

Job Quality and Black Workers

An Examination of the San Francisco
Bay Area, Los Angeles, Chicago
and New York

Second Edition



By

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May 2008

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Introduction to the Second Edition

The second edition of *Job Quality and Black Workers: An Examination of the San Francisco Bay Area, Los Angeles, Chicago and New York* corrects data errors in the first edition caused by a computer programming error. The error resulted in a lower low-wage threshold for the San Francisco Bay Area, omitting a portion of low-wage workers from the analysis. The second edition corrects this error and reinstates the correct threshold at \$15.77. Because the error underestimated the number of low-wage workers, the findings and analysis in the first edition still hold. In fact, with the correction, the trends found for low-wage workers in the Bay Area are more robust than originally stated.

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CHAPTER ONE:

INTRODUCTION: THE INVISIBILITY OF THE BLACK WORKING POOR¹

Since the end of slavery, visionaries within the Black community, including Ida B. Wells, W.E.B. DuBois and Paul Robeson, have led a freedom movement with the dual objectives of eliminating racial inequality and improving the quality of life for Blacks in the United States. Beginning in the mid-1950s with the *Brown v. Board of Education* Supreme Court decision and the Montgomery Bus Boycott, this struggle took the form of the modern civil rights movement. The activities of millions of people in that movement brought about the end of *de jure* segregation in the United States and opened up new opportunities for African Americans. The hope was that the end of legal barriers to advancement and the enactment of policies to redress historic racial injustices would result in a qualitative change in life outcomes for Blacks in this country.

Thirty-five years have passed since the victories of the modern civil rights movement, and we have entered into a new era, one marked by a radically different global economic and political context. This report, “Job Quality and Black Workers: An Examination of the San Francisco Bay Area, Los Angeles, Chicago and New York,” looks at one sphere of Black life—the labor market—and takes stock of the realities for Black workers in the context of 21st century globalization.ⁱ It presents a detailed view of the Black workforce with a focus on the incidence of low-wage work.ⁱⁱ To the extent African Americans experience a high incidence of low-wage work and many of these jobs will exist in the near-term future, this situation speaks to the need for renewed efforts at transforming the low-wage labor market in order to improve the opportunities available to Black workers.



¹ This research was funded by grants received from the Akonadi Foundation and the Arca Foundation.

The research presented in this report leads to three important conclusions. First, the Black community in the United States faces a two-dimensional crisis concerning employment: **the crisis of unemployment and the crisis of low-wage jobs**. The crisis of unemployment is the typical face of the jobs problem among African Americans. In the popular media, the unemployment crisis is captured by scenes of approximately 11,000 applicants—largely Black and Latino—lining up for 400 vacancies at an Oakland Wal-Mart.ⁱⁱⁱ However, this scene portrays only one part of the employment dilemma facing African Americans. The other serious problem is the crisis of low-wage jobs held by Blacks who have employment. Too many African Americans work at jobs that do not provide wages (and benefits) to properly raise a family. The purpose of this research project is to gain a deeper understanding of the fate of Blacks who have jobs.^{iv}

The inattention to the crisis of low-wage jobs reflects the invisibility of the Black working poor. This invisibility is startling given that every day Blacks go to work. They drive buses throughout U.S. cities. They work in schools as teachers, clerical staff and maintenance workers. They care for small children, disabled adults and the elderly. Some Blacks repair electrical lines or work in hospitals. Blacks unload the ships at our ports and move containers to inland warehouses. Others drive trucks carrying goods from these warehouses to the stores in which we shop. Some Blacks ring up sales in these stores while others provide security at these stores and office buildings. Black people work.

However, many of these jobs are bad jobs that do not allow for a decent quality of life. The jobs don't pay well. They don't provide retirement and health benefits. The jobs are "dead-end" jobs inasmuch as they do not link to better jobs either within the firm or at other businesses. Many of the jobs held by Black workers don't provide on-the-job protection from employers' arbitrary decisions—a protection that comes from the presence of a union. As a result, many workers are forced to work multiple jobs in order to buy essential goods and services. Others are forced to choose between food and prescription drugs, between gasoline and decent child care, or between decent housing and college for their kids. The living standards for these workers and their families suffer as a result.

A second key conclusion of the research is that the incidence of low-wage Black employment is concentrated in certain key industry sectors. Among all Black workers, 56.5% work for low wages; however, the four sectors where the percentage of low-wage Black employment exceeds 60%—Retail Trade; Health Care and Social Assistance; Leisure and Hospitality; and Other Services—contain approximately one-third of all Black workers. Thus, any set of strategies that seeks to improve job quality for Black workers must address these sectors, which hire a significant number of Black workers and pay poorly.

Finally, the research begins to outline how new global economic realities are having an impact on future employment prospects for Black workers. In contrast to popular perception, these realities go beyond job flight from the United States—offshoring—to encompass the expansion of industries that are more rooted in this country. Data reveals that Blacks have a significant presence in those industries that are more place-based and therefore less vulnerable to offshoring. Many of these same industries have been projected as growth industries and many employ high numbers of low-wage Black workers. These facts imply that strategies to address the job crisis must look at these industries, which will do well in the new global economy, and find ways to transform the job quality in these industries. Simply relying on job training programs to address the crisis surrounding employment outcomes will miss a significant portion of the crisis.



These conclusions point to the need for a multifaceted approach to solve the job crisis in the Black community: an approach that addresses the issues of low-wage work, unemployment and the need for regional economic development policies, while simultaneously seeking economic growth and equity. Fighting the crisis of unemployment requires substantive programs that lower the barriers to job access. These barriers are individual and structural, and both types of barriers must be attacked in order to expand employment opportunities. However, programs designed to increase employment opportunities for African Americans will have limited value on the scale that is needed if a large portion of jobs that are created are low-wage jobs. These low-wage jobs need to be transformed into better quality jobs. Thus, the fight for job access must be intertwined with the fight for job transformation. The neglect of the plight of the Black working poor and the exclusive focus on the plight of the Black jobless frames issues and shifts resources into a search for any job regardless of the quality of that job. Some community advocates, citing the need for jobs and retail shopping opportunities, support economic development plans that target the retail sector in an attempt to either revitalize downtown districts or generate tax revenue. However, the entry of stores such as Wal-Mart results in employment at low wages with little or no benefits. Thus, the presence of Wal-Mart in central city communities reflects a perceived Hobson's Choice between no jobs or low-wage jobs.

The dilemma of no jobs or low-wage jobs reflects the dominance of “low road” economic development policies. These policies seek to attract businesses to regions and cities regardless of the quality of jobs they offer residents. When jurisdictions travel the “low road,” they follow a path that fosters intense competition between cities for tax bases and a vicious race

to the bottom. Local governments offer higher and higher subsidies that actually lower the net benefits of the firm's presence in a region. The proliferation of these policies has created an atmosphere such that any efforts to mitigate the negative impacts of new firms or create labor standards are decried by many local leaders as antithetical to the economic health of the region. The path of "low road" economic development assists in the growth of a low-wage economy. What is needed is to go "beyond Wal-Mart" to identify public policies that raise labor standards and transform bad jobs as well as reduce the high levels of unemployment.

Such new public policies would attempt to block the low-road path toward economic development, while simultaneously building a high road alternative. They would include minimum wage, living wage and industry wage laws that establish wage floors in regional labor markets. They would include "clawback" policies so that any firms receiving government subsidies would be required to return a portion or all of these benefits if they did not fulfill promises surrounding job creation. They would include community benefits agreements designed to ensure that low-income neighborhoods and their residents benefit from economic development. They would include linked workforce and economic development programs that include incentives to place local residents on pathways to well-paying jobs and that seek to develop those sectors of the local economy that provide a possibility for decent jobs. The net result of these policies would be a regional economy that grows and is equitable.

What is also needed are policies designed to empower poor communities and their residents in economic decision-making. Public policies are a result of political compromise and relative political power; if poor communities do not have substantial power, local economic development policies will generate few gains for poor people. Foremost are policies that will allow workers to organize on their own behalf without the interference of employers. Union representation is an indispensable weapon for low-wage workers who seek to raise the quality of the jobs they hold. However, in the past thirty years, the right to organize has been under attack, as deliberate efforts by businesses combined with government regulatory neglect and rapid changes in the structure of the economy have resulted in the lowest levels of unionization since the Great Depression. The impact of the loss of effective workplace collective action includes lower living standards and the loss of dignity on the job.

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Chapter Two of this report presents the key terms used throughout this report. It then presents a portrait of the Black working-age population in 2000. The chapter concludes by demonstrating the prevalence of low-wage jobs among Black workers. Chapter Three looks

at the industrial distribution of Black workers and finds industry sectors with significant concentrations of Black workers. In addition, many industry sectors have high proportions of low-wage workers among their Black workforce. The chapter takes a closer look at the retail industry because of recent highly charged, racialized debates that have pitted advocates of stronger labor standards against advocates of unfettered retail economic development. Chapter Four places the issue of Black workers and job quality in the context of globalization and finds that large numbers of low-wage Black workers are in industries that do not face an immediate threat of offshoring. Chapter Five summarizes these findings and presents research and policy recommendations.

CHAPTER TWO: LOW-WAGE EMPLOYMENT AND BLACK WORKERS

Chapter Overview

This chapter presents basic data on the incidence of low-wage work in the Black working-age population.^v It begins by defining the key terms used throughout this report and proceeds to an overview of the Black working-age population in the United States as a nation and then in the San Francisco Bay Area, Los Angeles, Chicago and New York. It then presents data on the persistence of low-wage work among Black workers. The data indicates that low-wage workers are a significant portion of the Black population between 18 and 65 years of age. In addition, narrowing the analysis to those members of the Black working-age population who work, a high percentage of Black workers receive low wages. Finally, in contrast to many popular pronouncements that present low-wage work as a part-time phenomenon, a large segment of the low-wage Black workforce works full-time.

Some key findings in this chapter are:

- 34.4% of the Black working-age population (ages 18–65) in the United States is employed in low-wage jobs. (For the white working-age population, the comparable figure is 31.2 %.)
- 56.5% of all Black workers (full-time and part-time) in the United States receive low wages (whites: 43.9%).
- 65.8% of all low-wage Black workers in the United States work full-time (whites: 65.5%).
- 54.0% of all full-time Black workers in the United States receive low wages (whites: 39.3%).

Key Terms and Definitions

This report expands on previous research done on the San Francisco-Oakland-San Jose metropolitan area, by exploring the incidence of low-wage work among Black workers in the Los Angeles, Chicago and New York metropolitan areas. These metropolitan areas were chosen because they represent the three largest concentrations of Blacks in the United States. Chart 2.1 presents the county definitions of the targeted metropolitan areas. In addition to the information on the metropolitan areas, data is presented on Black workers in the United States as a whole.

While this study focuses on Black workers, for purposes of comparison, data will be presented on other racial/ethnic groupings as well.^{vi}

Chart 2.1—Metropolitan Area Definitions

Region	Counties
San Francisco Bay Area	Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, Sonoma
Chicago	Cook, De Kalb, DuPage, Grundy, Kane, Kendall, Lake, McHenry, Will
Los Angeles	Los Angeles
New York	Bronx, Kings, New York, Putnam, Queens, Richmond, Rockland, Westchester
National	n/a

The quality of a job can be measured by several dimensions. Most obvious is the wage the job provides. Other criteria include: the availability of retirement, health care and other non-monetary benefits; the safety environment in the workplace; the degree to which the structure of the job allows workers the flexibility to tend to family needs; any linkages to better jobs either within the firm or with other businesses; and the presence of due process procedures in the face of the arbitrary use of employer authority. Many commentators have expressed concern over the large number of bad jobs created by the U.S. economy in recent years. A bad job can be defined as possessing some combination of the following characteristics:^{vii}

- Wages that do not allow an individual to sustain a family at a decent living standard.
- The absence of health care and retirement benefits.
- Unsafe working conditions.
- The lack of flexibility to allow workers to take care of unexpected family needs (i.e., family care emergencies).
- The lack of career ladders internal or external to the firm.
- The lack of protection from the abuse of an employer’s authority.

This report will focus on the wage dimension of job quality. For our purposes, we define a low-wage job in 1999 to be a job that paid a wage less than or equal to twice the 1970 minimum wage adjusted for inflation.^{viii} In 1970, the federal minimum wage was 47% of the average wage for non-supervisory workers in the private sector; in 2000, this share fell to 37%. (By 2006, the share had fallen even further to 31%.) Hence the use of an inflation-adjusted 1970 minimum wage threshold for low-wage work implies the use of a threshold that would exist if the real value of the 1970 minimum wage had been maintained. As footnoted earlier, the sources for much of this data are the individual responses to the 2000 Census contained in the Public Use Microdata Set (PUMS). The questions were asked of respondents during the 2000 year; however, the central questions used to determine wages and work status ask about the respondents’ behavior in 1999. Hence, all data reflect the events of 1999.^{ix} Chart 2.2 presents the wage thresholds used in this report.

Chart 2.2—Low-Wage Thresholds in 2000

Region	Low-Wage Threshold
San Francisco Bay Area	\$15.77/hour
Chicago	\$12.96/hour
Los Angeles	\$14.63/hour
New York	\$14.17/hour
National	\$12.87/hour

Other important definitions are:

WORKING-AGE POPULATION: All persons between 18-65 years of age (inclusive).

LABOR FORCE: All persons who have had some paid employment or, if they have not, have been seeking employment.

WORK STATUS:

- Full-time work: 50–52 weeks of work per year, at 35 or more hours per week.
- Part-time work: 50–52 weeks of work per year, but fewer than 35 hours per week OR fewer than 50 weeks per year but more than 1,000 hours per year (i.e., working *more* than half of a 2,000-hour work-year).
- Irregular work: Fewer than 50 weeks per year AND fewer than 1,000 hours per year (i.e., working *less* than half of a 2,000 hour work-year).
- Did not work last year: Those that indicated they did not work at all during the year prior to the survey. These individuals may be in the labor force (seeking a job, and, therefore, unemployed) or not in the labor force.^x

WORKER: Any person whose work status was either full-time or part-time.

A note on the categories: did not work last year, irregular work and low-wage work. The nature of various census questions did not allow for a straightforward comparison between low-wage workers and unemployed individuals. (The questions used to define “low-wage” asked about labor market activity in 1999; the question about employed status asked about labor market activity in 2000.) Hence, the answer to the question, “did you work last year” was utilized as a proxy for the question concerning unemployment. Both of these terms are problematic as researchers attempt to align answers to census questions with public perception of real behavior. The term “unemployed” refers only to those persons who were seeking employment but did not find employment. By definition, this term is too narrow as it ignores those who are jobless but have dropped out of the labor force because they are discouraged and feel that any job search would be fruitless. However, the term “did not work last year” is too broad because it includes some individuals who voluntarily are not seeking employment (e.g., students, homemakers). With respect to the term “irregular,” those individuals who worked less than half of the year (fewer than 1,000 hours) had a significant detachment from the labor market and consequently, it would be improper to classify as workers with individuals who had significantly more work activity. A better match of these individuals was with those individuals who did not work during the survey year.

An Overview of the Black Working-Age Population

Charts 2.3A through 2.3E present 2000 data on the distribution of the Black working-age population across four categories: full-time work; part-time work; irregular work; and didn't work last year. In the United States, 60.8% of the Black working-age population was working either full-time or part-time in 1999. In the four regions, this proportion ranged from 61.3% in the San Francisco Bay Area to 55.5% in New York. Twenty-six percent of the Black working-age population in the United States did not work in 1999; this proportion ranged from 25.7% (San Francisco Bay Area) to 32.1% (New York) in the four regions. (By way of comparison, 17.8% of the white working-age population in the United States did not work in 1999; see Chart A1 in the appendix.)

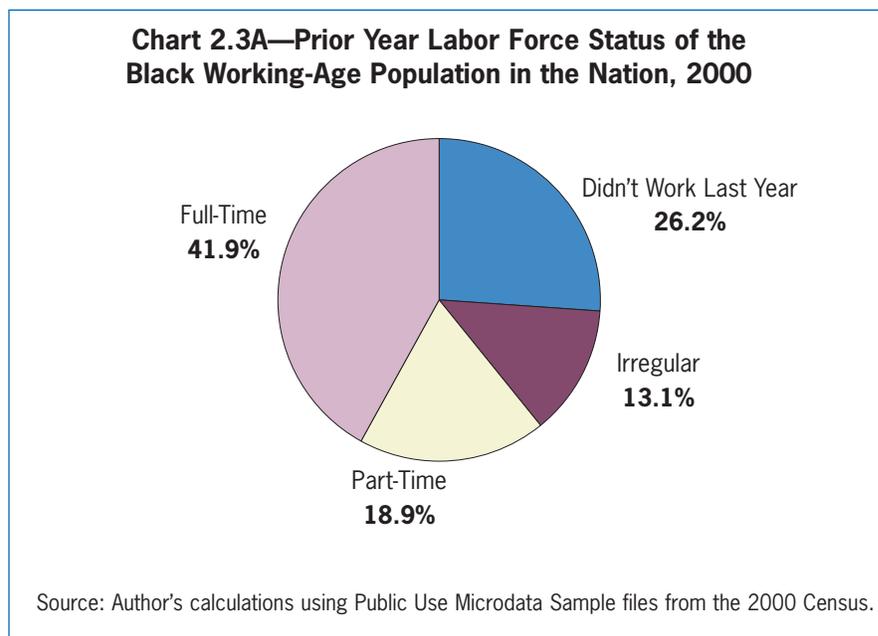
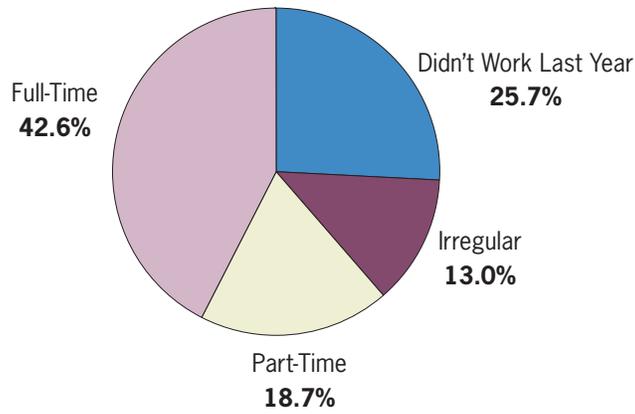
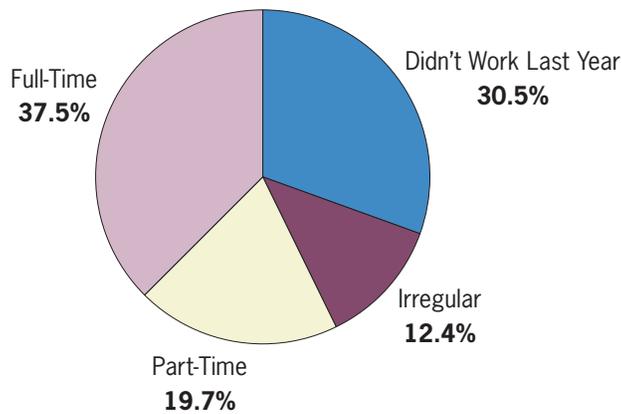


Chart 2.3B—Prior Year Labor Force Status of the Black Working-Age Population in the San Francisco Bay Area, 2000



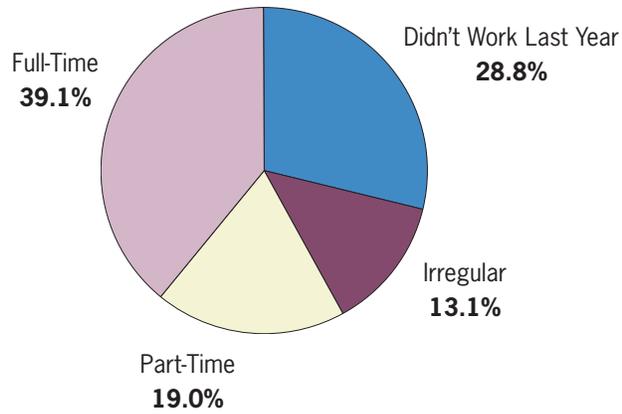
Source: Author's calculations using Public Use Microdata Sample files from the 2000 Census.

Chart 2.3C—Prior Year Labor Force Status of the Black Working-Age Population in Los Angeles, 2000



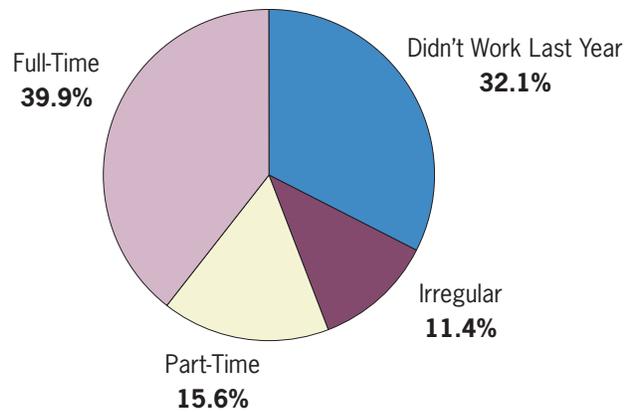
Source: Author's calculations using Public Use Microdata Sample files from the 2000 Census.

Chart 2.3D—Prior Year Labor Force Status of the Black Working-Age Population in Chicago, 2000



Source: Author's calculations using Public Use Microdata Sample files from the 2000 Census.

Chart 2.3E—Prior Year Labor Force Status of the Black Working-Age Population in New York City, 2000



Source: Author's calculations using Public Use Microdata Sample files from the 2000 Census.

The Crisis of Low-Wage Work in the Black Community

The data indicates two components of the crisis of low-wage work. First, a significant segment of the Black working-age population works for low wages. Second, just looking at Black workers—a set of people smaller than the number of people in the working-age population—the research reveals that a large share of Black workers receive low wages. Using the thresholds for low-wage work, the data in the previous section can be reorganized to illustrate the first component of the crisis of low-wage work in the Black community. Charts 2.4A through 2.4E present this reorganized data. In these charts, full-time and part-time workers have been re-categorized as low-wage and non-low-wage workers; in addition, individuals who were irregular workers or did not work in 1999 have been grouped together. During that year, one-third of the Black working-age population in the United States held low-wage jobs. In the four regions, this proportion varied from 25.6% in Chicago to 30.2% in the San Francisco Bay Area. (The comparable figure for the white population in the United States was 31.2 %; see Chart A2 in the appendix.)

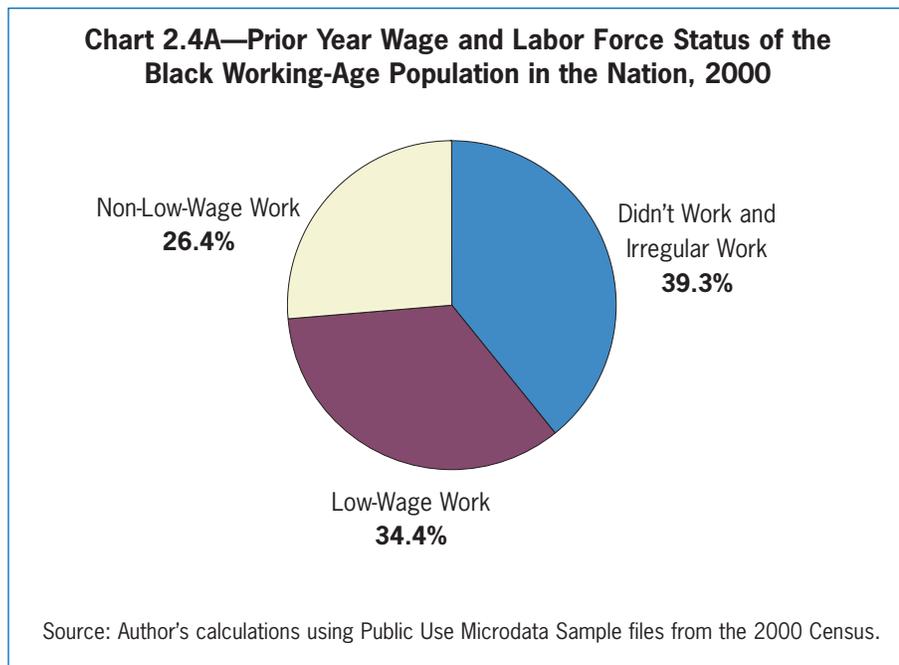
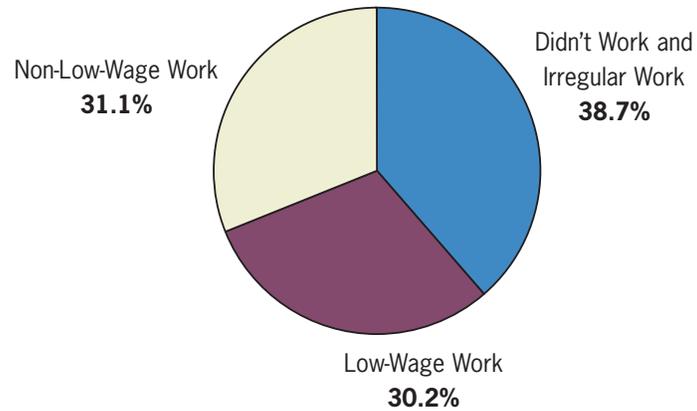
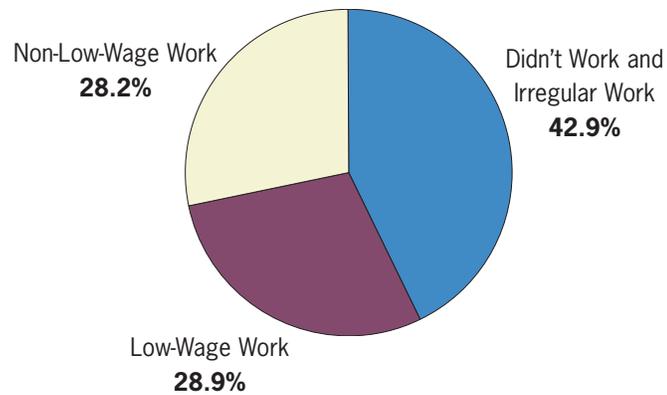


Chart 2.4B—Prior Year Wage and Labor Force Status of the Black Working-Age Population in the San Francisco Bay Area, 2000



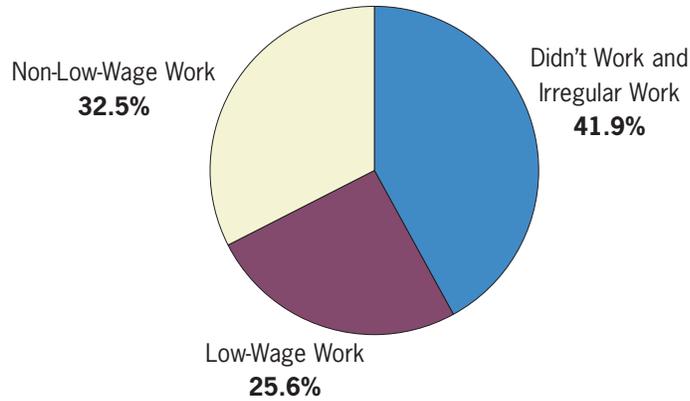
Source: Author's calculations using Public Use Microdata Sample files from the 2000 Census.

Chart 2.4C—Prior Year Wage and Labor Force Status of the Black Working-Age Population in Los Angeles, 2000



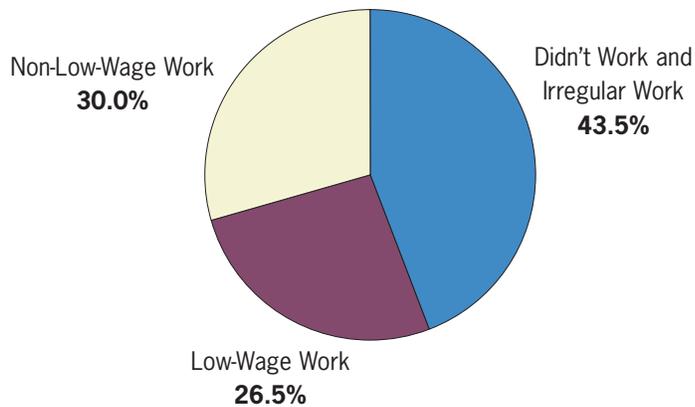
Source: Author's calculations using Public Use Microdata Sample files from the 2000 Census.

Chart 2.4D—Prior Year Wage and Labor Force Status of the Black Working-Age Population in Chicago, 2000



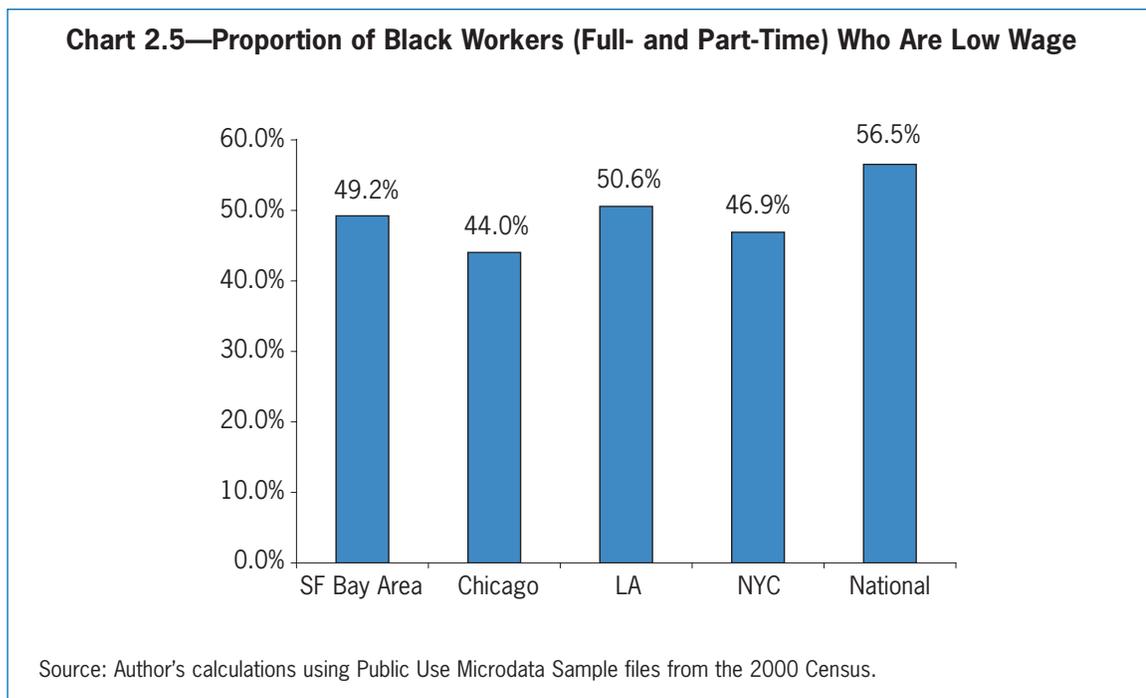
Source: Author's calculations using Public Use Microdata Sample files from the 2000 Census.

Chart 2.4E—Prior Year Wage and Labor Force Status of the Black Working-Age Population in New York City, 2000



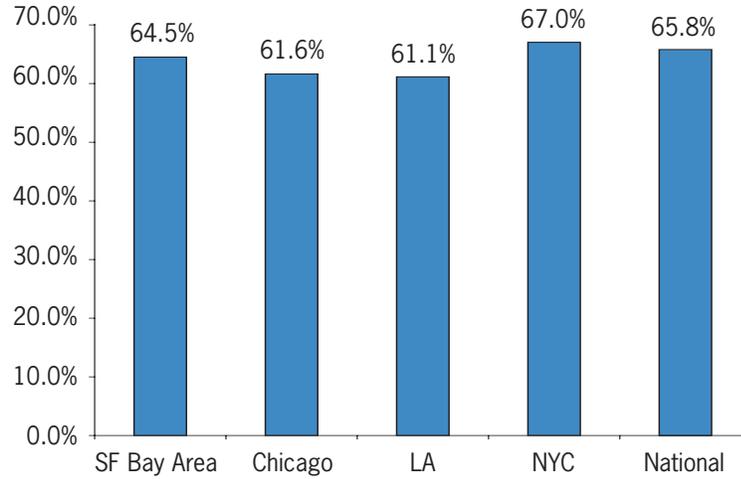
Source: Author's calculations using Public Use Microdata Sample files from the 2000 Census.

The second component of the low-wage work crisis is the high propensity for Black workers to earn low wages. Charts 2.5 through 2.7 focus on workers and ignore that segment of the working-age population that did not work or worked irregularly. As Chart 2.5 indicates, 56.5% of all Black workers (full-time and part-time) in the United States were employed in low-wage jobs. The regional proportions also show similar proportions in Los Angeles, Chicago, New York City, and the San Francisco Bay Area.



Often, the source of low-wage work is claimed to be the prevalence of part-time work. Chart 2.6 indicates that low-wage work is not just a part-time work phenomenon. Two-thirds of all low-wage Black workers in the United States (65.8%) work full-time. The proportions in the four regions roughly mirror the national statistic. The proportions range from 61.1% (Los Angeles) to 67.0% (New York City).

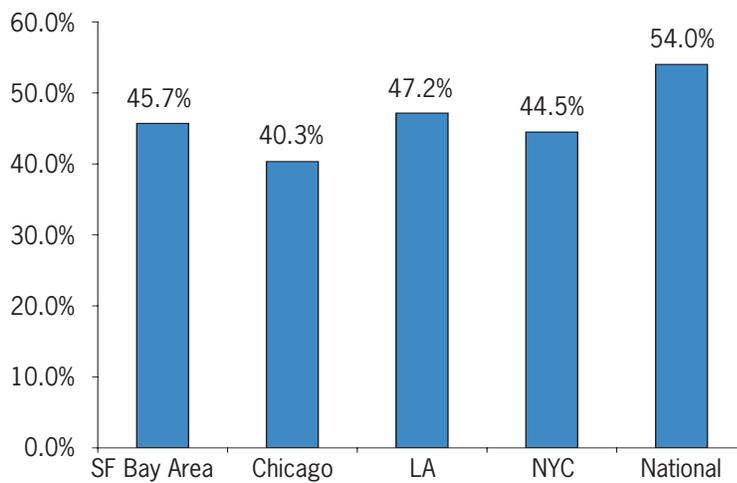
Chart 2.6—Proportion of Black Low-Wage Workers Who Are Full-Time



Source: Author's calculations using Public Use Microdata Sample files from the 2000 Census.

Chart 2.7 presents this information in a different way. Here, the focus of examination is just full-time Black workers. The data indicates that 54% of full-time Black workers work for low wages.

Chart 2.7—Proportion of Black Full-Time Workers Who Are Low Wage



Source: Author's calculations using Public Use Microdata Sample files from the 2000 Census.

Conclusion

The dominant portrayal of the jobs crisis in the Black community depicts the high incidence of unemployment. This chapter presents a fuller portrait of the jobs crisis by demonstrating that in the working-age population the incidence of low wages nearly matches the incidence of joblessness. In addition, the phenomenon of low wages is prevalent among full-time Black workers. These realities indicate the need to go beyond policy prescriptions that are limited to addressing unemployment in order to include policies to reduce the incidence of low-wage work.

CHAPTER THREE: THE INDUSTRIAL DISTRIBUTION OF BLACK EMPLOYMENT

Chapter Overview

This chapter presents data on the major industry sectors that employ Black workers in the nation and in the four metropolitan areas analyzed in this report. It finds significant concentrations of Black workers in particular industries and significant levels of low-wage work in certain sectors. The chapter then explores the retail industry more closely because that sector has been the site of major policy fights, as some advocates seek to maintain labor standards in the industry while others promote growth in that sector despite any impact on wages. The chapter finds that many Blacks work in retail, and, therefore, any negative impacts on wages for all retail workers due to the uncontrolled entry of large retailers to a metropolitan area will have an impact on Black workers.

Some key findings in this chapter are:

- Three of the major industry sectors (Manufacturing; Retail Trade; Health Care and Social Assistance) employ approximately 40% of all Black workers.
- In four sectors—Retail Trade; Health Care and Social Assistance; Leisure and Hospitality; and Other Services—the sector proportion of low-wage Black workers ranged from 61.7% to 80.3%, which was far above the national Black figure of 56.5%. These four sectors contained 36.0% of the Black workforce.
- 73.3% of all Black retail workers in the United States received low wages (62.2% of white retail workers).
- 69.4% of all full-time Black retail workers in the United States received low wages (55.4% of full-time white retail workers).

Why Examine the Industrial Distribution of Employment?

It is important to present data on industries because the employment prospects for workers—and hence, their prospects for earning potential—partially are shaped by the structure of the industries that are hiring. Without the demand for labor on the part of firms that are offering livable wages, it will be increasingly difficult for job seekers to find employment that allows them to raise their families at decent living standards. As the industrial structure of the economy changes—measured by the level of employment in each industry; the distribution of jobs across different industries; and the wages paid by these industries—so will change the prospects for jobs that pay well.

It is also important to examine industries, because most strategies designed to improve job quality by affecting the behavior of firms (in contrast to affecting the behavior of individuals) will target industries. Economic development policies can attract low-wage or high-wage industries. Policies to raise labor standards and increase enforcement of existing labor laws can be tailored to industries. Another key strategy to improve the quality of existing jobs is unionization, and most unions attempt to organize workers based on firms and industries.

Where are Black Workers Concentrated?

Chart 3.1A presents the distribution of Black workers in the United States across the 15 major non-farm industry sectors. Three of the sectors (Manufacturing; Retail Trade; Health Care and Social Assistance) employ approximately 40% of all Black workers. Examining the nation's workforce as a whole, Blacks comprise 11.1% of workers. Three sectors are disproportionately Black: Transportation; Health Care and Social Assistance; and Public Administration. Blacks are significantly underrepresented in three sectors: Mining; Construction; and Wholesale Trade. In the remaining nine industry sectors, the proportion of Black workers present is within 1.9% of the workforce average.

Chart 3.1A—Industrial Distribution of Black Workers in the United States

Major Industry Sector	Number of Blacks in Sector	Percent of Sector that is Black	Sector Percent of Total Black Employment
Mining	24,097	4.7%	0.2%
Utilities	124,275	10.3%	1.0%
Construction	507,057	6.6%	4.1%
Manufacturing	1,840,863	10.0%	14.9%
Wholesale Trade	328,709	7.3%	2.7%
Retail Trade	1,140,326	9.2%	9.2%
Transportation and Warehousing	835,523	15.9%	6.7%
Information	438,261	11.9%	3.5%
Financial Services	866,937	10.7%	7.0%
Professional and Business Services	991,431	9.8%	8.0%
Educational Services	1,032,400	10.9%	8.3%
Health Care and Social Assistance	1,919,884	15.9%	15.5%
Leisure and Hospitality	904,049	11.5%	7.3%
Other Services	500,639	10.8%	4.0%
Public Administration	937,740	15.5%	7.6%
Total	12,392,191	11.1%	100.0%

Source: Author's calculations using Public Use Microdata Sample files from the 2000 Census.

Charts A3 through A6 in the appendix present the data on the distribution of Black workers and low-wage Black work across the four regions analyzed in this report. As mentioned in Chapter 2, there is a variation in the proportion of Black workers holding low-wage jobs. In addition, the key industries for Black employment vary in each metropolitan area. Chart 3.1B provides data on the top five industries for Black employment in each region. These sectors capture between 54.1% (San Francisco Bay Area) and 59.5% (New York) of all Black workers. While Health Care and Social Assistance, Professional and Business Services, and Transportation are among the top five in each area, other ranking sectors are Retail Trade (Los Angeles; San Francisco Bay Area); Financial Services (New York; Chicago); Educational Services (Los Angeles; New York); and Manufacturing (Chicago; San Francisco Bay Area).

Chart 3.1B—Top Five Sectors Employing Black Workers in Each Metropolitan Area

NEW YORK CITY			
Major Industry Sector	Number of Blacks in Sector	Percent of Sector that is Black	Sector Percent of Total Black Employment
Health Care and Social Assistance	183,433	38.7%	23.3%
Financial Services	81,625	19.6%	10.4%
Professional and Business Services	72,589	17.8%	9.2%
Transportation and Warehousing	69,290	33.2%	8.8%
Educational Services	61,713	20.8%	7.8%
Total	468,650		59.5%

LOS ANGELES			
Major Industry Sector	Number of Blacks in Sector	Percent of Sector that is Black	Sector Percent of Total Black Employment
Health Care and Social Assistance	46,369	14.6%	14.6%
Educational Services	35,451	13.6%	11.2%
Professional and Business Services	34,315	9.2%	10.8%
Transportation and Warehousing	30,749	18.1%	9.7%
Retail Trade	28,474	8.0%	9.0%
Total	175,358		55.2%

SAN FRANCISCO BAY AREA			
Major Industry Sector	Number of Blacks in Sector	Percent of Sector that is Black	Sector Percent of Total Black Employment
Health Care and Social Assistance	24,853	10.7%	12.8%
Professional and Business Services	23,802	5.9%	12.2%
Transportation and Warehousing	19,502	15.3%	10.0%
Retail Trade	18,660	6.7%	9.6%
Manufacturing	18,312	3.9%	9.4%
Total	105,129		54.1%

CHICAGO			
Major Industry Sector	Number of Blacks in Sector	Percent of Sector that is Black	Sector Percent of Total Black Employment
Health Care and Social Assistance	76,531	23.4%	14.6%
Manufacturing	61,344	10.0%	11.7%
Transportation and Warehousing	56,725	27.3%	10.9%
Financial Services	50,300	15.9%	9.6%
Professional and Business Services	49,911	12.0%	9.6%
Total	294,811		56.4%

Source: Author's calculations using Public Use Microdata Sample files from the 2000 Census.

Industrial Distribution of Low-Wage Black Workers

Chart 3.2A facilitates an examination of the presence of low-wage Black workers in each sector. As stated in Chapter 2, 56.5% of Black workers in the United States received low wages in 2000. In four sectors—Retail Trade; Health Care and Social Assistance; Leisure and Hospitality; and Other Services—the sector proportion of low-wage Black workers was far above the national average. These four sectors contained 36.0% of the Black workforce. In seven sectors—Mining; Utilities; Transportation; Information; Financial Services; Educational Services; and Public Administration (34.3% of the Black workforce)—the sector proportion of low-wage Black workers was below the national average. In the remaining four sectors—Construction; Manufacturing; Wholesale Trade; Professional and Business Services—the proportion of low-wage Black workers approximated the national average. (There were 29.7% of Black workers in these sectors.)

Chart 3.2A—Low-Wage Black Workers

Major Industry Sector	Sector Percent of Total Black Employment	Percent of Black Low-Wage Workers in Sector
Mining	0.2%	44.5%
Utilities	1.0%	33.5%
Construction	4.1%	57.4%
Manufacturing	14.9%	54.6%
Wholesale Trade	2.7%	58.9%
Retail Trade	9.2%	73.3%
Transportation and Warehousing	6.7%	43.4%
Information	3.5%	41.1%
Financial Services	7.0%	49.3%
Professional and Business Services	8.0%	57.4%
Educational Services	8.3%	45.8%
Health Care and Social Assistance	15.5%	61.7%
Leisure and Hospitality	7.3%	80.3%
Other Services	4.0%	65.3%
Public Administration	7.6%	36.9%
Total	100.0%	56.5%

Source: Author's calculations using Public Use Microdata Sample files from the 2000 Census.

Chart 3.2B (next page) presents the top five sectors in each region with respect to the presence of low-wage Black workers. Retail Trade, Leisure and Hospitality, and Other Services are represented in the top five low-wage sectors for Black workers in all four metropolitan areas. Other leading low-wage sectors include: Wholesale Trade (New York; Los Angeles; San Francisco Bay Area); Professional and Business Services (Los Angeles; Chicago); Manufacturing (New York); and Health Care and Social Assistance (Chicago; San Francisco Bay Area). These top five low-wage sectors cover between 24.3% (New York) and 42.6% (Chicago) of all Black workers in the regions.

Retail Trade—A Site of Racialized Battles

Of the industries discussed above, Retail Trade has been a particularly contentious site of political battles. There are many pressures to expand the retail industry in urban areas. First, many urban areas are an untapped market for large retail businesses such as Wal-Mart. Second, as some retail stores leave central cities to follow their middle class customer base to suburban areas, the influx of immigrants to the urban core brings with it a need to satisfy the consumer demand of these new residents. Third, many state tax structures have constrained the ability of cities to raise funds except through sales tax revenue; hence, the attraction of retail to cities is as a mechanism to fill cities' treasuries. Fourth, a key feature of the dynamics of the Black community in metropolitan areas has been the dispersion of Black residents across the region and the impoverishment of old Black neighborhoods. This increasing poverty and the lack of quality retail outlets have led many advocates of Black community economic development to fight for new retail establishments.

However, this last effort occurs in very complicated terrain. Advocates wishing to bring large retail stores to inner-city neighborhoods are often opposed by groups fighting the negative byproducts of these establishments. Among these spillover effects are: the drain on public monies due to associated tax subsidies and infrastructure expenditures; increased traffic congestion; the elimination of neighborhood-based small businesses; and the reduction of wages for retail workers. This last factor is often debated in racialized terms as proponents of retail development portray themselves as promoters of Black community uplift while simultaneously painting their opponents (labor unions and others) as either defenders of white privilege, adversaries of Black economic growth, or both.

As this highly charged argument takes place, more and more research is documenting the negative impacts on wages of large retail establishment such as Wal-Mart. For instance, Dube, Eidlin and Lester have found that when a Wal-Mart store opens in a metropolitan area

Chart 3.2B—Top Five Low-Wage Sectors in Each Metropolitan Area

NEW YORK CITY			
Major Industry Sector	Number of Blacks in Sector	Sector Percent of Total Black Employment	Percent of Black Low-Wage Workers in Sector
Retail Trade	58,139	7.4%	70.1%
Leisure and Hospitality	40,607	5.2%	60.7%
Other Services	40,835	5.2%	59.0%
Wholesale Trade	14,695	1.9%	56.3%
Manufacturing	37,427	4.7%	53.2%
Total	191,703	24.3%	

LOS ANGELES			
Major Industry Sector	Number of Blacks in Sector	Sector Percent of Total Black Employment	Percent of Black Low-Wage Workers in Sector
Leisure and Hospitality	14,712	4.6%	70.1%
Retail Trade	28,474	9.0%	69.1%
Other Services	13,378	4.2%	62.2%
Professional and Business Services	34,315	10.8%	56.8%
Wholesale Trade	7,905	2.5%	56.0%
Total	98,784	31.1%	

SAN FRANCISCO BAY AREA			
Major Industry Sector	Number of Blacks in Sector	Sector Percent of Total Black Employment	Percent of Black Low-Wage Workers in Sector
Leisure and Hospitality	10,043	5.2%	76.3%
Retail Trade	18,660	9.6%	66.7%
Other Services	8,402	4.3%	64.7%
Wholesale Trade	3,969	2.0%	62.2%
Health Care and Social Assistance	23,802	12.2%	53.9%
Total	64,876	33.4%	

CHICAGO			
Major Industry Sector	Number of Blacks in Sector	Sector Percent of Total Black Employment	Percent of Black Low-Wage Workers in Sector
Leisure and Hospitality	29,064	5.6%	72.4%
Retail Trade	44,791	8.6%	65.0%
Other Services	22,405	4.3%	55.1%
Health Care and Social Assistance	76,531	14.6%	51.7%
Professional and Business Services	49,911	9.6%	48.3%
Total	222,702	42.6%	

Source: Author's calculations using Public Use Microdata Sample files from the 2000 Census.

county, average earnings per worker fall by 0.5% to 0.8% in the general merchandise sector of retail. In the grocery sector, average earnings per worker fall 0.8% to 0.9%. Overall, when the analysis shifts from average earnings to total earnings, the impact on workers in the grocery and general merchandise sectors is a reduction in total earnings of approximately 1.3%. While the impact of Wal-Mart in rural areas was different, Dube et al. estimated that nationwide, the entry of Wal-Mart stores, in 2000, resulted in the reduction of total earnings for retail workers by \$4.7 billion.^{xi}

This section of the chapter seeks to document the presence of Black workers in the retail industry. It finds that Black workers have a significant presence in retail; therefore, it stands to reason that Black workers are adversely impacted by the entry of Wal-Mart (and other large retail employers paying low wages) into their city. Consequently, the racially charged debate needs to be reexamined.

Black Workers in the Retail Industry

Chart 3.3A shows the rising importance of the retail industry in the employment prospects for U.S. workers. In the nation as a whole, and in the four regions studied in this report, the retail share of total employment rose significantly from approximately 7% in 1980 to approximately 11% in 2000. This trend among all workers was replicated when simply examining Black workers (Chart 3.3B).

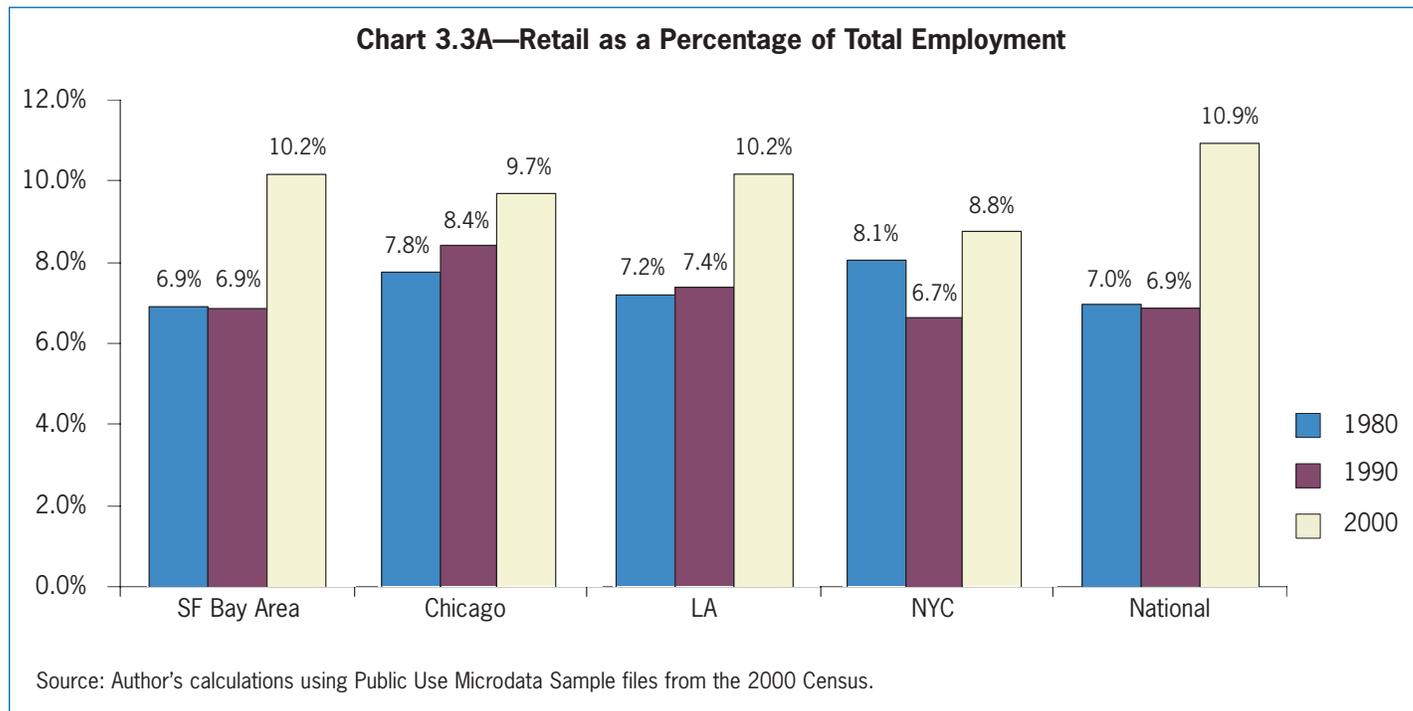
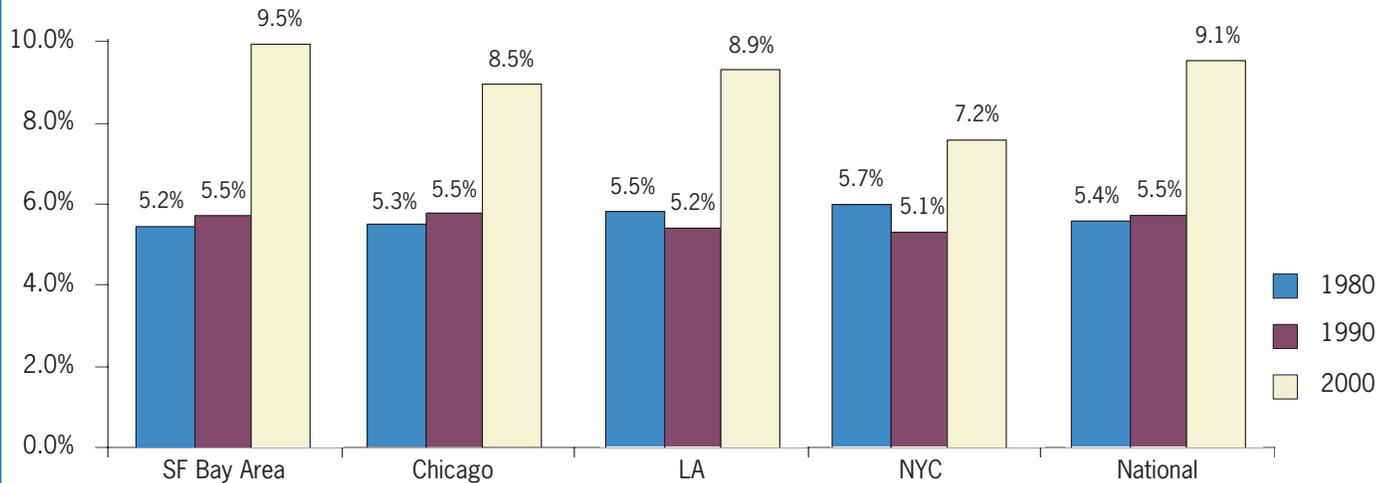


Chart 3.3B—Retail as a Percentage of Black Employment

Source: Author's calculations using Public Use Microdata Sample files from the 2000 Census.

Chart 3.4 details the presence of Black retail workers in 2000. What is striking is that while the importance of the retail industry for Black employment is approximately the same across the four regions and the nation (varying between 7.2% and 9.5%), the share of all retail workers that is Black varies widely. In the United States, approximately 9% of all retail workers are

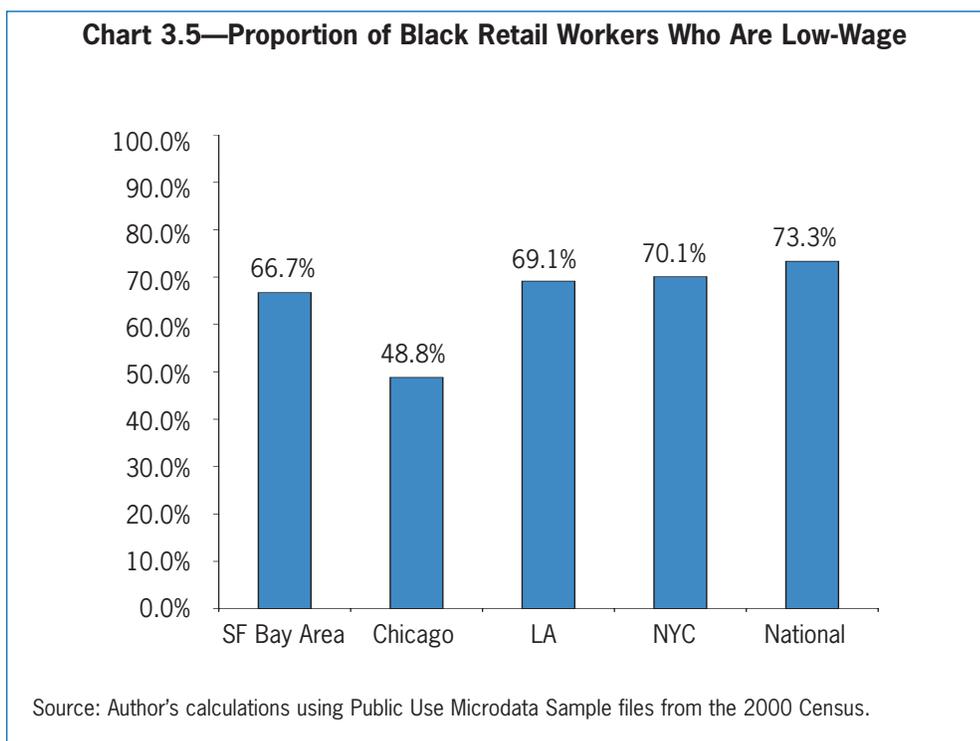
Chart 3.4—Black Employment in Retail

Region	Number of Black Workers in Retail	Percent of Retail Workers who are Black	Percent of Black Workers who are in Retail
San Francisco Bay Area	18,660	6.7%	9.5%
Chicago	44,791	13.3%	8.5%
Los Angeles	28,474	8.0%	8.9%
New York	58,139	19.1%	7.2%
National	1,140,326	9.2%	9.1%

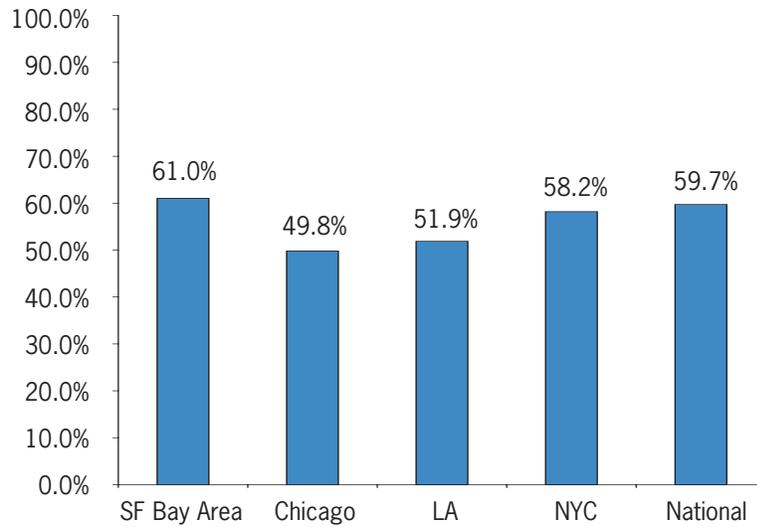
Source: Author's calculations using Public Use Microdata Sample files from the 2000 Census.

Black. This proportion is matched in Los Angeles and is only slightly lower in the San Francisco Bay Area. In Chicago, this proportion rises to 13.3%. However, in New York City, one-fifth of all retail workers are Black.

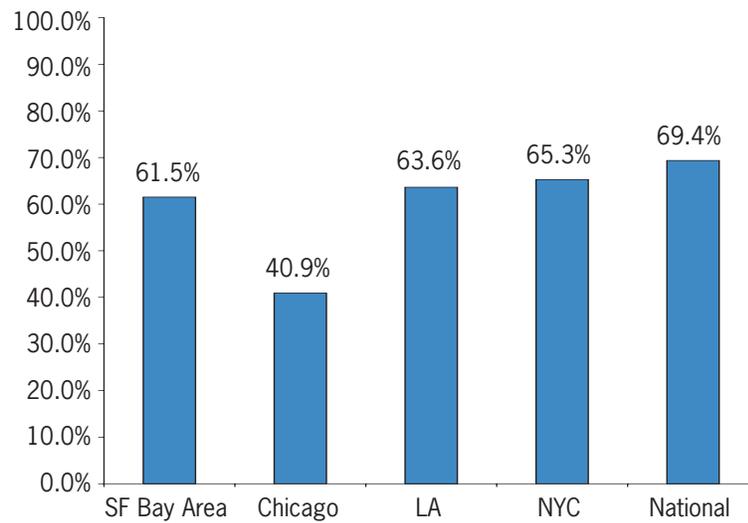
As expected, the retail industry is a low-wage industry. Chart 3.5 illustrates this by indicating the proportion of Black retail workers who receive low wages. In the nation, approximately 73.3% of all Black retail workers are low-wage workers. This figure varies in the regions analyzed in this report, from 48.8% (Chicago) to 70.1% (New York).



While a large portion of the Black retail workforce is part-time, full-time Black retail workers still have a high propensity to receive low wages. If we examine low-wage Black retail workers nationwide, 59.7% of all low-wage Black retail workers are full-time; in the four regions, the proportion falls to between 49.8% (Chicago) and 61.0% (San Francisco Bay Area) (see Chart 3.6). If we examine full-time Black retail workers, large numbers of these full-time Black retail workers are low-wage. In the nation, the proportion is 69.4%; in New York City, 63.6%; in Los Angeles, 40.9%; in Chicago, 63%; and in the San Francisco Bay Area, 61.5% (see Chart 3.7).

Chart 3.6—Proportion of Low-Wage Black Retail Workers Who Are Full-Time

Source: Author's calculations using Public Use Microdata Sample files from the 2000 Census.

Chart 3.7—Proportion of Full-Time Black Retail Workers Who Are Low-Wage

Source: Author's calculations using Public Use Microdata Sample files from the 2000 Census.

Conclusion

This chapter illustrates where Black workers are concentrated and which industries employ large numbers of low-wage Black workers, indicating a need to examine how public policy can improve the wages in these industries. This conclusion is reinforced by the examination of the retail industry and the finding that large numbers of Blacks work in the retail industry for low wages. Both set of findings highlight the need for policy makers to find mechanisms to promote job quality in certain industries if governments are to address the low-wage jobs crisis in the Black community.

CHAPTER FOUR: GLOBALIZATION, JOB QUALITY AND BLACK WORKERS

Chapter Overview

This chapter looks at the interrelated issues of globalization, offshoring and job quality for Black workers. It begins by presenting an overview of the issue of offshoring. Next, the chapter uses the overview to link the potential to send certain jobs offshore and projections of job growth to the data on the industrial distribution of Black workers and low wages. Finally, the chapter concludes by using a typology of offshoring and job quality to explore using public policy to enhance the quality of jobs held by Black workers. The data shows that significant numbers of low-wage Black workers are employed in projected growth industries with limited exposure to offshoring. Given this reality, policy advocates need to begin to explore how to improve the job quality in these industries.

Some key findings in this chapter are:

- 40% of all Black workers are employed in 8 industries that face a reduced threat from offshorable jobs ("highly non-offshorable"), and these sectors are projected to contribute approximately 40% of all job growth between 2004 and 2014.
- Two of these sectors—Construction and Public Administration—have a relatively high level of unionization.
- Two other sectors—Retail Trade and Leisure and Hospitality—have a high incidence of low-wage Black workers.
- In the category of "non-offshorable," Health Care and Social Assistance is expected to contribute 23% of the job growth between 2004 and 2014; currently, approximately 62% of the Black workers in the sector receive low wages.

Globalization, “Offshorability” and Job Quality

When popular commentators speak of globalization, they often link it to the loss of jobs in the United States to other countries, the pressures on U.S. workers’ wages, or both. Unfortunately, this perspective captures only a portion of the impact of globalization on jobs. A more complete view recognizes that globalization in the 21st century is causing a new division of work around the world. Just as many tasks that were performed by workers in this country now are being performed by workers in other countries, the numbers of other jobs in this country are growing. The rising importance of trade means that workers are needed to receive and distribute foreign goods. The existence of some U.S. cities as global cities means that workers are needed to provide a range of business services to transnational corporations located in this country. The growth in the care industry has been phenomenal as more children, elderly and disabled people are served by workers hired by a range of profit and non-profit companies. The number of jobs in these industries and others is growing, and the nature of many of these jobs is such that they cannot be shipped outside the country.

In a series of papers published in 2006 and 2007, Alan Blinder attempted to explore more deeply the issue of which jobs are offshorable.^{xiii} The old view of offshorability was that any job that produced something that could be boxed and shipped was a job that could be offshored. In common parlance, these jobs were located in the manufacturing sector of the economy, and the offshoring firms produced goods and not any “intangible” services. In recent years, as many high technology jobs have shifted overseas, this view has been updated to recognize the potential loss of service jobs. A more complete view raises the basic question: does the transaction need to be personally delivered? Cars can be produced anywhere and then shipped to the consumer. Customer service calls from the United States can be answered anywhere as long the call operator has the technical and linguistic ability. Warehouses that receive foreign goods must be relatively close to the residences of consumers. Providers of care for children, the elderly and the disabled must be within arms-reach of those they serve.

Several caveats must be made with this line of reasoning. The line between personally and non-personally delivered services is not fixed; as transaction costs fall and more tasks/information can be digitized, the line between personal and non-personal will shift. Also, not all tradable goods and services will be offshored despite the potentiality of being offshored. Finally, some seemingly “rooted” goods/services can be offshored. In the residential construction industry, many workers are finding their jobs threatened by the use of prefabricated housing parts.

Black Workers and Job Offshorability

This section attempts to combine Blinder's broad notions of offshorability as he applied them to the major industry sectors with data on the presence of Black workers in these sectors.^{xiii} Chart 4.1 presents a "guesstimate" of how offshorable an industry might be. Given the rough approximations that accompany using industry sectors as the unit of analysis, nothing is surprising in the chart. These "guesstimates" are supplemented by December 2005 Bureau of Labor Statistics employment projections.^{xiv} The projections reported employment levels for 1994 and 2004 and projected employment in 2014. In the appendix, Chart A7 presents this data covering the 2004 to 2014 period in the fifteen non-farm major industry sectors.

Chart 4.1—Employment by Major Industry Sector 2004, and Projected 2014, Estimated "Offshorability"

Major Industry Sector	2004–2014	2000		"Offshorability"
	Sector Share of Total Change	Percent of Sector that is Black	Sector Percent of Total Black Employment	
Mining	-0.2%	4.7%	0.2%	Highly Non-offshorable
Utilities	0.0%	10.3%	1.0%	Highly Non-offshorable
Construction	4.2%	6.6%	4.1%	Highly Non-offshorable
Manufacturing	-4.2%	10.0%	14.9%	Highly Offshorable
Wholesale Trade	2.5%	7.3%	2.7%	Highly Non-offshorable
Retail Trade	8.8%	9.2%	9.2%	Highly Non-offshorable
Transportation and Warehousing	2.7%	15.9%	6.7%	Highly Non-offshorable
Information	1.9%	11.9%	3.5%	Highly Offshorable
Financial Activities	4.5%	10.7%	7.0%	Highly Offshorable
Professional and Business Services	24.4%	9.8%	8.0%	Mixed
Educational Services	4.8%	10.9%	8.3%	Non-Offshorable
Health Care and Social Assistance	23.0%	15.9%	15.5%	Non-Offshorable
Leisure and Hospitality	11.9%	11.5%	7.3%	Highly Non-offshorable
Other Services	3.9%	10.8%	4.0%	Mixed
Public Administration	11.6%	15.5%	7.6%	Highly Non-offshorable
Total	100.0%	11.1%	100.0%	

Source: Author's calculations using Public Use Microdata Sample files from the 2000 Census and employment projections from the Bureau of Labor Statistics.

In order to better see potential links between Black workers, job quality and offshorability, Charts 4.2 through 4.5 divide the industry sectors into four categories—“highly non-offshorable;” “non-offshorable;” “mixed;” and “highly offshorable”—and add data on low-wage Black work in each sector. Almost one-half of Black workers are employed in industries with a reduced threat from offshorable jobs (“highly non-offshorable”). Two sectors are projected to have zero or negative job growth between 2004 and 2014. In the remaining sectors, most have high incidences of low-wage Black workers or are highly unionized (Construction; Public Administration). In the category of “non-offshorable,” Health Care and Social Assistance is expected to contribute 23% of the job growth between 2004 and 2014, and, currently, approximately 62% of the Black workers in this sector receive low wages. Among the “mixed” industries, Professional and Business Services require a closer examination. The industry will be a significant contributor to job growth, and it is clear that some of the jobs in the sector, including janitorial services and security services, are “locked” in this country as long as there are property and buildings to clean and secure.

Chart 4.2—Employment by Major Industry Sector 2004, and Projected 2014, Estimated “Offshorability”

Major Industry Sector	2004–2014 Sector Share of Total Change	2000			“Offshorability”
		Percent of Sector that is Black	Sector Percent of Total Black Employment	Percent of Black Low-Wage Workers in Sector	
Mining	-0.2%	4.7%	0.2%	44.5%	Highly Non-offshorable
Utilities	0.0%	10.3%	1.0%	54.6%	Highly Non-offshorable
Construction	4.2%	6.6%	4.9%	33.5%	Highly Non-offshorable
Wholesale Trade	2.5%	7.3%	2.7%	58.9%	Highly Non-offshorable
Retail Trade	8.8%	9.2%	9.2%	73.3%	Highly Non-offshorable
Transportation and Warehousing	2.7%	15.9%	6.7%	43.4%	Highly Non-offshorable
Leisure and Hospitality	11.9%	11.5%	7.3%	80.3%	Highly Non-offshorable
Public Administration	11.6%	15.5%	7.6%	36.9%	Highly Non-offshorable
Total	41.5%		39.6%		

Source: Author's calculations using Public Use Microdata Sample files from the 2000 Census and employment projections from the Bureau of Labor Statistics.

Chart 4.3—Employment by Major Industry Sector 2004, and Projected 2014, Estimated “Offshorability”

Major Industry Sector	2004–2014	2000			“Offshorability”
	Sector Share of Total Change	Percent of Sector that is Black	Sector Percent of Total Black Employment	Percent of Black Low-Wage Workers in Sector	
Educational Services	4.8%	10.9%	8.3%	45.8%	Non-Offshorable
Health Care and Social Assistance	23.0%	15.9%	15.5%	61.7%	Non-Offshorable
Total	27.8%		23.8%		

Source: Author’s calculations using Public Use Microdata Sample files from the 2000 Census and employment projections from the Bureau of Labor Statistics.

Chart 4.4—Employment by Major Industry Sector 2004, and Projected 2014, Estimated “Offshorability”

Major Industry Sector	2004–2014	2000			“Offshorability”
	Sector Share of Total Change	Percent of Sector that is Black	Sector Percent of Total Black Employment	Percent of Black Low-Wage Workers in Sector	
Professional and Business Services	24.4%	9.8%	8.0%	57.4%	Mixed
Other Services	3.9%	10.8%	4.0%	65.3%	Mixed
Total	28.4%		12.0%		

Source: Author’s calculations using Public Use Microdata Sample files from the 2000 Census and employment projections from the Bureau of Labor Statistics.

Chart 4.5—Employment by Major Industry Sector 2004, and Projected 2014, Estimated “Offshorability”

Major Industry Sector	2004–2014	2000			“Offshorability”
	Sector Share of Total Change	Percent of Sector that is Black	Sector Percent of Total Black Employment	Percent of Black Low-Wage Workers in Sector	
Manufacturing	-4.2%	10.0%	14.9%	57.4%	Highly Offshorable
Information	1.9%	11.9%	3.5%	41.1%	Highly Offshorable
Financial activities	4.5%	10.7%	7.0%	49.3%	Highly Offshorable
Total	2.3%		25.4%		

Source: Author’s calculations using Public Use Microdata Sample files from the 2000 Census and employment projections from the Bureau of Labor Statistics.

How does this information relate to the issue of Black workers, job quality and public policy? Consider the typology of jobs sketched in Chart 4.6.

Chart 4.6—A Typology of Jobs from the Perspective of Job Quality and “Offshorability”

	Low-Wage	Non-Low-Wage
Non-Offshorable	I	II
Offshorable	III	IV

Jobs that fall in the first row are those that will be difficult to offshore in the foreseeable future due to the nature of the job, its relationship to the production and delivery of the good and/or service, and the nature of existing technology. Jobs that fall into the second row are under a more immediate threat to be sent offshore. Workers performing jobs in the first column receive low wages; higher paying jobs fall into second column. Quadrant I jobs pay poorly but can be expected to be performed in the country for some time. Quadrant II jobs should be stable in this country for awhile, but pay better than Quadrant I jobs. Quadrant III jobs pay poorly, but, due to the nature of the global economy, they might be sent offshore soon. Quadrant IV jobs pay better than Quadrant III jobs, but their existence in this country is threatened.

Consider the jobs in each of the four quadrants from the perspective of worker attractiveness and public policy. We should gladly say farewell to Quadrant III jobs and welcome the global currents that take these jobs away. Quadrant II jobs are welcomed, and public policy should attempt to strengthen these sectors and develop job training programs so that the unemployed, youth and persons re-entering the labor force have prospects at getting these jobs. Quadrant IV jobs pose a more vexing public policy dilemma. Some of these jobs may be desirable, but given economic realities, preserving these jobs will require a transfer of income and resources into these sectors to prevent their disappearance. Quadrant I jobs are those that are typically ignored when discussing public policy and job quality. No one speaks

of training individuals for these jobs. Economic development plans with criteria for job quality do not attempt to attract these industries. However, these jobs exist and their numbers are growing; *someone is going to hold these jobs and no amount of individual skill development will alter this reality*. To the extent that the concern for job quality stems from a concern for workers, policy advocates must begin to examine ways to improve the quality of these jobs.

Conclusion

This chapter represents a preliminary attempt to relate the notion of job quality and Black workers to the larger global context. Often, the discussion concerning labor market outcomes for Blacks centers on issues of racial disparity. However, another key dimension is the manner in which the rapidly changing global economy affects job quality prospects for Black workers. This chapter presents very rough approximations that indicate close to one-half of Black workers are in industries that are relatively immune from offshoring pressure in the immediate future. Many of these industries contain very high proportions of Blacks who work for low wages. This analysis supports other aspects of this research that point to the need for additional policy focused on transforming the structure of those industries in order to raise wages.

CHAPTER 5

CONCLUSION: USING PUBLIC POLICY TO IMPROVE JOB QUALITY FOR BLACK WORKERS

This report has examined the labor market for Black workers. Three realities for Black workers have become evident. First, the traditional approach to these issues, which focuses on the concern over high unemployment rates, must be expanded to address the crisis of low wages for Black workers. Research presented here documents that there is a crisis: 56.5% of all Black workers hold low-wage jobs compared to 43.9% of all white workers. This problem exists even if Black workers are full-time: 54.0% of full-time Black workers receive low wages compared to 39.3% of full-time white workers.

Second, there is a need to explore how to transform industries in order to improve job quality for significant numbers of Black workers. In 2000, three industry sectors employed 39.6% of all Black workers; in two of those sectors—Health Care and Social Assistance; and Retail—the percentage of Black workers receiving low wages exceeded 60% (61.7% and 73.3% respectively).

Third, the impact of globalization and the re-division of work reinforces this need to focus on industries that generate high levels of low-wage Black employment. Health Care and Social Assistance and Retail are expected to be among the top five large growth sectors between 2004 and 2014. In a third large growth sector, Leisure and Hospitality, 80.3% of all Black workers are low-wage. These same industries have a low probability of exposure to the threat of offshoring.

These data indicate that the approach to the jobs crisis in the Black community needs to be broadened in two fundamental ways. First, policy advocacy and resource allocation must expand to include grappling with issues of low-wage work. Large numbers of Blacks work in low-wage industries; many of those industries will experience substantial employment

growth by 2014; and many of the growth industries face less of a threat from offshoring compared to other industries. Job training programs alone will not deal with this reality of a growing number of low-wage jobs.

Second, the dominant focus on individual behavior must be expanded to examine the job opportunity structure presented by the economy. Currently, most questions of workers ask what skills they have or don't have; which of their behaviors are positive or dysfunctional; and how to move them away from their current job. Little effort is made to understand why certain jobs are created; what determined the level of pay in these jobs beyond individual characteristics; and what choices do low-wage workers face in the labor market. In a context where an extremely large number of jobs are projected in occupations that currently offer low wages, it is important to expand our knowledge beyond the traits of individual workers and examine the structure of the economy. We need to do more than attempt to move workers out of these jobs; we need to seek ways to improve the jobs that will be created. This examination of the opportunity structure must include understanding how the patterns of the 21st global economy affect low-wage Black workers.

Given this two-dimensional crisis of work in the Black community, effective policy responses are needed in three broad areas: Low-wage Work; Unemployment; Regional Economic Development.

LOW-WAGE WORK

- **Unionization.** The presence and projection of substantial numbers of low-wage jobs requires policies that will help transform these jobs into better-paying, better-quality jobs. One set of effective responses is in the area of unionization. Studies indicate that workers in unions (or covered by union contracts) receive higher wages than other workers. This “union premium” is just one of many benefits that union members earn. The data shows that Black workers have a higher rate of unionization than other workers, and surveys reveal that Black workers have a higher inclination to join unions relative to other workers. But a combination of shifts in the economy, fierce resistance by businesses, indifferent government regulation of labor laws, and a lack of initiative on the part of some unions has led to a reduction in the strength of unions. Still, surveys indicate that most workers want some union representation. A variety of policies that make it easier for workers to form unions and minimize business interference with workers exercising their freedom of association would be a step toward better job quality.

- **Labor standards/Enhanced labor law enforcement.** Since the 1880s, governments have passed laws to influence firms' treatment of their workers. Child labor laws, occupational health and safety laws, and 8-hour work day legislation are just some of the ways governments have attempted to create minimum standards to regulate the interaction of workers and businesses in the labor market. In the arena of wages, minimum wage legislation has been the dominant tool used by local, state and national government to improve labor standards, but, recently, other sets of tools have been used to affect job quality. However, in recent years, the same combination of economic shifts, business opposition, and government indifference has led to reduction in the real value of the minimum wage and a deterioration of labor law enforcement.^{xv} The lack of labor law enforcement has accelerated the development of an informal "sweatshop" economy in most cities. To counteract this trend, community groups, unions and progressive public officials have joined forces to raise standards and increase labor law enforcement. "Living wage" laws have been passed to affect the behavior of firms that have contracts with cities, counties and states. A variety of industry-specific minimum wage laws have been passed covering areas such as hotels (Emeryville, CA) and large retail stores (Chicago—vetoed by the mayor). San Francisco recently raised the minimum wage for workers in the city and passed an ordinance mandating a minimum number of sick days for employees. All of these efforts create standards in labor markets that raise job quality for workers.

UNEMPLOYMENT

- **Targeted workforce development.** Given that unemployment is still a major problem plaguing the Black community, one clear remedy is a set of effective job training programs. Too often, traditional job training programs are underfunded, have insufficient capacity and are not directly linked to actual jobs. Addressing these concerns would go a long way to solving portions of the joblessness crisis. However, as long as these programs focus on individual clients without also examining the labor market that job seekers engage, the impact of these efforts on job quality will be limited. More workforce development efforts must link individuals to quality jobs but also build institutions that can engage the particular labor market in order to transform it. For instance, programs that seek to train workers can be complemented by efforts to create job ladders within firms so that individuals have a possibility of mobility within the business. Another example of efforts to train and transform markets would be those workforce development programs that seek to link individuals to union apprenticeship program.

- **Public sector jobs program focused on youth and people who are formerly in incarcerated.** Some of the best workforce development programs will still not reach every sub-population that needs assistance; in these cases, the public sector can play an invaluable role in providing employment to individuals from these groups. In particular, Black youth and people who were formerly incarcerated have unique needs that can be partially satisfied by a public sector jobs program. Black youth from central cities in the United States face a variety of challenges: urban school systems ill-equipped to prepare most of their students; neighborhoods that sustain a subculture of despair; local economies that fail to produce many family-sustaining jobs to which youth can aspire; and a criminal justice system all too willing to institutionalize youth when the above factors result in behavior deemed antisocial. These myriad of institutional failures are complicated; governments can begin to push against the tide by deciding it is in the interest of society—and hence, an important government role—to provide meaningful job experience to these youth. A similar web of institutional constraints faces people who were formerly incarcerated. Without the proactive role of the government in providing valuable jobs that would otherwise be unavailable to them, the pull of their old world may be too great for some people.

REGIONAL ECONOMIC DEVELOPMENT

- **Targeted regional sector economic development with clear equity criteria.** Quality jobs cannot be obtained without a thriving economy that hires workers. That seemingly obvious statement is sometimes missing from the set of policies prescriptions usually offered by advocates. At the same time, unabashed promoters of economic growth often forget that “natural” market processes are usually accompanied by uneven economic development; inequality manifests itself across people and neighborhoods. Therefore, a final important remedy to the jobs crisis is a set of policies that promotes “growth with equity.” While detail on these policies is beyond the scope of this report, elements include: accountable development practices so that economic subsidies are dispensed in ways in which social goals are advanced and the public treasuries protected; community benefit agreements that allow neighborhoods to share in the wealth that is created through local economic development projects; and job quality criteria/targets that are explicit within city, regional and state economic development plans.

Endnotes

ⁱ New York, Chicago and Los Angeles were chosen because in 2000 these metropolitan areas contained the largest number of Black residents. In addition, the Black communities of Chicago and Los Angeles have recently engaged in major public battles surrounding job quality and Wal-Mart. The San Francisco Bay Area was included to update earlier research. One result of these selections was the national data often exhibits weaker economic performances relative to the four regions because of the presence of the Black population in the South.

ⁱⁱ The primary data sources for this report are the U.S. Census Bureau's Public Use Microdata Set (PUMS) for the year 2000 and the Bureau of Labor Statistics's Current Population Survey. The PUMS data contains the responses of individuals during the national census. Because the data are at the individual level, they provide a more detailed portrait of behavior than is revealed in other decennial Census data releases. Many of these releases present data at the tract, block group or block level. However, the gain from providing this level of geographic detail is balanced by the loss of data on individuals in order to maintain confidentiality. The PUMS provides the benefits of detailed individual responses; however, for confidentiality reasons, the smallest level of geography is aggregations of at least 100,000 persons.

ⁱⁱⁱ Sarkar, Pia (2005) "Want a Wal-Mart Job?..." *San Francisco Chronicle* (August 17). More recently, Wal-Mart opened a store in metropolitan Detroit and 5,000 applicants appeared for 300 jobs. See Greta Guest (2007) "5,000 Apply for 300 Jobs at Wal-Mart Supercenter," *Detroit Free Press* (August 7).

^{iv} This report's focus does not imply that African Americans are the only racial and ethnic group to face differential outcomes in the labor market or that the labor market experiences of African Americans should be privileged over other groups. Race still matters in determining a wide variety of social and economic outcomes in United States society, and it affects the life chances of all persons of color. In addition, the old binary approach to race—reducing the country's realities to simply Black and white—was never fully accurate and has even less validity today. However, while race affects all racial and ethnic groups, the way in which race affects particular groups will vary across groups given the unique histories of each group. To ignore these key distinctions renders any effort to seriously address racialized outcomes impotent. In order to address the impacts of racism on African Americans, it is essential to study and understand the racial realities of Blacks and not subsume these experiences under the rubric of "people of color."

^v The basic data source for this report is the U.S. Census Bureau's Public Use Microdata Set (PUMS) for the relevant years. The data are available online courtesy of the University of Minnesota's Minnesota Population Center at <http://www.ipums.umn.edu/usa/>.

^{vi} Data on Blacks, whites, Asians and others will reflect the non-Hispanic portions of those groups. Hence, these four categories will be mutually exclusive of the fifth key grouping: Latino. It is important to recognize that these categories are self-identified by Census respondents. In the case of many Afro-Latinos, they have not chosen the "Black" racial identifier; therefore, many individuals whom causal observers would identify as Black do not appear in Census data as Black.

^{vii} These characteristics focus on the impact of job attributes on the individual worker. An entirely different dimension of job quality explores the impact of a job (or job creation) on the welfare of the surrounding community. The creation of jobs may be accompanied by social costs and benefits that extend beyond those received by an individual worker. These positive and negative external effects (e.g., the pollution and congestion costs of firm location; spillover effect resulting from low unemployment and/or high-wage jobs) should be taken into account for a complete measure of job quality.

^{viii} These thresholds take into account regional variations by using the state minimum wage in 1970 where it was greater than the federal minimum wage and employing regional deflators (as calculated by the Bureau of Labor Statistics) to adjust for inflation.

^{ix} The use of 2000 Census data facilitates the inter-city comparison and a sector analysis of wages among Black workers. Despite the passage of time since 2000, the thrust of the story is still relevant. 2000 was the peak year of the economic expansion of the 1990s. Incomes have not recovered since the recession that followed 2000. See recent reports on the Internal Revenue Service data concerning adjusted gross income since 2005. The average income for tax filers in 2005 was still 1% less than it was in 2000. David Cay Johnston (2007) "2005 Incomes, On Average, Still Below 2000 Peak," *New York Times* (August 21, 2007). Another set of facts that illustrates the saliency of 2000 data: in 2000, 22.5% of all Blacks lived below the official poverty line; in 2005, the figure was 24.7%. See tables posted by the Census Bureau at: <http://www.census.gov/hhes/www/poverty/histpov/hstpov2.html>.

^x This term was used instead of the traditional categories of "unemployed" and "not in the labor force" in order to use comparable data in this report. The Census question that asks about a respondent's labor force status refers to activity in the week prior to the survey response. The data about hours worked, weeks worked and income refers to the year prior to the census year.

^{xi} Arindrajit Dube, Barry Eidlin and Bill Lester (2005), "Impact of Wal-Mart Growth on Earnings throughout the Retail Sector in Urban and Rural Counties," Institute of Industrial Relations Working Paper Series: 126-05 (posted at <http://repositories.cdlib.org/iir/iirwps/iirwps-126-05>).

^{xii} "Offshoring: the Next Industrial Revolution?" in *Foreign Affairs*, (March/April 2006) and "How Many U.S. Jobs Might Be Offshorable?" Center for Economic Policy Studies Working Paper No. 142 (March 2007) Princeton University.

^{xiii} As Blinder correctly points out, a more precise measurement of the offshorability of a job must examine occupations within industries. Within a broad industry sector, some individual services may be offshorable while others are not.

^{xiv} The projections data used in this section can be found at the U.S. Department of Labor, Bureau of Labor Statistics website at: <http://www.bls.gov/news.release/ecopro.t01.htm>.

^{xv} See the recent report by the Brennan Center for Economic Justice for documentation of the lax labor law enforcement in New York City. *Unregulated Work in the Global City* (2007).

APPENDIX CHARTS

Chart A1—Prior Year Labor Force Status of the Working-Age Population for All Races

THE UNITED STATES

Labor Force Status	White	Black	Asian	Latino	Other
Didn't Work Last Year	17.8%	26.2%	23.7%	25.4%	29.8%
Irregular	11.1%	13.1%	13.0%	12.3%	14.3%
Part-Time	19.0%	18.9%	20.0%	23.2%	20.4%
Full-Time	52.0%	41.9%	43.3%	39.3%	35.5%
Total	99.9%	100.2%	100.0%	100.2%	100.0%

SAN FRANCISCO BAY AREA

Labor Force Status	White	Black	Asian	Latino	Other
Didn't Work Last Year	16.3%	25.7%	21.2%	22.1%	27.8%
Irregular	10.5%	13.0%	11.6%	11.9%	11.9%
Part-Time	20.1%	18.7%	20.5%	25.4%	22.0%
Full-Time	53.1%	42.6%	46.7%	40.6%	38.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

CHICAGO

Labor Force Status	White	Black	Asian	Latino	Other
Didn't Work Last Year	15.0%	28.8%	19.9%	23.2%	30.0%
Irregular	10.0%	13.1%	11.9%	10.5%	12.1%
Part-Time	18.8%	19.0%	20.4%	24.2%	19.4%
Full-Time	56.3%	39.1%	47.7%	42.2%	38.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

LOS ANGELES

Labor Force Status	White	Black	Asian	Latino	Other
Didn't Work Last Year	21.0%	30.5%	27.0%	28.2%	36.6%
Irregular	11.7%	12.4%	12.5%	12.0%	12.9%
Part-Time	21.1%	19.7%	21.1%	25.7%	21.7%
Full-Time	46.2%	37.5%	39.4%	34.1%	28.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

NEW YORK CITY

Labor Force Status	White	Black	Asian	Latino	Other
Didn't Work Last Year	23.3%	32.1%	28.0%	33.7%	40.2%
Irregular	10.0%	11.4%	11.2%	11.2%	12.2%
Part-Time	18.0%	16.6%	20.4%	19.0%	16.6%
Full-Time	48.7%	39.9%	40.5%	36.1%	31.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Author's calculations using Public Use Microdata Sample files from the 2000 Census.

Chart A2—Prior Year Wage and Labor Force Status of the Working-Age Population for All Races

THE UNITED STATES					
Labor Force Status	White	Black	Asian	Latino	Other
Didn't Work and Irregular Work	28.9%	39.3%	36.7%	37.7%	44.1%
Low-Wage Work	31.2%	34.4%	28.2%	42.9%	35.3%
Non-Low-Wage Work	39.8%	26.4%	35.1%	19.6%	20.6%
Total	99.9%	100.2%	100.0%	100.2%	100.0%

SAN FRANCISCO BAY AREA					
Labor Force Status	White	Black	Asian	Latino	Other
Didn't Work and Irregular Work	26.8%	38.7%	32.8%	34.0%	39.6%
Low-Wage Work	23.3%	30.2%	28.7%	42.7%	35.1%
Non-Low-Wage Work	49.9%	31.1%	38.5%	23.3%	25.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

CHICAGO					
Labor Force Status	White	Black	Asian	Latino	Other
Didn't Work and Irregular Work	25.0%	41.9%	31.8%	33.7%	42.0%
Low-Wage Work	22.7%	25.6%	26.0%	41.9%	35.0%
Non-Low-Wage Work	52.3%	32.5%	42.1%	24.4%	23.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

LOS ANGELES					
Labor Force Status	White	Black	Asian	Latino	Other
Didn't Work and Irregular Work	32.7%	42.9%	39.5%	40.2%	49.6%
Low-Wage Work	25.7%	28.9%	29.9%	44.9%	35.2%
Non-Low-Wage Work	41.6%	28.2%	30.6%	14.9%	15.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

NEW YORK CITY					
Labor Force Status	White	Black	Asian	Latino	Other
Didn't Work and Irregular Work	33.3%	43.5%	39.2%	44.9%	52.4%
Low-Wage Work	19.6%	26.5%	31.6%	34.5%	30.0%
Non-Low-Wage Work	47.0%	30.0%	29.2%	20.6%	17.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Author's calculations using Public Use Microdata Sample files from the 2000 Census.

**Chart A3—Industrial Distribution and Low-Wage Status of Black Workers:
San Francisco Bay Area**

Major Industry Sector	Number of Blacks in Sector	Percent of Sector that is Black	Sector Percent of Total Black Employment	Percent of Black Low-Wage Workers in Sector
Mining	118	5.1%	0.1%	37.3%
Utilities	2,035	10.8%	1.0%	13.8%
Construction	7,457	4.8%	3.8%	46.4%
Manufacturing	18,312	3.9%	9.4%	42.7%
Wholesale Trade	3,969	4.0%	2.0%	62.2%
Retail Trade	18,660	6.7%	9.6%	66.7%
Transportation and Warehousing	19,502	15.3%	10.0%	41.8%
Information	10,675	7.4%	5.5%	33.3%
Financial Services	16,367	7.8%	8.4%	48.1%
Professional and Business Services	23,802	5.9%	12.2%	48.7%
Educational Services	14,587	7.7%	7.5%	45.8%
Health Care and Social Assistance	24,853	10.7%	12.8%	53.9%
Leisure and Hospitality	10,043	5.6%	5.2%	76.3%
Other Services	8,402	8.2%	4.3%	64.7%
Public Administration	15,694	14.6%	8.1%	26.5%
Total	194,476	7.2%	100.0%	49.1%

Source: Author's calculations using Public Use Microdata Sample files from the 2000 Census.

**Chart A4—Industrial Distribution and Low-Wage Status of Black Workers:
Chicago**

Major Industry Sector	Number of Blacks in Sector	Percent of Sector that is Black	Sector Percent of Total Black Employment	Percent of Black Low-Wage Workers in Sector
Mining	101	6.5%	0.0%	0.0%
Utilities	4,448	16.5%	0.9%	18.7%
Construction	11,962	6.0%	2.3%	30.6%
Manufacturing	61,344	10.0%	11.7%	39.9%
Wholesale Trade	13,015	8.3%	2.5%	46.4%
Retail Trade	44,791	13.3%	8.6%	65.0%
Transportation and Warehousing	56,725	27.3%	10.9%	33.7%
Information	20,595	17.0%	3.9%	26.4%
Financial Services	50,300	15.9%	9.6%	38.9%
Professional and Business Services	49,911	12.0%	9.6%	48.3%
Educational Services	44,275	17.7%	8.5%	35.0%
Health Care and Social Assistance	76,531	23.4%	14.6%	51.7%
Leisure and Hospitality	29,064	13.6%	5.6%	72.4%
Other Services	22,405	15.6%	4.3%	55.1%
Public Administration	37,080	28.4%	7.1%	21.7%
Total	522,547	15.1%	100.0%	44.0%

Source: Author's calculations using Public Use Microdata Sample files from the 2000 Census.

**Chart A5—Industrial Distribution and Low-Wage Status of Black Workers:
Los Angeles**

Major Industry Sector	Number of Blacks in Sector	Percent of Sector that is Black	Sector Percent of Total Black Employment	Percent of Black Low-Wage Workers in Sector
Mining	149	5.6%	0.0%	34.2%
Utilities	3,434	13.9%	1.1%	19.2%
Construction	7,666	4.4%	2.4%	49.9%
Manufacturing	25,668	4.3%	8.1%	44.3%
Wholesale Trade	7,905	4.4%	2.5%	56.0%
Retail Trade	28,474	8.0%	9.0%	69.1%
Transportation and Warehousing	30,749	18.1%	9.7%	46.0%
Information	19,804	9.9%	6.2%	37.3%
Financial Services	24,381	9.9%	7.7%	46.5%
Professional and Business Services	34,315	9.2%	10.8%	56.8%
Educational Services	35,451	13.6%	11.2%	45.6%
Health Care and Social Assistance	46,369	14.6%	14.6%	55.8%
Leisure and Hospitality	14,712	5.5%	4.6%	70.1%
Other Services	13,378	7.5%	4.2%	62.2%
Public Administration	25,363	21.2%	8.0%	29.7%
Total	317,818	9.2%	100.0%	50.6%

Source: Author's calculations using Public Use Microdata Sample files from the 2000 Census.

**Chart A6—Industrial Distribution and Low-Wage Status of Black Workers:
New York City**

Major Industry Sector	Number of Blacks in Sector	Percent of Sector that is Black	Sector Percent of Total Black Employment	Percent of Black Low-Wage Workers in Sector
Mining	124	11.4%	0.0%	0.0%
Utilities	4,834	25.9%	0.6%	21.9%
Construction	27,238	17.6%	3.5%	46.2%
Manufacturing	37,427	14.2%	4.7%	53.2%
Wholesale Trade	14,695	12.6%	1.9%	56.3%
Retail Trade	58,139	19.1%	7.4%	70.1%
Transportation and Warehousing	69,290	33.2%	8.8%	38.9%
Information	37,824	19.8%	4.8%	35.6%
Financial Services	81,625	19.6%	10.4%	37.8%
Professional and Business Services	72,589	17.8%	9.2%	49.7%
Educational Services	61,713	20.8%	7.8%	37.2%
Health Care and Social Assistance	183,433	38.7%	23.3%	49.7%
Leisure and Hospitality	40,607	15.6%	5.2%	60.7%
Other Services	40,835	23.0%	5.2%	59.0%
Public Administration	57,830	34.4%	7.3%	30.3%
Total	788,203	22.8%	100.0%	46.9%

Source: Author's calculations using Public Use Microdata Sample files from the 2000 Census.

Chart A7—Employment by Major Industry Sector 2004, and Projected 2014

Major Industry Sector	Thousands of Jobs		Change 2004–2014		
	2004	2014	Numeric Change	Sector Share of Total Change	Average Annual Rate of Sector Change
Mining	523	477	-46	-0.2%	-0.9%
Utilities	570	563	-8	0.0%	-0.1%
Construction	6,965	7,757	792	4.2%	1.1%
Manufacturing	14,330	13,553	-777	-4.2%	-0.5%
Wholesale Trade	5,655	6,131	476	2.5%	0.8%
Retail Trade	15,035	16,683	1,649	8.8%	1.1%
Transportation and Warehousing	4,250	4,756	506	2.7%	1.2%
Information	3,138	3,502	364	1.9%	1.2%
Financial Services	8,052	8,901	849	4.5%	1.1%
Professional and Business Services	16,414	20,980	4,566	24.4%	2.8%
Educational Services	2,766	3,665	898	4.8%	3.3%
Health Care and Social Assistance	14,187	18,482	4,295	23.0%	3.0%
Leisure and Hospitality	12,479	14,694	2,215	11.9%	1.8%
Other Services	6,210	6,943	734	3.9%	1.2%
Public Administration	21,619	23,790	2,171	11.6%	1.0%
Total	132,193	150,877	18,684	100.0%	1.4%

Source: Author's calculations using Public Use Microdata Sample files from the 2000 Census.

UC Berkeley Center for Labor Research and Education

The Center for Labor Research and Education (Labor Center) is a public service project of the UC Berkeley Institute for Research on Labor and Employment, and an affiliate of the University of California Miguel Contreras Labor Program. Since 1964, the Labor Center has produced research, trainings and curricula that deepen understanding of employment conditions and develop diverse new generations of leaders.

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