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EMPLOYMENT PATTERNS AND THE
DILEMMA OF DESEGREGATION

Remarks By

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Employment Patterns and the
Dilemma of Desegregation

The agony of American society in attempting to re-arrange its institutions to eradicate the legacy of racial segregation and discrimination can be observed in the headlines of any daily newspaper. Undoubtedly, the task of providing passage ways for the American Negro into the mainstream of our economic life is one of the fundamental challenges facing our Nation -- and it will continue to face us for years to come.

At the same time, however, these same daily newspapers carry other stories of the great strides which Negroes are making in all kinds of new areas of expanding opportunities, in both the public and private sector. Yet, the disquiet persists: the growing examples of personal success are paralleled by growing examples of group failures and community deterioration.

While, on balance, the main thrust of the Negro's current experience in America is definitely forward, the pace of progress is far from even. Employment opportunities for Negroes are expanding more rapidly than the number of Negroes possessing the skills to take advantage of them. Simultaneously, however, there is increasing stagnation at the opposite end of the spectrum: unemployment among the unskilled has produced a state of permanent depression, especially among young Negro women.

Moreover, desegregation is causing a sharp re-structuring in the organization and functioning of the Negro community itself. This is especially true of the position and role of the Negro middle class. This group, although small in numbers, has traditionally provided the symbols of success. Consisting mainly of teachers, preachers, lawyers, medical practitioners, and businessmen, they were the principal sources of aspiration for Negro youth. But there was also something paradoxical about the position of the Negro middle class: it was almost wholly the product of segregation. Because racial discrimination and segregation in the society at large greatly restricted the access of the Negro to the market for many types of services (especially public accommodations and personal services), a protective tariff was created which essentially shielded a separate Negro market. Behind this wall, the Negro middle class grew and prospered.

Now, however, with desegregation proceeding apace, the protective tariff of segregation is eroding, and throughout the community the winds of a new kind of competition are blowing. As a result, the Negro middle class is drifting into a class of clerks and middle grade technicians. This trend holds serious implications for the future of leadership in the Negro community.

In the rest of these remarks, these trends are explored more fully:

- First, the recent trend and pattern of employment among nonwhites are traced, and the need for an expanded training program is shown to be urgent.
- Secondly, the impact of desegregation on the Negro middle class is shown to have been particularly adverse.
- Thirdly, the heavy reliance of middle class Negroes on employment in the public sector -- rather than on private industry -- is demonstrated.
- Fourthly, the trend of employment among Negroes in clerical, technical and other middle grade white collar positions is traced, and its implication for leadership is weighed.

Recent Employment Trends

In general, employment among nonwhites has continued on the rising trend evident since 1963. However, the slowdown in the demand for labor in general associated with the current inventory adjustment has had adverse effects in the last few months. For example, in May of this year, the unemployment rate among nonwhites was 7.8 per cent compared with 3.8 per cent for the economy as a whole. The nonwhite rate was somewhat higher than the average for the first four months, as well as for the same period of 1966. Taking a somewhat longer view, between the

first quarter of 1966 and the first quarter this year, there was also a slight rise in unemployment among nonwhites, while that for whites declined further. All of the further weakening in the employment position of nonwhites occurred among nonwhite women whose unemployment rose by more than enough to offset the gains made by nonwhite men. While unemployment among white women also rose, it was more than counter balanced by increases among white men. On the whole, however, with the revival of stronger growth in the economy later in the year, employment prospects for nonwhites are also expected to be strengthened.

Long-Term Unemployment and the Need for Training

Over a still longer view, there has been no improvement in the incidence of long-term unemployment among nonwhites. In fact, there has been some further deterioration. This can be seen in the following statistics showing nonwhites as a percentage of the various types of unemployment in selected years:

	<u>1957</u>	<u>1961</u>	<u>1966</u>
<u>Share of:</u>			
Total unemployment	19.9	20.5	21.8
15 weeks and over	22.6	22.5	23.7
27 weeks and over	24.1	23.6	24.6

Thus, in each category, there has been a steady climb in the nonwhites' share of unemployment since the recession of 1961. In fact, the proportions

are essentially unchanged from those of a decade ago. The persistence of long-term unemployment among nonwhites is particularly distressing and clearly calls for a concerted attack on a national scale to provide marketable skills -- especially among young people.

Here I am not advocating the enrollment of every unemployed youth in a four-year college -- nor even in a two-year trade school. Instead, I think it would be far more fruitful to concentrate on the acquisition of skills through on-the-job training.

The U.S. Department of Labor has already made long strides in this direction. Their experience in the last few years clearly demonstrates the efficacy of this approach. Under the existing legislation, the Department is able to negotiate a wide range of contracts with private industry to provide training for low-skilled persons while they are actually employed. Currently, the average outlay is about \$560 per trainee, for whom the period of instruction averages 18 weeks. However, both officials responsible for the program and participating employers are far from happy with the impact they are making. In the first place, the average trainee entering the program today needs much more assistance than was the case five years ago. In 1962, for example, average expenditure per trainee was about \$300 (compared with over \$500 today) and the average training period was much less than 18 weeks currently prevailing. But in those earlier years, the typical trainee was a man already possessing some kind of skill and work experience who was temporarily unemployed. Today

however, the typical trainee is likely to be a young man who requires instruction even in basic education before he can begin to absorb the training relating to the specific job.

The consequence is a greatly increased need for more investment in the program. Even by next year, some officials estimate the average cost per trainee may climb to over \$900 -- especially if the program is to reach out toward more meaningful occupations.

In my judgement, this is a target worth pursuing. At the same time, I realize that such a program will require more public investment if it is to achieve its objectives. After all, when we ask a private business to take on and train a group of unskilled youth or adult members of the long-term, hard core unemployed, we essentially are asking that firm to become somewhat less efficient (at least in the short-run) in its operations. Yet, many companies -- recognizing their responsibility to help reduce the backlog of unemployment which is a burden to the community as a whole -- have chosen to participate in the program. Since they are taking on a good share of what is clearly a public responsibility, I think we should be willing to compensate them from public funds to a greater extent than we do now.

Segregation and the Negro Middle Class

As I mentioned above, a most striking paradox relating to employment opportunities for Negroes is the extent to which their better-paying jobs have traditionally depended on racial segregation. About two years ^{ago,} I examined this relationship in detail, and the results have been reported previously. However, I think it would be worthwhile to provide a brief summary here.

Very roughly, I defined the Negro middle class as those employed in the professional, technical and managerial occupations. Undoubtedly, many others (especially those employed in the sales and clerical fields) could be included, but the above classification seemed most convenient and adaptable to statistical measurement.

Using the information from the Census of Population for 1960, I rearranged the figures to show the degree to which Negroes employed in the middle class occupations were primarily providing services to the Negro community on a segregated basis or serving the society as a whole on a non-segregated basis. For example, one can readily agree that Negro ministers preach mainly to Negro congregations, and Negro funeral directors serve a Negro clientele. To almost the same extent, Negroes employed in educational institutions were essentially looking after the education of Negro students. At the opposite extreme, professional workers such as physicists, engineers, economists and architects work predominately under open, non-segregated conditions.

Thus, one can identify a continuum of occupations -- one end of which is anchored in the Negro community and the other in the economy as a whole. Along this spectrum, we can locate the principal categories of middle class occupations held by Negroes.

In general outline, the results are indeed both striking and disturbing.

In 1960, about 7 per cent of the employed Negroes were engaged in middle class occupations, compared with one-fifth of the white population. However, the middle class occupations in which Negroes were concentrated were most heavily dependent on segregation.

Please observe the following:

- Educational institutions accounted for one-third of Negro middle class employment, compared with just over one-tenth for the white population.
- Social work and social services represented 4 per cent of the professional jobs held by Negroes; the corresponding figure for whites was less than 1 per cent.
- Religious institutions accounted for 4 per cent of Negro middle class occupations, but for only 2 per cent of the white group.
- In the world of business, less segregated than the above fields, self-employed Negro businessmen represented 11 per cent of the white collar jobs; the figure for their white counterparts was 15 per cent. Among salaried businessmen, the proportions were 7 per cent for Negroes and about 20 per cent for whites.

As we move into those occupations serving the community as a whole, their representation among Negro professionals drops drastically. For example:

- Economists: Negroes, .07 per cent; whites, 0.14 per cent.
- Engineers, scientists and technicians: Negroes, 3.8 per cent; whites, 10.5 per cent.
- Architects: Negroes, 0.03 per cent; whites, 0.23 per cent.

Still other examples could be cited, but the general tendency is the same: the more highly protected by segregation, the greater is the proportion of Negro professional workers found in the particular occupational category.

Another way to appraise the relation between segregation and economic opportunity in the Negro community is to compare the median incomes of white and non-white professional, technical and managerial workers, adjusted for differences in years of school completed. Put another way, we can ask this question: does there appear to be any differential advantage in terms of income of Negro professionals from concentrating in the relatively segregated occupations?

The tentative answer to this question appears to be "Yes." White and nonwhite professionals seem to have about the same level of education -- with a median of 16.3 years of school completed. However, the median income in 1960 of all white professionals was \$6,778 compared with \$4,640 for nonwhites. This represented a ratio of 68 per cent.

Using similar ratios as bench marks, a number of interesting comparisons emerge.

- A ratio among professional nurses was 104 per cent.
- Among social and welfare workers it was 89 per cent.
- In the world of business, the ratios were:
 - Self-employed businessmen in retail trade, 87 per cent
 - Personal services, 82 per cent
 - Construction, 58 per cent
 - Wholesale trade, 53 per cent
- Elementary school teachers, 83 per cent

- Engineers, scientists and technicians, 83 per cent
- Clergymen, 82 per cent
- Social scientists, 81 per cent

Thus, there appears to be a rough tendency for nonwhites to earn somewhat more, given their level of educational achievement, in those occupations where the protective tariff of segregation has traditionally been the highest. However, the evidence is not altogether clear on this point. As we look at some of the scientific and technical areas, we also note that nonwhites seem to do relatively well compared with whites, given their respective educational attainments. But in this latter category, nonwhites other than Negroes represent a much higher proportion to the total nonwhite employment than in fields such as social work, education and self-employed business.

But having adjusted for these differences, the basic proposition still seems to hold. Professional Negroes, acting rationally under the confining conditions of segregation, seem to have exhibited a general tendency to migrate into those occupations where economic security appeared to be the most assured.

Given this heavy dependence of the Negro middle class on the segregated market place, it is obvious that the process of desegregation may indeed be painful. The evidence is already accumulating. For example:

- Increasingly the desegregation of schools in the South has meant the desegregation of students only. As the Negro student moves over to the white schools, Negro teachers are frequently left behind.

- As previously segregated hotels and motels become open to Negroes, more and more conferences and annual meetings move from the segregated Negro hotels in the ghettos to the choice places downtown.
- With the opening of the doors of the downtown restaurants, the old cafes and segregated banquet halls will be left empty and wanting.
- With the growth in income and the decline of risk, the large nation-wide life insurance companies become increasingly competitive in writing coverage for Negro families. The result is relatively less and less business for the traditional Negro companies.

Other examples could be cited, but the central theme should be clear. With the passing of segregation, the economic foundation and security of the Negro middle class are eroding rapidly. It should also be obvious that if this group is to survive and thrive in the future, new opportunities must be found in an open society.

Middle Class Employment in the Public Sector

So far, however, these needed opportunities have been appearing more in the public than in the private sector. As I mentioned above,

nonwhites have found in the public sector a disproportionate share of the better jobs they now hold. The evidence to document this observation is shown in abundance in the 1960 Census of Population. Although a few of the details may have changed since then, I am confident that the broad picture is most probably the same.

For example, in 1960, public employment (consisting of jobs in Federal, State and local government, and non-profit, welfare and religious organizations) accounted for about 10.2 per cent of total employment. The percentage of nonwhites so employed was essentially the same (9.9 per cent). However, about 35 per cent of all the professional and technical workers were employed by Federal, State, and local government agencies and non-profit organizations. In contrast, about 57 per cent of the nonwhite professional and technical workers were on public rather than private payrolls. Of course, these over-all figures were heavily weighted by the inclusion in the professional categories of both white and Negro women who were employed as public school teachers.

But leaving aside those engaged in public education, the much heavier dependence of the nonwhite middle class on public employment is still striking. For instance, about 1 in 8 of all salaried managers worked for public institutions but the ratio was 1 in 5 for nonwhites. About 17 per cent of the nonwhite engineers in 1960 worked for government bodies compared with only 7 per cent for white engineers. The picture was even more striking for accountants: one-third of all the nonwhite accountants were on public payrolls compared with only 13 per cent for white accountants. Some 22 per cent of nonwhite chemists were employed by public agencies, compared with only 15 per cent of the white chemists.

Clerical workers provide the most striking example of all. In 1960, 39 per cent of all nonwhite women employed as secretaries, stenographers, and

other types of clerical workers were on the public payroll. Only 14 per cent of the white women employed as clerical workers were on the public payroll. Moreover, while nonwhite women represented less than 4 per cent of all of the women with such jobs, they accounted for 10 per cent of those employed by public and non-profit agencies.

The moral of this story should be clear and obvious: so far the private sector has afforded for nonwhites relatively few middle class employment opportunities. Instead, nonwhites for the most part have been hired predominately in those jobs requiring little skills and providing few steps for advancement. While the situation has undoubtedly changed somewhat since 1960 -- as more and more employers adopt equal employment programs and broaden opportunities for training and upgrading -- the basic profile still holds. Thus, in 1965, there were about 6.7 million Negroes over 18 years old holding jobs -- the vast proportion of which were in the private sector. Of the total, 2.2 million were service workers, and 1.5 million were operatives and similar employees possessing relatively few skills. Just under 1 million were laborers; another 333,000 were farm workers, and about 428,000 were craftsmen, foremen, and similarly skilled blue collar workers. Given this heavy concentration, nonwhites (who make up about 11 per cent of the total labor force) represented one-third of all the service workers; one-fifth of operatives and 13 per cent of all the laborers in the work force.

Since public employment cannot provide the long-run, meaningful job opportunities for nonwhites -- any more than for whites -- the direction in which we must look is also clear and obvious: we must look to the private sector.

However, at this point the challenge shifts back to the community at large -- Negro as well as white, public as well as private. The sad truth is -- at least during the last few years -- the opportunities for nonwhites to fill meaningful jobs in the private sector have been expanding more rapidly than the supply of candidates. Here the legacy of segregation and discrimination continues to exact its toll: since few opportunities existed in the past, few nonwhite youth have chosen to run the risk of preparing for careers beyond the shelter of the traditional (frequently segregated) professions -- such as medicine, law, teaching, etc. Thus, the shortage, and thus the frequently heard lament about the slow response to opportunities already provided by many corporations on an equal basis.

Trends in White Collar Employment

The pattern of middle class employment described above has changed significantly the distribution of white collar employment among Negroes. As mentioned above, with the opening of most public accommodations to Negroes, the number of self-employed nonwhite businessmen has declined more rapidly. Moreover, the number of Negro lawyers is growing slowly, while the number of Negro physicians and dentists is actually declining in relation to total Negro employment. Even the number of school teachers is declining relative to the Negro labor force. In contrast, the number of Negro clerical, sales and nonprofessional technical workers has shown remarkable expansion in recent years. By

1966, nonwhites (who constituted 10.8 per cent of total employment) represented 5.0 per cent of all white collar workers. Yet, they accounted for 6.3 per cent of all clerical workers. In contrast, they represented only 4.3 per cent of the professional and technical workers, aside from those employed in teaching and the health professions. Other examples could be cited, but the basic point still holds: white collar employment among Negroes is becoming increasingly concentrated in the middle grade salary categories, especially in nursing, retail sales, data processing, clerical and similar activities.

These trends are disturbing. While these occupations are obviously improvements over the traditional low-paying jobs as operatives, laborers and service workers, they are not particularly promising sources of community leadership. Although a computer programmer may earn as much (or more) than a high school principal, for example, he clearly has less weight in the community's affairs. A Negro reservations clerk in a leading downtown hotel is in the same business as the former Negro hotel owner, but here, also, his community role is less significant. In my opinion, the expansion of opportunities for Negroes in the truly professional and managerial occupations (especially in the private sector) should be a prime goal of the Negro community.

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