monies, between 1974 and 1984, average payments per family declined one-third in real terms with the steepest cuts in the Reagan years. Cutbacks in Pell grants to disadvantaged

students, reductions in federal funds for public housing, and the elimination of some federal jobs were felt disproportionately in the African American and Hispanic communities. The first generation of African American and Hispanic mayors found themselves confronting enormous demands for services by beleaguered citizens, while federal cutbacks ravaged their budgets.

The neo-conservative assault on the welfare state carried an unstated (but clearly implicit) message that the most unworthy programs were those most crucial to minority needs. By arraying the prestige and power of the federal government against special minority supports in education and employment, the Reagan administration stigmatized them. Both the President and the U.S. Attorney General pointedly referred to affirmative action as “reverse discrimination” and narrowed government suits to cases of clear “intent.” Federal action on behalf of equal opportunity declined precipitously. This, in turn, helped to legitimize the type of racism which is most functional to privileged racial and economic groups in present times; what Pettigrew and Martin refer to as the “modern racial prejudice which is generally more subtle, indirect and ostensibly non-racial,” tends to be common in hiring and promotion processes.¹⁶ In a time of economic stagnation and deep anxiety for white workers (whose standard of living is increasingly precarious), the clear absence of state sanction and moral authority on behalf of equity not only intensifies normal “trench warfare” between different groups for advantages, but encourages yet more explicit racist attitudes.

If African Americans and Hispanics did succeed in achieving middle strata status in unprecedented numbers during the 1960s, it was largely because of direct federal bars on official discrimination and promotion of minority education and employment.¹⁷ The end of favorable state intervention (in conjunction with economic changes) has crippled that movement towards a minority social structure resembling the majority one. When a government, by intention or by-product, assaults the position of the “popular classes” in the United States, it inevitably wreaks the most havoc on subordinate ethnic and racial groups.

The Reagan administration was determined to serve the interests of its upper middle and upper class core constituencies, exalting the market mechanism and eroding the capacity of the welfare state. The credo was to reward the financially successful and those placed to be still more so. Thus, its definition of who and what constituted legitimate clients for state services included individuals and corporations, made or on-the-make, while excluding disadvantaged economic, ethnic, or gender groups. Reagan’s literal enunciation of a “colorblind” bias in state policy left African Americans and Hispanics of all classes (but especially, the working class and poor) subject to the vagaries of an increasingly harsh market system.

The New Economic Order

Minority social justice has always been closely tied to the state of the labor market. During the 1960s, the expansion of the technical-clerical-professional areas of employment was vital to the breaking of traditional racial/ethnic

stereotypes and roles in the workplace and to the growth of black and Hispanic middle classes. A historic restructuring of the U.S. labor market began in the middle 1970s. This was in response to radically altered market, financial and technological conditions and the loss of the “natural” American global dominance of the early post-war era. In the Reagan period, because of business’s unchallengeable strength and its access to the levers of state power, restructuring took the form of disinvestment and elimination of productive capacity, union bashing, and changes in work organization, reducing the labor component in production, outsourcing for goods in cheap labor areas abroad, and “paper entrepreneurship.”¹⁸

The most dramatic break was the monopoly sector’s jettisoning of the much lauded “social contract” it had negotiated with labor after World War Two. Even in industries where powerful trade unions had once wielded great authority (airlines, trucking, automobiles, electrical goods) concessionary contracts and two-tier employment schemes became common. A transformed labor market featured a core of full-time “regulators,” surrounded by a growing periphery of part-timers, temporaries, home and subcontracted workers (lacking medical benefits, paid vacations and private pensions and bearing the costs of market “dislocations”).¹⁹

There has been a momentous change in the nature of job generation, itself. During the quarter-century after 1950, the labor market generated a clear majority of well-paying skilled positions; contemporary new jobs, however, are centered in the lower to medium rungs of the service sector. Indeed, some eighty-five percent were found by one study to be in the lowest paid services.²⁰ These workers, along with the official jobless (over five percent in the “tight” labor market of 1990) are those whom Emma Rothschild refers to when she remarks: “The market-welfare state eludes tens of millions of Americans at the periphery of the full employment economy.”²¹

This transformation was abetted by the Reaganist state which provided a lucrative umbrella of deregulation and tax incentives for the historic leaders of American manufacturing to pursue the “abandonment of production.” Market logic and state policy made “conglomerate mania” and diversification into financial services more profitable than product innovation and quality production. Deregulation of financial markets has resulted in an unprecedented wave of hostile takeovers and leveraged buyouts which left hugely indebted corporations to pare off divisions and workers. Between 1979 and 1985, 2.3 million industrial jobs disappeared, precisely the stable, high wage employment which lay at the cornerstone of blue collar aspirations for middle class lives.²²

American labor markets have become more hostile to social mobility. A major pole of Reagan-era job creation was the lower echelons of service industries like finance, legal services, sales, health, and insurance.²³ Between 1983 and 1988, manufacturing provided exactly eight percent of net new jobs. So the movement from manufacturing to services has impacted real income levels; by 1967, shrinking industries paid 41.5 percent more in annual wages than did the expanding ones.²⁴ As Katharine Newman so ably illustrates, downmobility has

become a common phenomenon in large sections of the workforce. The restructured American economy continues to generate jobs supporting upper middle class lifestyles, but the bulk of new employment will be in retail services, office work, cleaning, waiting and waitressing (2.5 million additional jobs are projected for the restaurant fast food sector in 1986-2000).²⁵

The harshness of the new labor market is apparent in the stagnation of family incomes over the last decade—even with the mobilization of more family (i.e., female) workers. In the decade that elapsed from 1975 to 1985, adjusted median family income rose but a pittance, \$27,421 to \$27,735.²⁶ The best the much celebrated Reagan growth trend could do was return household incomes to early 1970s levels after a slight decline. Given the rapid rise in housing, medical, and educational costs, however, stagnancy really meant a declining standard of living and lessened future opportunities.

Previous growth eras (especially the two world wars and the 1950s to middle 1960s) carried an “equity dividend.” The force of economic expansion and labor shortage buoyed lower income Americans (and disadvantaged minorities, in particular) into more highly skilled, better paid jobs in the occupational structure. Therein lay the basis for the dual theories of class and race “convergence” in the United States. Yet, Reagan policies were directed at enhancing property-based incomes at the cost of wages and thus succeeded in making the boom the vehicle for the further enrichment of the rich. The nation is more acutely class polarized than at any time since 1947; when Reagan left office, one-quarter of all American households had a total net worth of less than \$5,000, while the top one percent owned thirty percent of total household wealth.²⁷ The Reagan period was one of both absolute and relative gain for the wealthiest twenty to forty percent of American families (and especially, the top one to five percent), at the cost of the stagnation and decline of the rest.²⁸

The Victims of the Great Restructuring

In a society where there remains strong congruence between race/ethnicity and class, to say the sacrifices of the Reagan “miracle” have been borne by the poor and lower middle strata is to say that they have been unduly borne by African American and Hispanics. Between 1980 and 1986, the earnings of full-time year-round African American workers fell from seventy-seven percent to seventy-three percent that of whites; given the same family type, poverty was higher for African Americans than whites.²⁹ In comparing high school graduates, whites had incomes almost \$4,000 higher than Hispanics; white high school graduates earned \$3,000 more than African Americans and \$2,000 more than Hispanics.³⁰

These disparities are the result of both continuing racial discrimination in the labor market and the new (and diminished) opportunity structure. Bonacich makes the link here arguing that “race and ethnicity reflect a deeper reality namely class relations and dynamics.”³¹ Despite the continuing emergence of African American and Hispanic middle classes, ethnic stratification has been rigidified; a complex new division of labor organized along global lines had

removed entry level positions in white and blue collar work and made a large number of African American and Hispanic workers either dependent upon substandard or superfluous jobs. The restructuring of central city economic functions from manufacturing, warehousing, and transportation to information processing and financial services played special havoc with opportunities for young African Americans and Hispanics to gain stable, decent employment in the unionized heavy industrial sector.³²

The irony here—that after decades of exclusion, African Americans and Hispanics would finally gain entry into the coveted primary industrial sector only to have “deindustrialization” arrive—is a tragic one. This meant the savaging of the stable, well-paid blue collar group (out of which the future minority middle class would logically be recruited). Industrial restructuring precluded the “normal” hiring of the second and third generations of these workers. In 1976, for example, forty-six percent of African American workers, twenty to twenty-four years of age, were employed as blue collar craft operatives; by 1984, this was reduced to twenty percent.³³ Given such reduced possibilities of locating decent, stable work, data showing that African American men spend substantially less of their lives in the “official” workforce than whites, and often leave it in their prime working years, is readily understandable.³⁴

A cautionary note here. The importance of economic restructuring and decay in maintaining minority subordination in labor markets is clear. But they are interlinked with the response of political-economic elites to the questions of allocating “burdens” in resolving the economic crisis and to the deep-seated (and exploitable) racism of the majority population. Ultimately, these forces, together with the intrinsic logic of a hierarchic system, made the variety of instruments utilized by African Americans and Hispanics to create a society of real equality ineffectual. In a recent article, the noted race relations scholar, Lewis Killian, stressed just this point:

The size of the piece of pie is not as critical in these times as is the shrinking of the fraction of the pie left for the have-nots in a class-polarized society.³⁵

Thus, instead of racial convergence, we find a continuing tendency for majority and minority workers to start at different entry levels in the job market, and have different pay and promotion prospects.³⁶ A significantly higher proportion of Hispanics and African Americans continue to work in the more unstable and less lucrative “secondary” economic sector.³⁷ Throughout the years of economic downturn in the 1970s and early 1980s, the incomes of minority families fell faster than those of whites, only to recover considerably more slowly during the subsequent 1980s expansion.³⁸ In the generally prosperous year of 1986, median wages and salary earnings of African American workers were sixty-three percent of white workers and Hispanics made slightly less than that figure. It is also noteworthy that the relative incomes of African American and Hispanic families have fallen since the late 1970s.³⁹ African American unemployment has remained consistently at levels two to three times that of whites; Hispanic joblessness has been intermediate between the two others. In 1987, for

example, African American unemployment was at thirteen percent; Hispanic, 8.8 percent and white slightly over five percent. These figures help account for African American and Hispanic poverty rates double to triple white rates.⁴¹

The weakening of the welfare state and growing labor market segmentation structures are at the source of the crisis of African American and Hispanic youth. Lacking specialized training, solid job networks, adequate transportation, access to suburban labor markets, and standard language competency, minority high school graduates and drop-outs must take the leavings of a bifurcated labor market. There is, of course, “lingering” institutional discrimination to contend with also.

The severity of the youth crisis is most revealing at the level of the family. In general, “an economic disaster has afflicted America’s younger families,” but “young black and Hispanic families have suffered particularly severe earnings and income loss.”⁴² Young African American families saw their earnings decline by one-half between 1973 and 1986; young Hispanic families, by one-third. The steep fall in African American male incomes undermined their ability to sustain families and resulted in a startling increase in young (largely single parent) households in poverty.⁴³

Young working class and poor white families have also suffered from recent income losses and an acute lack of access to affordable housing. But ethnic hierarchies and differential resources continue to favor them over minorities; young whites at every occupational level earn more than their African American and Hispanic counterparts. Young African American family income declined from sixty percent of whites to forty-six percent between 1973 and 1986; Hispanics from sixty-eight to sixty-two percent.⁴⁴ This may well be a long-term trend; the rigidities of the nation’s economic and educational structures make reversal of the pattern of growing youth inequality problematic, at least. One probable scenario of continuing racial (and gender) occupational segregation is alluded to in a Bureau of Labor Statistics report: “The future labor force is projected to be increasingly minority and female and they are destined for lower occupations.”⁴⁵

Conclusion

In a multiethnic nation like the United States, social justice means the full and equal access by minority groups to the whole range of societal opportunities and resources. The contemporary American political-economy, has, however, since the onset of economic crisis and political reaction in the late 1960s, been unfavorable to this. The Reagan administration, political beneficiary of the widespread desire to halt minority movement towards equality (“symbolic racism”), adopted social and economic policies which rewarded the affluent classes and punished those minorities who were disproportionately lodged in the poor and working classes. Welfare services needed to sustain minority communities have been drastically reduced. Meanwhile, the highly flawed growth of the 1980s and a restructured labor market negated or froze many gains minorities had made earlier. Poverty levels for African Americans and Hispanics have

increased markedly. Over the period from 1973 to 1985, whites had (in crude terms) barely held their own with an adjusted family income gain of 0.3 percent, but Hispanic Americans lost 2.4 percent and African Americans, 8.7 percent.⁴⁶ This, of course, does not reveal an even starker truth: the United States during these years had become a more unequal society on every level, between and within ethnic groups and between classes and age groups.

Finally, there is the rather dubious legacy of Reaganism. Rather than the powerful, competent, hegemonic power the Reagan experiment promised to restore the United States to, there is a nation fitting quite well “the classical model of a failing economic power.”⁴⁷ This is not the framework conducive to African American and Hispanic progress; the mean conjunction of economic decay, symbolic racism, and a series of interlocking structural mechanisms would seem to augur a further deepening of racial inequities.

In the absence of an interracial-interethnic coalition seeking broad changes in American society, greater polarization and fragmentation of our citizenry by race, class and ethnicity seems likely. This may eventually undermine the functioning of a rather fragile democracy.

Notes

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- ²⁴Mishel and Simon, Tables 25, 37, 45.
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