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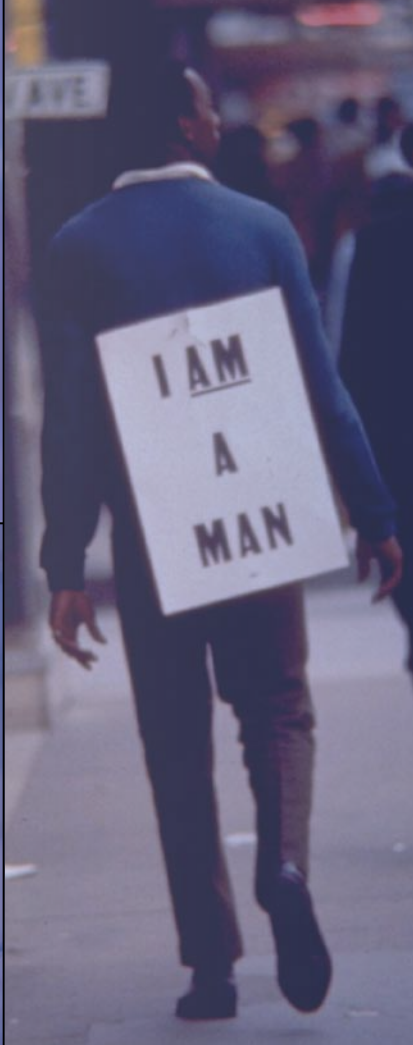


Black Economists

Mark 40th

Anniversary of

the Assassination



A Policy Brief

By Steven C. Pitts, Ph.D.

Labor Policy Specialist  
Center for Labor Research  
and Education

University of California-Berkeley  
and

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Professor and Chair  
Department of Economics  
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April 4, 2008



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UC BERKELEY  
**LABOR  
CENTER**



**HOWARD  
UNIVERSITY**  
Department of Economics

## Foreword

In the context of domestic policy debates, many half-truths are told. However, in recent years, there have been few more potentially corrosive to the American Dream than the notion that there are jobs in this country that “Americans do not want.”

The basic economic philosophy of Dr. Martin Luther King, Jr. — and the millions who followed him — stands in stark contrast to that idea and the basic system of economic logic that spurred it.

At the core of Dr. King's economic understanding is the simple conviction of all free people that if the question is “Will I do that job?,” it is incomplete. Rather, in order for our freedom to remain real, the question must always be, “Will the job pay a wage that allows me to provide for my children, their education, their healthcare, their safety, their food and their shelter?”

For more than 230 years, the American experiment has allowed the world's serfs and slaves and their descendents an alternative example to the belief that their only option is to move from one form of bondage to another. Dr. King's prescription for poverty offers a vision for preserving both the ability of our society to free the productive capabilities of all its inhabitants and our nation's historical power to inspire all who yearn to be free.

We at the Rosenberg Foundation are proud to support the production of this policy brief. As our country still mourns the tragic taking of Dr. King's life, we hope our fellow Americans will remember that his dream never died. It is for everyone and it is within reach.

Benjamin Todd Jealous  
*President*  
Rosenberg Foundation

## Preface

**T**his brief sets out the vision Dr. Martin Luther King, Jr., held for economic justice in America. Dr. King viewed the gross contradictions in our economic system not as aberrations but as predictable components in the cycle of poverty that besets communities – education systems that ill equip millions and impede their ability to compete in a rapidly changing workplace, as well as the misplaced priorities that devalue work and the people who perform it.

As Dr. King struggled to bring these issues to the attention of our nation's government in 1968, he embraced the Memphis sanitation workers' strike and was also organizing the "Poor People's Campaign." This was an effort to physically bring representatives of the poor to Washington, D.C., to petition our government for relief for impoverished Americans, the near poor and the working poor. Dr. King did not envision nor advocate government handouts for the poor or any other group in our society.

He did, however, demand national policies that would address the power imbalance between workers and business and corporate leaders that would provide real opportunity for an improved quality of life. He called for policies that would assure equal opportunity, a job for everyone able and willing to work, the right to form unions if workers so desired, and the right to bargain collectively to improve wages, benefits and conditions of employment. These workers' rights are fundamental elements of a society. As Dr. King believed, you do not have democracy without trade unions, and you cannot have trade unions without democracy. As we continue the struggle to extend economic justice to more people in our nation, we are building on the foundation laid by Dr. King and organized workers' like the Memphis sanitation employees who have fought and sacrificed for a voice on the job and dignity at work.

William (Bill) Lucy  
*International Secretary-Treasurer*  
American Federation of State,  
County and Municipal Employees  
(AFSCME), AFL-CIO





## Introduction

On the 40th anniversary of his assassination, many of us remember Dr. Martin Luther King, Jr., foremost as a civil rights crusader. He first became known to the nation when he successfully led the black people of Montgomery, Alabama, to end the city's segregated public transportation system. That victory and others that followed grabbed worldwide attention because they were achieved through a new combination of Christian love and a tactic of nonviolent resistance inspired by Mahatma Gandhi. As head of the Southern Christian Leadership Conference, Dr. King carried that fight against racial discrimination throughout the South. His 1963 "I Have a Dream" speech, delivered on the steps of the Lincoln Memorial, still stands as an anthem for racial harmony.

*After Congress passed the Civil Rights Act of 1964... Dr. King expanded his struggle for social justice to pursue the economic uplift of the nation's poor.*

But we often forget that Dr. King's philosophy on justice had another dimension. After Congress passed the Civil Rights Act of 1964, outlawing overt discrimination in employment, education and public accommodations, and then enacted the

Voting Rights Act a year later, Dr. King expanded his struggle for social justice to pursue the economic uplift of the nation's poor.

His last speech, delivered just one day before he was cut down, was a rallying statement to support 1,300 black sanitation workers on strike in Memphis. On that day—April 3, 1968—Dr. King said that God

*"allowed me to go up to the mountain. And I've looked over. And I've seen the Promised Land. I may not get there with you. But I want you to know tonight, that we, as a people will get to the Promised Land."*

These were prophetic words, because his legacy lives on. Although the Civil Rights Movement was vast and encompassed many leaders of local and regional organizations, it is not inappropriate that many African Americans compare Dr. King to a modern-day Moses who was instrumental in freeing black people from the tyranny of segregation. God permitted Moses only to glimpse the Promised Land but not to cross over to it. And the children of Israel wandered for 40 years in the wilderness before they finally arrived there.

The story of Israel's wandering has a further parallel with the story of our progress, a painful parallel with the status of many black Americans today. When the children of Israel got to the Promised Land, they found it was already occupied, and they lacked the faith to take the city of Jericho. They wasted time bickering, and they hesitated, because they did not believe they had the power to conquer Jericho's forces, despite having been delivered out of slavery in Egypt. Although they had vanquished Pharaoh's powerful army with no real army of their own, they were stopped by their own uncertainty. They would not take advantage of their new strength to defeat the much less formidable foe in Jericho.

Today, 40 years after Dr. King's mountaintop vision, we seem to be paralyzed outside the gates of our promised city. True, we have made amazing progress to get where we are. Black educational attainment today is three times higher than in 1968, for example. Our out-of-wedlock birthrate has fallen by half. And countless positions of authority—from school boards to political offices to the boardrooms of Fortune 500 corporations—are now filled by black women and men. All of this is testament to black competence, the evidence of which had been stifled for centuries under the weight of racial oppression.

But as a race we are still far from being settled in the Promised Land. Like the children of Israel, our inherent ability and our destiny are far superior to the forces that stand in our way. Yet in many measurable ways we have stood stock still. The blame for this should not be laid at the feet of black men and women, as though a lack of willpower has kept us in thrall to poverty. The causes lie deep in the structures of our economy and our society.

*A true revolution of values will soon cause us to question the fairness and justice of many of our past and present policies. On the one hand we are called to play the good Samaritan on life's roadside; but that will be only an initial act.*

*One day we must come to see that the whole Jericho road must be transformed so that men and women will not be constantly beaten and robbed as they make their journey on life's highway. True compassion is more than flinging a coin to a beggar; it is not haphazard and superficial. It comes to see that an edifice which produces beggars needs restructuring.*

*Dr. Martin Luther King, Jr.  
"Beyond Vietnam—  
A Time to Break the Silence"  
Delivered April 4, 1967,  
Riverside Church, New York, NY*



In the Promised Land that Dr. King envisioned, not only would legal discrimination be ended but so would economic oppression. Significant strides would have been made to ensure that all workers earned a living wage. Racial bias, in all its many subtle forms, would have been eliminated in the workplace. And workers of all colors would have a voice on the job. Their right to organize would not be impeded, and labor unions would operate as an effective counterweight to corporate power. Dr. King argued that poverty is not a natural condition but a consequence of conscious decisions concerning economic policy, government investment, and workers' lack of bargaining power.

*Dr. King argued that poverty is not a natural condition but a consequence of conscious decisions concerning economic policy, government investment, and workers' lack of bargaining power.*

This understanding led to the development of his Poor People's Campaign and his participation in the fight for humane working conditions for the sanitation workers in Memphis.



Dr. King's leadership was not a disembodied idealism. His determination was rooted in the living reality of people's lives, and the struggles he led aimed at concrete changes in policies, laws and practices. It was not by accident that the Civil Rights and Voting Rights acts authorized the federal government to intervene and enforce what was, after all, already a moral obligation. As a consequence of those laws as well as a host of equally inspired programs to reduce poverty in the 1960s the barriers of legal segregation fell, and combined with advocacy for decent pay for workers, these efforts achieved the most dramatic decline in poverty America ever witnessed in a single five-year period, from 1964 to 1969.

That explosion of measurable progress has not been witnessed since. So it is well worthwhile to examine more closely what changed in that decade and how it changed. The 1960s happened to be a fertile time for changes in policy to bear fruit, as the economy was expanding, pushing toward full employment. The dismantling of discriminatory barriers released many black workers trapped in low-wage jobs, and as the minimum wage was raised it elevated the wage floor for all workers, ensuring that everyone along the economic spectrum shared in the nation's growing prosperity. These elements—a full employment economy, the passage and enforcement of anti-discrimination laws, strong unions, and an effective minimum wage—were key ingredients leading to the increase in black living standards.

In an attempt to recapture the full wisdom of Dr. King, this brief examines both sides of the coin: The progress that has been made and the unfinished business before us. We will review the reduction of poverty, increase in incomes and improved occupational opportunities that resulted from the successes of the Civil Rights Movement. And we will examine the stubborn fact that the black poor, both non-working and working, are once again living under extreme economic stress. For the hard truth is that while the United States as a whole is three times wealthier today (measured in constant dollars) than in Dr. King's day, millions of Americans are locked outside the gates of that Promised Land.

## Measuring the 'Sixties

As bad as conditions are today for many African Americans, when the 1960s dawned they were worse, and much more widespread.

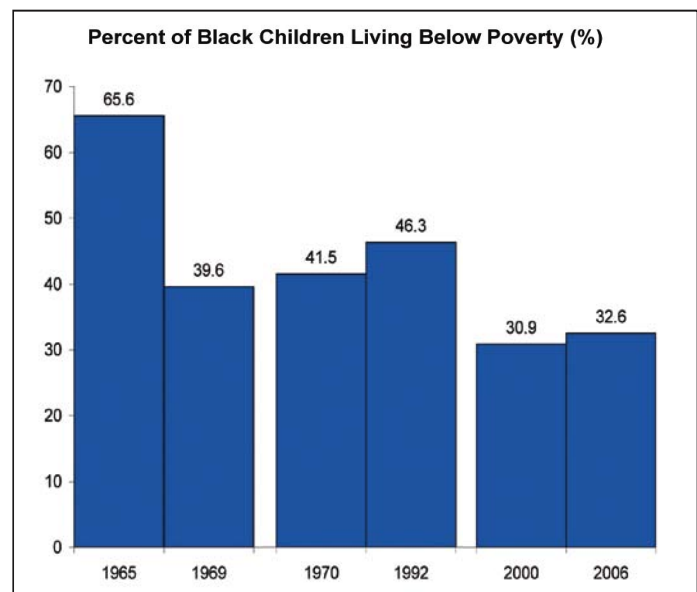
Those living in the South faced the full opposition of the white political establishment from state houses to county seats in their attempts to educate themselves and their children, and even to practice professions for which they earned high degrees. Business success for a black entrepreneur often drew violent retribution when it strayed outside tight segregated boundaries. Up North, exclusions were less severe, but no less effective in creating barriers to black equality. In many cities *de facto* discrimination, privately practiced in everything from home buying to hiring, was common.

When the decade opened, many African American workers were caught in a vice: Beset by the effects of discrimination in the labor market as well as a recession that escalated unemployment. Those with jobs were disproportionately locked into low-wage jobs—household domestic work, farm labor, hotel and janitorial jobs, and the worst jobs in manufacturing. This dual threat of scarce work and low wages trapped the majority of black families in poverty. In 1965, the first year the U.S. Census released an official measurement for child poverty, two out of three black children (65.6 percent) were found to be living in poverty.

Rural poverty and Southern race laws had exacerbated the problem, pushing black families to embark on a second Great Migration to northern cities. The early 1960s marked the end of that wave of blacks leaving the rural South in massive numbers and relocating to urban areas in the North, the Midwest, and the West. Predictably, the migrations swelled the growth of poor urban race-ethnic concentrations marked by widespread joblessness.

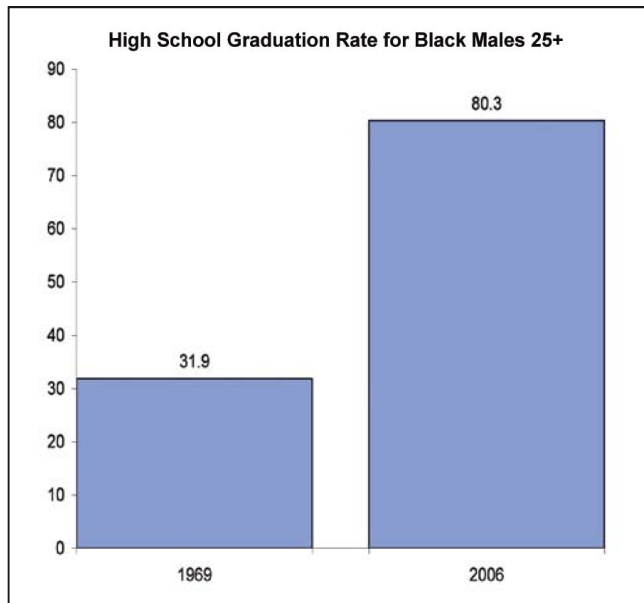
The economic circumstances of most black people were dire. In 1964, black men and women were twice as likely as whites to be unemployed. (The unemployment rate for black men was 8.9 percent, compared to 4.1 for white men; and among women it was 10.7 percent for blacks and 5.5 percent for whites.)<sup>1</sup> The median income among black men was only a little more than half that among white men -- \$2,798 (equivalent to \$14,924 in 2005 dollars), compared with \$4,936 for white men (\$26,328). Among women the median income then was \$1,065 (\$5,681 in 2005

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Source: U.S. Bureau of the Census

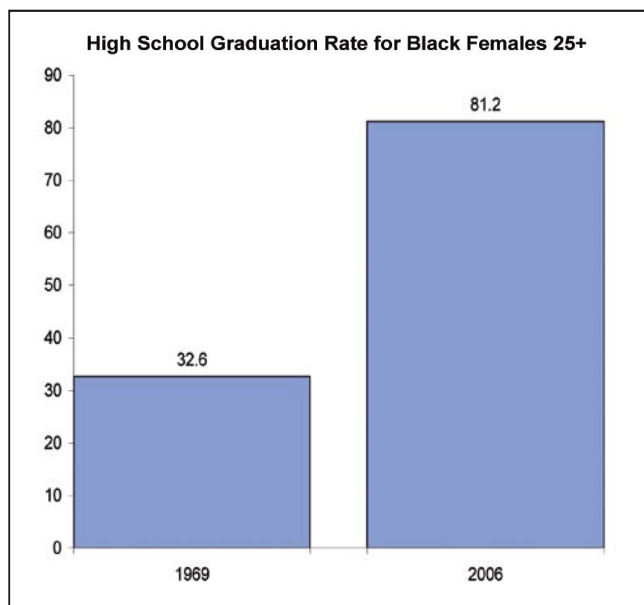
dollars) for blacks compared with \$1,518 (\$8,097) for whites.<sup>2</sup> In 1964, the poverty threshold for a family of four including two children was defined as \$3,104.<sup>3</sup> Therefore, more than half the black men in America did not earn enough to keep a family of four out of poverty.



Source: U.S. Bureau of the Census

servants, compared to just 2 percent of whites. In sum, throughout the labor market blacks were segregated and isolated in the lowest-paying jobs. Open discrimination to the point of segregated help-wanted ads made the lines clear.

The disadvantaged status of blacks at the time also characterized our educational levels. In 1964, only a quarter (23.7 percent) of black men, over age 25, had completed at least



Source: U.S. Bureau of the Census

four years of high school, compared with half (49.3 percent) of white men. The gap among women was nearly identical – 27.5 percent of black women and 51.1 percent of white women.<sup>4</sup> So, with whites having roughly double the education, one could have concluded that the gap in education fully explained the higher income of whites and their lower unemployment and set about calling for an end to poverty only after solving the gap in education.

In his last speech, Dr. King also referred to the New Testament parable of the good Samaritan on the Jericho Road. In the 1960s, the good Samaritans were those who wanted to help individuals, but felt that the larger society—the economic system and the social structure—was basically fine. They believed all that was needed were programs to make poor

individuals better suited for work. The charity they offered was a set of programs to educate and train those in need. Dr. King said at the time that these programs were insufficient, because they did not address the discrimination faced by blacks as they entered the labor market, nor did they address the low wages and poor working conditions faced by many workers—like the sanitation workers of Memphis.

Today, the good Samaritans continue to try to ameliorate black poverty by dispensing the same charity and they are joined by others that preach personal responsibility as the pathway to success. But Dr. King's call for the dismantling of structural racism is as urgent today as it was in 1968, and today the burden of racism is matched by the strain of an economy that fails to reward workers regardless of race—as productivity has risen while the wages of workers have failed to keep up with the cost of living. What is needed then is much more than safety-net programs — effective public policy and greater political organizing are needed to counter both the effects of discrimination and the greedy, unbalanced distribution of wealth upwards, in order to restore a sense of shared prosperity.

*At that time [the early 20<sup>th</sup> Century] economic status was considered the measure of the individual's abilities and talents. And in the thinking of that day, the absence of worldly goods indicated a want of industrious habits and moral fiber. We've come a long way in our understanding of human motivation and of the blind operation of our economic system. Now we realize that dislocations in the market operation of our economy and the prevalence of discrimination thrust people into idleness and bind them in constant or frequent unemployment against their will. The poor are less often dismissed, I hope, from our conscience today by being branded as inferior and incompetent. We also know that no matter how dynamically the economy develops and expands, it does not eliminate all poverty.*

*Dr. Martin Luther King, Jr.  
"Where Do We Go from Here"  
August 16, 1967  
Southern Christian Leadership  
Conference 11th Convention  
Atlanta, GA*

## **Full Employment and Income Security**

Dr. King focused on dismantling the laws which allowed for the persistence of racial segregation. The Civil Rights Act of 1964 put an end to exclusionary newspaper want ads as well as discrimination in pay and hiring. The Act outlawed segregation in businesses open to the public, like the lunch counters where students conducted sit-ins to protest segregation, and in facilities receiving public support like libraries, and made discriminatory practices in employment illegal. Most importantly,

*(continued on page 12)*



### **Taylor Rogers**

## **A Stand for Dignity in Memphis**

In 1968, Taylor Rogers was a city sanitation worker in Memphis, Tennessee. It was a dirty, backbreaking job that took him into backyards and alleys to empty garbage from 55 gallon drums into tubs that had to be carried to trucks. Aside from the mind numbing physical drudgery, there were severe health risks. Many of the workers would be covered with garbage for hours with no opportunity to wash. They had to take their clothes off before entering their homes to keep the maggots out.

"We were so poorly paid, that some of us worked 40 hours a week and were still eligible for welfare," Rogers remembers. Although Memphis was a major southern city, the treatment the sanitation workers received was little better than working on a plantation. "You had to do what the boss said or you'd be fired," says Rogers. "We had no say in how we were treated."

Finally, Rogers and the other 1,300 black Memphis sanitation workers got "tired of being overworked and underpaid." As municipal workers they called upon Mayor Henry Loeb to provide better wages, more reasonable hours and better working conditions. "Our chief demand," says Rogers, "was to be treated with dignity, to be treated as men."

Mayor Loeb refused to negotiate with the workers, asserting that unions in the South were illegal. The workers' response was to strike.

With their job action came tremendous financial sacrifice since the workers did not even have the meager incomes that their jobs provided, recalls Rogers, who had a wife and eight children to support. But the strikers got

by on contributions from their black neighbors, churches and unions from across the country. The black community of Memphis had taken a stand that there would be no turning back.

After months of their job stoppage, Taylor Rogers and the sanitation workers received new hope when Dr. Martin Luther King and the Southern Christian Leadership Conference decided to join them on the picket line.

Dr. King understood that by embracing the cause of the lowly Memphis sanitation workers, he combined the struggle to end racial oppression with the fight to guarantee workers a voice in the workplace—elements essential to securing economic opportunity and social justice for black people.

Rogers recalls standing in the Mason Temple that fateful night on April 3, 1968, when Dr. King gave his "Mountaintop" sermon. The church was packed to overflowing with strikers and supporters. Now 82, Rogers can repeat Dr. King's words from memory: "I may not get there with you. But I want you to know tonight, that we, as a people will get to the Promised Land."

Soon after Dr. King's assassination, the world's attention turned to Memphis. The strikers succeeded in forming AFSCME Local Union 1733 under the leadership of T. O. Jones, its first president, and the City Council agreed to their demands. Taylor Rogers, the union's president from 1972 to 1992, is retired now. He is certain that the sanitation workers' success not only changed the lives of municipal employees in Memphis, but it provided the basis for improved conditions for workers throughout the South. "Our victory made life better for all my brother workers," says Rogers. "More importantly, it was a victory for dignity at work and it opened the doors of opportunity for other black people all over America."



## **Craig Jones**



## **Shouting "Enough" in the Millennium Era**

The struggle for basic workers rights that Taylor Rogers and the Memphis sanitation employees pursued 40 years ago is not over. Currently, millions of low-end workers—many of them part of the “Millennium Generation”—toil under demeaning conditions at poverty wages. But today, as in Memphis, there are still workers who are prepared to stand up and shout, “Enough!”

Craig Jones, a 29-year-old janitorial worker from Cincinnati, Ohio, courageously organized his fellow janitors to form a union and demand better working conditions in the face of stiff corporate resistance. He embodies the new face of the worker’s struggle.

Jones grew up in Cincinnati’s black and economically depressed Over the Rhine neighborhood, which received national notoriety in 2001 from the police shooting of 19-year-old Timothy Thomas, an unarmed black youth. That incident sparked a riot and several days of civil unrest.

Jones refused to become a crime statistic, like so many other young black men he grew up with. He developed a work ethic as a youngster. When he was nine, his godmother paid him to do little jobs like mowing her lawn. Between the ages of 15 and 18 he was a cook, dishwasher and cashier and he bussed tables at several restaurants. He later worked at a casting foundry, and was a temporary factory worker and landscaper.

In 2003, Jones worked for Professional Maintenance, a janitorial service that contracted with some of the biggest corporations in Cincinnati. Like many janitorial workers in the city, he made \$6.50 an hour. He had no health care coverage, no paid vacation or any other benefits. “If I missed work one day, I lost that day’s pay and was docked \$.50 an hour for the other days I worked that week,” explained Jones, who always had difficulty making ends meet, even as a single man with a low-income housing subsidy.

Professional Maintenance contracted with the managers of major downtown office buildings. It was financially advantageous to pay a lump sum

to understaffed cleaning teams while pocketing the extra profits. It meant there was always more work than people to perform the tasks, and the janitorial staff, all black, had to work harder for the same pay.

Jones joined other janitors in demanding better pay and benefits on behalf of the other workers. “What we wanted was basic respect. We were no different from the Memphis sanitation workers who said, ‘I am a Man,’” offers Jones. “And we wanted what other workers receive, a living wage and health insurance.”

Their requests were ignored. As working conditions deteriorated, Jones was contacted by the Service Employees International Union (SEIU) and became a union point man for organizing the janitors. One of the tactics used by the union to bring Professional Maintenance to the negotiating table was to organize rallies and pickets in front of major office buildings in downtown Cincinnati. Janitors from Pittsburgh, Milwaukee and Chicago helped swell the ranks of picketers.

Through vigorous organizing and persistent activism, the janitors formed SEIU Union Local 3 with 1,500 members. They won a five-year contract that took full effect in January 2008 with wages topping at \$9.80 an hour, health coverage and paid vacations.

Craig Jones is now an SEIU member organizer conducting a campaign to organize janitors in Indianapolis, Indiana. He insists that his fight against unfair labor practices is a continuation of the struggle of the Memphis sanitation workers four decades ago.



(continued from page 9)

the Act created the Equal Employment Opportunity Commission to provide an enforcement arm aimed at ending employment discrimination. The addition of an enforcement mechanism set the Act apart from earlier civil rights acts. The Act outlawed discrimination on the basis of race, national origin, religion and gender. Thus, it also lifted bans that had held down back women and immigrants. As a result, while it was a culmination of sorts for the black Civil Rights Movement, it launched movements for women and Hispanic workers. In 1967, Dr. King made an address to the Southern Christian Leadership Conference in which he laid out his economic thinking with elegant clarity. Among other points he said this:

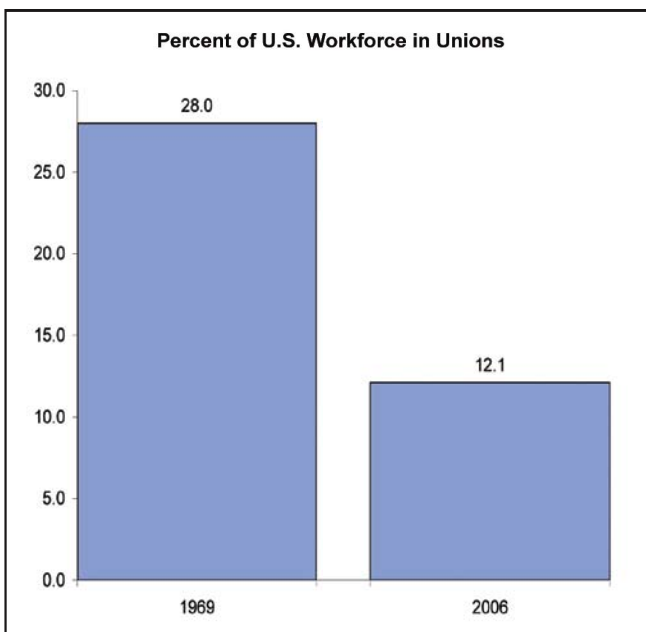
**Dr. King had been a consistent supporter of the rights of all workers to form unions, well before his involvement in the struggle of Memphis' sanitation workers.**

“At that time [the early 20<sup>th</sup> Century] economic status was considered the measure of the individual's abilities and talents. And in the thinking of that day, the absence of worldly goods indicated a want of industrious habits and moral fiber. We've come a long way in our understanding of human motivation and of the blind operation of our economic system.

Now we realize that dislocations in the market operation of our economy and the prevalence of discrimination thrust people into idleness and bind them in constant or frequent unemployment against their will. The poor are less often dismissed, I hope, from our conscience today by being branded as inferior and incompetent. We also know that no matter how dynamically the economy develops and expands, it does not eliminate all poverty.”

Ending poverty, Dr. King argued, boiled down to two choices: Either the nation must have full employment, or it must find a way to get people income. In other words, we must either create the circumstance in which everyone can “take responsibility” for their families by creating high wage jobs or, failing that, we must give people income. For Dr. King, poverty meant people did not have money—period. This is why he pushed for economic policies that would result in full employment and income security.

For the same reasons, Dr. King had been a consistent supporter of the rights of all workers to form unions, well before his involvement in the struggle of Memphis' sanitation workers. Labor union membership was climbing rapidly during that decade, rising from 17.1 million in 1964 to 19.3 million in 1968.<sup>5</sup> So, two million more workers and their families enjoyed the benefits of a fair contract and additional bargaining power with their employer.



Source: Barry T. Hirsch, David A. Macpherson, and Wayne G. Vroman, “Estimates of Union Density by State,” *Monthly Labor Review*, Vol. 124, No. 7, July 2001

## An Early Burst of Progress

The Civil Rights Movement spurred the government to pass and enforce laws eliminating racial discrimination as well as those raising the minimum wage. Civil rights activism also spilled over into union activism as public-sector workers began to unionize. As a consequence of these changes, black economic fortunes improved.

While the new civil rights protections and social programs established in the 1960s did not dismantle the hidden machinery of racism or economic oppression, they did result in a first wave of measurable progress. By 1969, the poverty rate for black children had fallen to 39.6 percent, close to half its level of four years earlier.<sup>6</sup> This was truly an amazing achievement, and more so when we consider that for the next 27 years that poverty rate would drop no further, only improving again in 1996.

Similar rapid improvements were made in unemployment. Between 1964 and 1969 the unemployment rate for black men dropped from 8.9 to 5.3 percent, and for black women it fell from 10.7 to 7.8 percent.<sup>7</sup> Median incomes likewise rose: For black men the median rose, in inflation-adjusted dollars, by 20 percent to \$3,937 in 1969 (\$17,966 in 2005 dollars). Since this income growth was more rapid than the parallel growth for white men, the ratio of black men's median income to that for white men also rose, from 56.7 percent in 1964 to 58.2 percent in 1969.

Similar changes occurred for black women. In 1969, their median income reached \$1,840 (equivalent to \$8,397 in 2005), representing a remarkable adjusted increase of 48 percent. Likewise, because, their incomes were rising faster than those of white women, the ratio of black female median income to white female median income improved, rising from 70 percent to 84 percent. Granted, for both groups of women, these income medians were far below the medians for men, reminding us of another steep inequity, namely the undercompensation of women and the severe employment barriers all women faced.

Segregation in the work force also underwent real moderation in the five years between 1964 and 1969. The proportion of blacks in white-collar jobs rose from 19 percent to 26.2 percent; for whites, the increase was just from 47 percent to 49.8 percent. The proportion of blacks in blue-collar jobs rose slightly to 42.8 percent (35.5 percent of whites held blue-collar jobs), but more importantly, a larger proportion of blacks were craftsmen or foremen in 1969—8.5 percent—compared to 1964. Finally, the proportion of blacks in private household employment fell to 8.5 percent.



*Civil rights activism also spilled over into union activism as public-sector workers began to unionize.*



Source: Economic Policy Institute

In 1964, the federal minimum wage was \$1.25 an hour (equivalent to \$6.83 in 2006), and it was raised to \$1.60 in 1968 (\$7.71 in 2006).<sup>8</sup> While still not a living wage, the increase in 1968 represented a 28 percent hike (17 percent adjusting for inflation). Working for minimum wage, a person working full-time, all year in 1964 would earn \$2,600, which was 84 percent of the poverty threshold for a family of four; if someone worked full-time, all year in 1969, they would make \$3,328, which was 90 percent of the threshold (of \$3,715).<sup>9</sup> Given these changes, it is fairly clear why poverty rates fell between 1964 and 1969.

## 1970-1990: Paralysis and a Downward Slide

The early 1970s were a time of readjustment. Southern states finally ended their “massive resistance” to the Supreme Court’s *Brown* decision, and affirmative action programs measurably increased the number of blacks enrolled in colleges and universities. At the same time, the economy began to slow, entering a recession toward the end of the decade, and federal antipoverty programs were increasingly underfunded.

During the mid 1970s, the global economic environment also changed. A combination of higher energy prices, increased competition from Japan and Germany, and a slowdown in productivity threatened the dominance of U.S. corporations. In response to this threat, many U.S. firms shut

*During the 1980s, the U.S. government accepted an unemployment rate that was higher than what was tolerated in the 1960s and pursued economic policies aimed at checking inflation instead of lowering unemployment.*

down; others relocated their businesses overseas. Many large businesses demanded concessions from their unionized workers. The living standards for all races stagnated, and the federal government took no steps to support U.S. workers.

During the 1980s, the U.S. government accepted an unemployment rate that was higher than what was tolerated in the 1960s and pursued economic policies aimed at checking inflation instead of lowering unemployment. The enemies of a stable, low-inflation economy were viewed by

federal authorities to be: rising minimum wages, labor unions bargaining so wages could keep pace with the prices for goods and services, and an economy with unemployment viewed to be “too low” because it created pressure on employers to bid-up wages to compete for scarce workers.

The administration of President Ronald Reagan and the policies of the Federal Reserve Board during his tenure ran the economy at high levels of unemployment, and for over 20 years the unemployment rate for adult black men remained in double digits. Compounding this failure, Reagan became the first U.S. president who did not raise the national minimum wage since it was first enacted in 1938, allowing rising prices to erode the wage's value to record lows. Reagan also signaled his attitude toward labor unions when he fired striking air traffic controllers and replaced them instead of negotiating with them on their demands for higher wages and better working conditions. This ushered in an era of destructive labor-management relations, beginning the current trend of decoupling increases in productivity from the earnings of working Americans. Currently, the average CEO compensation at major corporations is 262 times the average income of corporate employees.

*Now, what does all of this mean in this great period of history? It means that we've got to stay together. We've got to stay together and maintain unity. You know, whenever Pharaoh wanted to prolong the period of slavery in Egypt, he had a favorite, favorite formula for doing it. What was that? He kept the slaves fighting among themselves. But whenever the slaves get together, something happens in Pharaoh's court, and he cannot hold the slaves in slavery. When the slaves get together, that's the beginning of getting out of slavery. Now let us maintain unity.*

*Secondly, let us keep the issues where they are. The issue is injustice. The issue is the refusal of Memphis to be fair and honest in its dealings with its public servants, who happen to be sanitation workers.*

*Dr. Martin Luther King, Jr.,  
“I've Been to the  
Mountaintop,”  
delivered April 3, 1968,  
Mason Temple Church  
of God in Christ  
Memphis, TN*

## **What Now?**

Today, many blacks face a two-dimensional job crisis: high unemployment and low-wages. In 2006, the black employment-population ratio was 58.4 percent—meaning that almost 4 out of 10 blacks over age 16 were jobless.<sup>10</sup> During the same year, 31.7 percent of blacks who worked full-time for at least 50 weeks earned less than \$25,000—which was only 50 percent more than the federal poverty level for a family of one adult and two children.<sup>11</sup>

Popular views on poverty continue to be dominated by the legacy of President Reagan, who once said, “We fought a war on poverty, and poverty won.” In part, Reagan’s critique was that government was not the answer, but part of the problem. The rest of his critique was based on a view that the poor lacked the moral fiber to succeed in the modern economy. However, as this review of the data shows, there is a fallacy underlying that critique. As was seen by events during the 1960s, the fate of the poor is not entirely in their hands; effective policy and organizing do matter.



***Today’s loud calls for the black poor to take on more “personal responsibility” will be utterly ineffective without even louder voices demanding progressive public policy and organizing for social change.***

We do not mean to disparage the importance of personal responsibility. The black struggle for freedom has always included strategies of self-help—either based on strong religious principles, or based simply on the necessity for individuals to survive in a hostile society. This is exemplified by the common charge to black children that they “behave better” (and are even admonished that “You’ve got to be twice as good as the white man”). However, those calls for personal responsibility have always been couched in the context of equally severe calls by black leaders for changes in the larger society.

The most recent calls for “personal responsibility” come at a time when larger forces than individuals can control—such as trade and monetary policy—are again being aimed by government authorities at lowering inflation rather than stabilizing the labor market. This is why a growing number of leaders today are organizing a social movement to engage the U.S. polity on issues of economic

justice. Today’s loud calls for the black poor to take on more “personal responsibility” will be utterly ineffective without even louder voices demanding progressive public policy and organizing for social change.

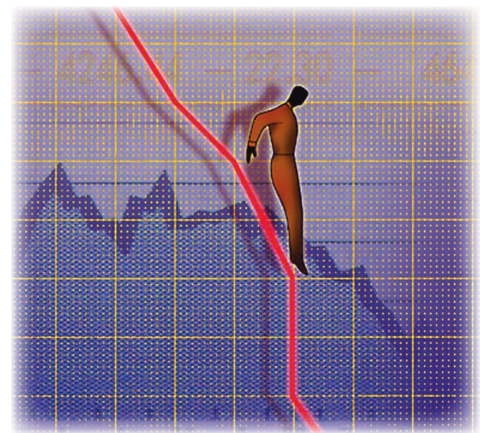
While blacks faced all of these problems in the 1960s, the economic context was much different than today. In the 1960s, the three large-scale structural solutions—stronger civil rights laws, higher federal minimum wages, and increased unionization—were implemented as the economy was expanding, in ways that enabled people at all income strata to benefit. And indeed, between 1947 and 1973 the inflation-adjusted growth in median household income for the poorest 20 percent of U.S. households was 116 percent; for the richest 20 percent, the growth rate was 85 percent. But between 1973 and 2005, the median-income growth for the same poorest category of households was just 3 percent, while for the richest category it was 64 percent.<sup>12</sup> Thus, while in the 1960s simply focusing on the racial disparity was sufficient to bring about a rapid improvement in black labor market outcomes, that scope of effort is no longer sufficient. As we enter the 21<sup>st</sup> century, we must recognize that the economy is not performing well for lower income households regardless of race and ethnicity.



It would be interesting to know what Dr. King would make of today's world. The poverty rate for black children in 2006 was 33.1 percent, just slightly lower than in 1969.<sup>13</sup> Yet over the same period of time the country's Gross Domestic Product tripled.<sup>14</sup> Many commentators would account for the persistence in poverty by pointing to the personal behavior of individual blacks. However, the hard data paint a different picture. In 2007, 82.0 percent of black men<sup>15</sup> over age 25 have graduated from high school—a more than threefold improvement over 1969—compared to 90.2 percent for white men, and for women nearly identical rates are evident today (82.7 percent of black women compared to 91.0 percent of white women).<sup>16</sup> Clearly, the basic education gap between whites and blacks has fallen dramatically. Similarly, just after Dr. King died in 1968, there were 90.6 children born per every 1,000 unmarried black women,<sup>17</sup> and today that rate has dropped to 67.8 children.<sup>18</sup> So in these two fundamental measures of behavior and lifestyle, enormous progress has been made, yet we are left with the same poverty rates.

This apparent paradox is better understood when you look at the three large-scale underpinnings of black economic advancement during the late 1960s: civil rights enforcement, the federal minimum wage, and unionization. In every one of these fundamental areas, our most powerful institutions today are failing us. Consider civil rights enforcement: In 2007, the Citizens' Commission on Civil Rights issued a report, *Erosion of Rights: Declining Civil Rights Enforcement Under the Bush Administration*, documenting the inattentiveness of the George W. Bush Administration to enforcing the nation's civil rights laws.<sup>19</sup> Yet there is no doubt that race discrimination in hiring continues. In her hallmark 2007 study of the impact of incarceration on the employment prospects of black men, Dr. Devah Pager has found that a white job seeker with a criminal record was as likely to receive a call-back employment interview as a black job seeker without a criminal record.<sup>20</sup>

Consider also the federal minimum wage: In 2006 it was just \$5.15, two-thirds of its real value in 1969; to match the 1969 real value, the minimum wage would need to be increased by \$2.56. To understand the decline in the value of the minimum wage in another way: In 1969, the minimum wage was 50 percent of the average private nonsupervisory wage; in 2006, the minimum wage was 31 percent of the average private nonsupervisory wage.<sup>21</sup> Consider union strength: The percentage of workers in the United States who belonged to unions has fallen from 28.0 percent in 1969 to just 12.1 percent in 2006.<sup>22</sup> With weak anti-discrimination enforcement, a declining real minimum wage, and falling unionization rates, Dr. King would not find it surprising that poverty rates are stubbornly high even in the face of a growing economy. But, with a more educated black workforce than he could have dreamed of in 1968, Dr. King would wonder where was Joshua, ready to blow the trumpet and lead us to victory over Jericho and into the Promised Land.



***As we enter the 21<sup>st</sup> century, we must recognize that the economy is not performing well for lower income households regardless of race and ethnicity.***



## An Action Agenda

Attempts to improve the fortunes of black workers must combine the fight against racial discrimination with the battle to counter the negative impacts of this economy on all low-wage workers. To address the two-dimensional job crisis facing the black community will require public policies that:

- ✓ **Generate full employment.**  
As was shown during the 1960s and the 1990s, black workers fare best when unemployment falls dramatically. Even the supposedly “unemployable” find jobs when the economy is running at full employment.
- ✓ **Fight discrimination.**  
The remedy of full employment works best when there are opportunities for men, women, and youth who are traditionally blocked from good jobs due to racial bias.
- ✓ **Protect workers' freedom of association and right to join a union.**  
Manufacturing and construction jobs pay well largely because workers have fought to form unions and their organizing has provided them increased bargaining leverage with their employer. Wages and benefits would rise dramatically in many of the low-wage service-sector jobs where many blacks are currently employed if unionization occurred.
- ✓ **Raise the minimum wage.**  
Increasing the minimum wage so that it regains the value that it had in the late 1960s and then indexing the minimum wage so that it rises as prices rise would provide a safety net for those workers who do not have bargaining power with their employers.

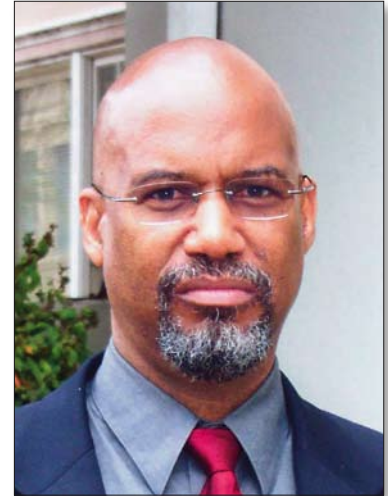
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### Notes

- 1 <http://www2.census.gov/prod2/statcomp/documents/1965-03.pdf>
- 2 <http://www.census.gov/hhes/www/income/histinc/p02.html>
- 3 <http://www.census.gov/hhes/www/poverty/threshld/thresh64.html>
- 4 <http://www.census.gov/population/socdemo/education/p20-138/tab-01.pdf>
- 5 <http://www2.census.gov/prod2/statcomp/documents/1970-03.pdf>
- 6 <http://www.census.gov/hhes/www/poverty/histpov/hstpov3.html> (65.6 - 39.6) / 65.6
- 7 <http://www2.census.gov/prod2/statcomp/documents/1970-03.pdf>
- 8 <http://www.epi.org/issueguides/minwage/table4.pdf>
- 9 <http://www.census.gov/hhes/www/poverty/threshld/thresh69.html>
- 10 <http://www.gpoaccess.gov/eop/2008/B41.xls>
- 11 [http://pubdb3.census.gov/macro/032007/perinc/new05\\_015.htm](http://pubdb3.census.gov/macro/032007/perinc/new05_015.htm)
- 12 <http://www.aflcio.org/issues/jobseconomy/offthecharts.cfm>. Charts generated from charts produced by the Economic Policy Institute.
- 13 [http://pubdb3.census.gov/macro/032007/pov/new03\\_100\\_06.htm](http://pubdb3.census.gov/macro/032007/pov/new03_100_06.htm)
- 14 <http://www.gpoaccess.gov/eop/2008/B2.xls>. Even if population growth is taken into account, this disparity in growth is maintained. Per capita real GDP doubled between 1969 and 2006.
- 15 <http://www.census.gov/population/socdemo/education/cps2007/Table1-08.xls>
- 16 <http://www.census.gov/population/socdemo/education/cps2007/Table1-03.xls>
- 17 [http://www.cdc.gov/nchs/data/vsusr/nat71\\_1.pdf](http://www.cdc.gov/nchs/data/vsusr/nat71_1.pdf)
- 18 [http://www.cdc.gov/nchs/data/nvsr/nvsr56/nvsr56\\_06.pdf](http://www.cdc.gov/nchs/data/nvsr/nvsr56/nvsr56_06.pdf)
- 19 [http://www.americanprogress.org/issues/2007/03/pdf/civil\\_rights\\_report.pdf](http://www.americanprogress.org/issues/2007/03/pdf/civil_rights_report.pdf)
- 20 Devah Pager (2007), *Marker: Race Crime, and Finding Work in an Era of Mass Incarceration*, The University of Chicago Press
- 21 <http://www.epi.org/issueguides/minwage/table4.pdf>
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## About the Authors

Steven C. Pitts is a labor policy specialist with the University of California-Berkeley Center for Labor Research and Education. Since arriving at the Labor Center in August 2001, Pitts' work has focused on union leadership development programs and job quality and labor activism in the black community. He was the principal investigator for two recent monographs on work, labor activism, and the black community: *Organize... to Improve the Quality of Jobs in the Black Community: A Report on Jobs and Activism in the African American Community* and *Black Workers in the Bay Area: Employment Trends and Job Quality: 1970 and 2000*. In September, 2007, he released a new study, *Job Quality and Black Workers: An Examination of the San Francisco Bay Area, Los Angeles, Chicago, and New York*. In addition, Pitts contributed a chapter to the 2006 book, *Race and Labor Matters in America*.



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Dr. Pitts has a B.A. in economics from Harvard University and an M.A. and Ph.D. in economics with an emphasis on urban economics from the University of Houston. Prior to joining the CLRE staff, he was a full-time economics instructor at Houston Community College for 15 years and spent five years as an adjunct lecturer in African American Studies at the University of Houston.

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Howard University, located in Washington, D.C., is the only historically black college that grants a doctoral degree in economics, and it is the largest producer of black doctorates in economics in the country. Noted graduates include Samuel Z. Westerfield, for whom the most prestigious award granted by the National Economics Association—the professional organization of black economists—is named. The faculty at Howard produces the most research of any department of economics among Historically Black Colleges and Universities.





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