

**WORKFORCE 2000, SILVER BULLET OR DUD?:
JOB STRUCTURE CHANGES AND ECONOMIC PROSPECTS
FOR BLACK MALES IN THE 1990s¹**

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Workforce 2000 (Johnston and Packer, 1987), a widely circulated study supported by the U.S. Department of Labor, was greeted with vastly different responses. Most Americans, especially in the business community, bemoaned the substantial "skills mismatch" predicted by this study. By contrast, the black and Hispanic communities greeted the report with enthusiasm because the report suggested that America could no longer afford to waste its human resources.

According to the report, thirty percent of the new jobs created by the year 2000 will require workers with a four year college degree. Further, blacks, Hispanics, and other "non-traditional" workers will represent eighty-five percent of the new workforce. Thus, the tragic human waste represented by growing mortality, joblessness, incarceration, and drug abuse among young black males is a threat to not only the black community but also to American economic competitiveness. These conclusions seemed to provide the "silver bullet" needed to support renewed investments in the health, education, and training of black youth (Schorr, 1988; William T. Grant Foundation, 1988).²

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²In some respects, Hispanic youths face obstacles to employment and high earnings similar to those of black youths. For example, both groups have low rates of educational attainment and occupy jobs in low status occupations. This makes it tempting to

Recent studies are skeptical of *Workforce 2000* predictions of a growing skills mismatch. These studies suggest that there is no critical void for educated black males to fill and that the continued deterioration of the health, employment, and academic achievement of young black males poses no threat to American competitiveness. This conclusion could undermine unified and broad based support for interventions targeting young black males.

This paper has three purposes: First, we review the historical role of skills mismatches in explaining the economic prospects of black men and the social problems in black families. Then, we review and assess criticisms of the "skills mismatch" predictions in *Workforce 2000*. Finally, we suggest implications of future labor demand and supply conditions for the shape of interventions in the 1990s to improve employment and earnings prospects of black males.

Skills Mismatches and Past Black Socio-Economic Progress

To understand the implications of *Workforce 2000* for black males in the coming decade, we must understand how skills mismatches have affected black men and their families in the past. The general idea of a skills mismatch is that employers want skills that workers lack.

generalize the implications of *Workforce 2000* for blacks to Hispanics.

In other respects, the two groups face different obstacles. Black youths have extremely low rates of labor force participation. Hispanic youths are much more likely to work, even if their wages are low. Finally, we know much more about black youths for two reasons.

First, data on a wide range of social and economic indicators has been collected separately by race since 1972, but surveys have only recently begun to collect systematic data on persons of Hispanic origin. Second, the Hispanic population is diverse, making generalizations among Hispanics difficult.

For example, Puerto Ricans have high rates of unemployment, low rates of labor force participation, and concentrate in large northern metropolitan areas. Therefore, generalizations from blacks to Puerto Ricans would be fairly accurate. Cubans, on the other hand, exhibit labor market problems much less frequently, and they concentrate in cities where structural changes, such as those experienced by northern cities, are less severe. For these reasons, most of the discussion here centers attention on blacks.

By emphasizing blacks, I do not mean to suggest that they are more vulnerable to the job structure changes predicted by *Workforce 2000* than Hispanics; that blacks are more worthy, because of their historical experience in the US., of special inventions to help them adapt to predicted changes; or that blacks are more likely to benefit from such interventions.

This idea has played an important role in explaining high rates of joblessness and poverty among blacks since the 1960s.

For example, the Kerner Commission worried that the decline in manufacturing jobs in the central cities left less-educated black workers without high paying jobs. If these workers continued to concentrate in urban areas, while manufacturing employment moved to the suburbs, the result would be a two-tiered society (U.S. National Advisory Commission on Civil Disorders, 1968). Poor and jobless blacks would populate central cities, while prosperous whites would live and work in the suburbs. Thus, the idea of a skills mismatch was combined with the spatial location of jobs (i.e., spatial mismatch).

Recent research on the underclass assumes a more complex form of the skills mismatch idea. High paying jobs for low-skilled workers in manufacturing continued to decline throughout the post-war period. These jobs were replaced by two kinds of service sector jobs that displaced black workers, especially men, with little formal schooling. Many of the new jobs required college degrees. Others were in traditionally female or low paying occupations (Wilson, 1987; Blackburn, Bloom, and Freeman, 1990; Kasarda, forthcoming).

Thus changes in the structure of urban labor demand that which have been taking place since the 1940s, have reduced employment prospects for low-skilled people. Some researchers associate this decline with the relocation of manufacturing firms from central cities to the suburbs (Kain, 1968). Others associate this decline with economic development.

As the economy matures, there is a reduction in the share of total employment in goods producing industries (Levy, 1988). These industries are traditionally high paying industries. High wages in these industries are due to high productivity and factors, such as profitability and capital intensity, that enable workers to earn or share industry rents (Katz and Summers, 1989). There is a corresponding increase in the share of total employment in service producing industries. These industries have traditionally paid lower wages to workers in all occupations. Black workers have been adversely affected by these changes, because they have lower paying jobs in service industries (e.g., janitors, not doctors).

A growing body of evidence supports or is consistent with the adverse effect of the skills mismatches on less-educated and less-skilled workers. Wage trends are one important type of evidence. While the wages of all workers have been virtually stagnant since 1973, growing wage inequality characterizes the 1980s (Bound and Johnson, 1989). This growing wage inequality is characterized by growth in the returns to skill and education.

That is, the wages of workers with some college training increased dramatically compared with the wages of workers with high school diplomas or less (Juhn, Murphy, and Pierce, 1989; Blackburn, Bloom, and Freeman, 1990; Murphy and Welch, 1989). Finally, the most recent studies suggest that the major reason that returns to education have risen is the downward trend in the earnings of less-educated and less-skilled workers, not a rise in the earnings of college-trained workers.

Besides evidence of rising returns to skill and education, declining black-white earnings and income differentials are also consistent with the skills mismatch idea. Economic growth and equal employment legislation during the 1960s produced substantial reductions in black-white income differentials, most notably among men. For example, Figure I shows a steady upward trend in the ratio of black to white male median income between 1955 and 1970. There was much slower progress between 1970 and 1975, and almost no change thereafter. Much of the explanation of the slowdown is that black males have low-skilled occupations (Juhn, Murphy, and Pierce, 1989).

Research on the underclass provides direct evidence of the importance of skills mismatches for social problems among blacks and others with low skills and education. Wilson (1987) uses a skills mismatch argument to explain the growth of social problems among blacks in central cities. He argues that skills mismatches during the 1970s increased joblessness and poverty among black men in central cities. This reduced the number of marriageable men, which in turn increased the number of poor, female-headed families in these cities. Concentrations of poor men, poor single mothers, and poor fatherless children led to the growth of social problems that most observers associate with the underclass. These problems include crime and drug abuse, teen-age parenting, welfare dependency, dropping out of high school, and so on. The multiple coincidence of social problems in neighborhoods constitutes the underclass.

Recent studies adapt an empirical measure of Wilson's underclass idea to examine the relationship between skills mismatch and the prevalence of social problems. Ricketts and Sawhill (1988) construct an index of the prevalence of social problems in a neighborhood, including: (1) welfare dependency, (2) female-headed households, (3) dropping out of high school, and (4) male detachment from the labor force. They define a neighborhood to be an underclass neighborhood if these four social problems simultaneously exceed national averages.

If Wilson is correct, the ratio of the educational attainment of a neighborhood's residents to the educational attainments of workers in the metropolitan labor market, should be positively related to the Ricketts and Sawhill index. Mincy (1990) finds strong evidence of such a positive relationship. The strongest evidence occurs when he includes only neighborhoods in which blacks represent a majority of the population.

Skills Mismatches and Future Black Economic Progress

According to *Workforce 2000*, skills mismatches in the coming decades will not only hurt less-educated and less-skilled workers, but the U.S. economy as a whole. Further, skills mismatches emerging in the 1990s will occur for somewhat more complex reasons than in the past. First, the transition from a goods producing to a service producing economy will continue. This will result in substantial increases in the demand for educated workers.

Second, during the 1990s, the labor force will grow more slowly than at any time in the post war period. This will create a general labor shortage that will make recruiting difficult, so that general wage levels will rise. Third, blacks, other ethnic minorities, and women will make up eighty-five percent of the increase in the labor force in the 1990s. Because these workers have traditionally had lower levels of educational attainment than white males, an acute shortage of educated workers could develop. This shortage could forestall the implementation of new technologies, limit U.S. economic growth, and threaten U.S. competitiveness (Johnston and Packer, 1987).

Workforce 2000 points out that black men are particularly vulnerable to the predicted changes. If their current educational attainment and occupational patterns continue, black men and Hispanics would be the groups most adversely affected by the predicted changes. Therefore, the report urges investments in the education and training of these groups. These investments will enable the U.S. to upgrade the skills of traditionally disadvantaged workers and also resolve a nationally threatening skilled labor shortage.

These predictions became the silver bullet needed to create widely supported interventions to help traditionally disadvantaged groups. Joint ventures involving business, government, schools, and community organizations, have sprung up in major cities around the country to reduce dropout rates and increase academic achievement among inner-city youths. Mentoring and tutoring programs involving corporate sponsors, such as the 'One-to-one Foundation' and the 'I Have a Dream Foundation' have also been growing. Programs to increase college enrollments have also grown. Few of these programs have been rigorously evaluated, so it is too early to tell how effective they are.

Still, the business community has clearly taken the *Workforce 2000* predictions seriously and has taken steps to ensure future supplies of labor with some post-secondary schooling. While, immigrants, retirees, and handicapped workers are all potential sources of labor, blacks and Hispanic youths have been targeted by these efforts (Committee for Economic Development, 1987). Thus, skills mismatches which have cursed black workers for decades, are being transformed into blessings in an era of labor shortage. Who could object to this outcome?

A Critique of the Predictions

Two recent studies suggest that *Workforce 2000* paints a much rosier picture of future prospects for young black workers than the trends warrant. While there are several criticisms of the *Workforce 2000* predictions, four seem most important. First, the predictions emphasize occupational trends among jobs at the cutting edge, but this ignores occupational trends in the vast majority of present and future U.S. jobs.

Second, the predictions emphasize occupational trends, but they ignore more important industrial trends that have driven wages lower for workers in all occupations. Third, the predictions emphasize the demographic characteristics of the net increase in labor supply, but ignore the demographic characteristics of the total future labor force. Finally, the predictions assume that most employers will look for workers who can adapt to increasingly sophisticated technologies. This may be true of best practice employers, but the vast majority of employers may be choosing technologies to accommodate increasingly unsophisticated workers.

Mishel and Teixeira critically review the *Workforce 2000* predictions. They point out that these projections emphasize occupational trends for new jobs and jobs in the fast growing occupations. But, they argue, *Workforce 2000* ignores data on future jobs in all occupations. These data provide the proper context for interpreting occupational projections.

The distinction between new jobs and future jobs is important. Consider a black male, who graduates from high school in the year 2000, but does not go on to college. This young man could apply for a job in a firm that did not exist ten years ago. If he were successful, this would represent a match between a new worker and a new job. He also might apply for a dead-end job, vacated by a worker who decides to quit after ten years to further her education. If successful, this would represent a match between a new worker and an old job. Today, we view both jobs as future jobs, but only one job is new.

A college degree would be more or less important for this young man, depending on the wages, educational requirements, and numerical significance of old and new jobs. Suppose we suspected that seventy percent of jobs in the year 2000 will be new jobs and that new jobs will have higher wages and educational requirements. In this case, we would urge the young man to go to college, even if he were a mediocre student. Suppose, at the other extreme, that seventy percent of the jobs in the year 2000 will be old jobs, with educational requirements and real wages not much greater than today. We might still urge a college education for a bright student, but a poor or mediocre student would be better off not going to college. He would

be unlikely to get one of few high-paying new jobs, even after struggling to get his college degree.³

According to Mishel and Teixeira, *Workforce 2000* predicts a substantial upgrading of skills by analyzing new jobs in the fastest growing occupations. The fastest growing occupations are the professional occupations; these usually require a four-year college degree. Still, these occupations will account for only six percent of jobs in the year 2000 and eleven percent of new jobs. By contrast, jobs in low-skilled occupations such as janitors and security guards, which today employ many black men, will account for seventeen percent of jobs in the year 2000 and nearly a quarter of new jobs.

Readers get a very distorted picture of the future American job structure from the *Workforce 2000* projections. Figure II illustrates that the median worker in occupations with growth rates of forty percent or more completed 16.8 years of schooling; the median worker in slower growing occupations completed 13.6 years of schooling; the median worker in declining occupations completed 12.4 years of schooling. If one stacked these growth rates, as in Figure III, the picture of the future American job structure gives prominence to jobs requiring at least a four-year college degree.

An accurate picture of the American job structure depends on the distribution of total employment by occupation. Figure IV illustrates the structure of current, new, and future jobs based on alternative definitions or schooling requirements. Occupations with low, medium, and high education requirements each represent about one third of current U.S. jobs.⁴

³ The foregoing argument assumes that investing in human capital is the primary reason people attend college (Becker, 1965). If so, anything that lowers the pecuniary return on the investment, such as low future wages, will reduce college attendance. Of course, labor market discrimination historically has lowered pecuniary returns to a college education for black males. Many have chosen to attend college despite low pecuniary returns. The question posed here is: How much should the rate of black male college-going motivated by pecuniary considerations increase given future expectations about the labor market for college-trained workers?

⁴ In Figure III, occupations with high education requirements are those which require a four-year college degree. Occupations with medium education requirements are those which require eight years of schooling, plus some additional training. Occupations

Figure IV shows that the structure of new and future jobs gives even less weight to jobs with high education requirements. Occupations in which the median worker completes a high number of years of school will represent just 17.5 percent of new jobs and 10.5 percent of future jobs. Occupations in which the median worker completes a medium number of years of school will represent 84.0 percent of new jobs and 80.7 percent of future jobs. Occupations in which the median worker completes a low number of years of school will represent 2.4 percent of new jobs and 5.7 percent of future jobs.⁵ Given this, should we encourage a dramatic increase in the number of young black men who prepare to compete for the limited number of jobs at the top of the American job structure?

The second problem with the *Workforce 2000* projections is its failure to relate occupational trends to wage trends. Will rising educational requirements mean rising wages? Occupational shifts are the primary source of *Workforce 2000* projections. This method ignores industrial shifts that are the most important determinants of wage trends. Mishel and Teixeira show that the shift from goods producing to service producing industries reduced wages more than occupational upgrading increased wages. Industrial shifts lower wages because labor productivity is lower in service producing industries and rent producing features are less important in these industries. Further, industrial and occupational shifts will cause modest increases in educational requirements. Together this means that educational requirements will rise, but real wages will remain constant or fall. We may restate our previous question. Should we encourage a dramatic increase in the number of young black men who prepare for jobs that will require more education, but pay lower real wages than similar jobs today?

This third problem with *Workforce 2000* projections is a misleading interpretation of labor supply trends. The future wages of well-educated black men will depend not only on employer demands for

with medium education requirements are those which require less than eight years of schooling, plus some additional training (National Center on Education and the Economy, 1990).

⁵ Here "High" means 16.8 years of schooling completed; "Medium" means 13.6 years of schooling completed; and "Low" means 12.4 years of schooling completed.

educated workers, but also on the supply of well-educated workers in the labor market. *Workforce 2000* suggests that there will be a shortage in the number of well-educated workers because white males will represent just fifteen percent of the growth in the labor force and white males have higher rates of college enrollment and graduation than other demographic groups.

This is misleading because it confuses labor force growth with the future labor force. The majority of workers who will need to be replaced over the next ten years will be white males. If every young white male who enters the labor force in the next ten years replaces an older white male who retires, there will be few young white males left. Thus, white males contribute little to the number of new workers because they contribute so much to the number of replacement workers. Still, nearly two-thirds of all workers in the year 2000 will be white males.

Besides white males, well-educated black males also will face competition from other well-educated workers for two reasons. First, among high school graduates, black males have lower college enrollment rates than females, white or black (Table 1, column 3). Second, proposed changes in immigration laws will admit larger numbers of immigrants into the U.S. than in recent years. The fraction of these immigrants with the equivalent of a U.S. college degree (or better) will be larger than the corresponding fraction of immigrants admitted in recent years (New York Times, 1990). Thus, employers of college trained labor will be able to select from a large pool of qualified applicants. There is no reason to believe that employer preference will shift in favor of black males.

The fourth problem with *Workforce 2000* predictions involves the relationship between changing technology and changing skill requirements. *Workforce 2000* encourages a substantial increase in the number of workers who go on to college. It also encourages increases in the number of workers with other forms of post-secondary training. Such increases appear warranted because technological advances in computers, materials, communications, and biotechnology will occur so rapidly, that workers will need to learn and adapt constantly. This is only one possible outcome.

Employers also can use technological change to lower skill requirements and wages. The fast food industry may provide the most familiar examples of such skills downgrading. Employers no longer require workers who can read and memorize price lists and operate a cash register. Instead, if workers can distinguish between the hamburger button and the french fry button they are perfectly qualified. Similarly, optical scanners and inventory bar codes enable some employers to accommodate alarming rates of functional illiteracy among today's high school students.

Other evidence suggests that employers cannot find the skills they need among young workers, but more post-secondary schooling will not solve this problem. The evidence comes from a recent survey of employers for the Commission on Skills of the American Workforce. This survey showed that only five percent of employers were concerned about the growing skill requirements that post-secondary schooling would provide. Fifteen percent of employers experienced shortages of workers in skilled trades. Reductions in the supply of these workers seem to have occurred because students who formerly entered these trades are opting for college and the higher wages of college trained workers. Thirty percent of the surveyed employers were concerned about the skill mismatches predicted by *Workforce 2000*. On the other hand, 80 percent of the employers were looking for workers who were socialized to the world of work; that is, workers who had appropriate demeanor, deportment, and a strong work ethic (National Center on Education and the Economy, 1990). More post secondary schooling will not provide these "skills."

The dearth of workers with social skills adequate for the workplace is a troubling sign for the future employment prospects of black males. Such skills will become increasingly important because of the continued transition of our economy to service industries in which customer contact is important. A growing number of young black males are raised in poor families, female-headed families, and in segregated or underclass neighborhoods. These young men have less parental supervision than other children, which contributes to higher rates of involvement in crime, drug abuse, and other delinquent behavior (Dombusch, et. al., 1985).

Black male youths who live in poor, segregated, and underclass neighborhoods also develop aggressive interpersonal skills. These skills serve them well on the streets, but poorly in the rest of society (Anderson, 1990; Glasgow, 1980). These aggressive interpersonal skills contribute to high rates of suspension, expulsion, and other disciplinary sanctions when these youths are in school (Kunjufu, 1982 and Meier, et. al., 1989). The result is lower academic achievement and attainment. Later on, the same interpersonal skills may convince employers that black male employees are more argumentative and less submissive to authority than other employees, and therefore, more difficult to manage. This may result in statistical discrimination in which employers assume that most young black males will be unsuitable workers.

IMPLICATIONS FOR POLICY

Effective and broad based strategies to improve employment and earnings prospects for black males require accurate and sober assessments of the trends. The most important trends to watch are trends in: (1) the structure of jobs; (2) demography, including immigration; (3) productivity; and (4) wages. These trends suggest a three-part strategy for helping young black males.

The structure of jobs and demographic changes are the most important trends affecting future prospects for young black males. The continued shift from goods producing to service producing industries will increase employer demands for college-trained workers, and blacks males will be a larger share of new workers than ever before. Still, the structure of jobs in the year 2000 will be very similar to the structure of jobs today. Further, demographic trends suggest that black males will be competing against many other workers, and employers may perceive these workers to be better educated or more manageable.

These trends suggest the first part of the three-part strategy for helping young black males. The first part of this strategy is already taking place. Public-private interventions to prepare more black youths for college represent cost effective strategies for a few firms that critically need workers with four-year college degrees. Over the next ten year such programs could easily dominate other strategies in large urban areas, where blacks concentrate. Black male high school students

who are already performing well academically are benefiting from these programs. But the vast majority of young black males will be excluded, because these programs will work with students who are easiest to serve.

For example, a large government agency, concerned about the skills mismatch predicted by *Workforce 2000*, sponsored a program to increase college enrollment among black youths. The agency selected a predominantly black high school, where most of the students were from poor, female-headed families, living in poor neighborhoods. According to the program director, the school's valedictorian scored less than 800 on the Scholastic Aptitude Test (SAT) last year. Any high school student who earned at least a B average was admitted into the program in the following semester. Program participants received tutors, mentors, and other services, including paid consultants who helped participants' mothers complete financial aid forms. Except for the consulting services, black professionals employed by the government agency provided most of these services.

Participation rates in the program by sex are telling. Eighty percent of the students who qualified for the program were girls. Participation by black males was low because few could meet the admission criteria. In other words, by the time most of the young black males completed neighborhood elementary and middle schools, their prospects of getting a four-year college degree were too low to justify the investment. To help these students, the program would have had to intervene earlier, but the returns to early intervention were too low, distant, or uncertain for the agency to consider. Other employers who will need many workers with four-year college degrees in the 1990s are reaching the same conclusion.

There was a further irony in the program. The agency wisely refused to allow men to tutor and mentor girls. Therefore, the program had many idle black-male volunteers. Many young black men could have benefited from the affiliation and support of these middle class black men. Despite this need, the professional black volunteers, waited for that rare high academic achiever. Such an achiever is rare. Only eighteen percent of black males between the ages of eighteen and

twenty-four were enrolled in college in 1988 (Table 1, column 2). This was just over half the college enrollment rate of white males of the same age.⁶

How much should black male college enrollment rates increase? To reach parity with the enrollment rate of white male high school graduates, the enrollment rate of black male high school graduates would have to rise by almost fifty-eight percent (Table 1, column 3). This is a substantial increase. Assuming the job structure remains constant, the fraction of all young black males attending college should be about one-third, the same as the fraction of all youths attending college. This would require a sixty-seven percent increase in the black male college enrollment rate. (Table 1, column 2). To reach such a goal in the 1990s, programs would have to include students needing substantial remedial preparation before and during college. This would prolong the amount of time such students (or their sponsors) invest in formal schooling and increase the students' foregone earnings. Such investments seem unwarranted by the wages many of these students can expect.

Productivity trends suggest the second part of the strategy needed to improve the economic prospects of young black males. The decline in U.S. productivity since the early 1970s has depressed real wage growth of all workers. The productivity slowdown, related to declining employment in manufacturing, has meant that growth in the U.S. economy in recent decades is due to increased work by American workers, not increased output per worker. Unless immigration policy continues to expand the supply of labor, we cannot rely on increased work effort to increase output (National Center for Education and the Economy, 1990).

To avoid this outcome, the Commission on the Skills of the American Workforce recommends a radical and deliberate shift in the U.S. economy. Instead of our current low productivity-low wage path, the Commission recommends a high productivity-high wage growth

⁶ Black-white differences in income and wealth explain some, but not all, of the black white male college enrollment gap. If these differences explained all of the gap, we would expect young black men and women to have similar college enrollment rates. In fact, young black women have college enrollment rates almost six percentage points higher than young black men.

path, targeting workers with less than four years of college. This would involve: (1) changes in the organization of work, (2) changes in elementary and secondary education, (3) better supervision of youth making the transition from school to work, and (4) higher investments in worker training for students who do not go on to complete four years of college. The economic prospects of most young black males can be improved within this broad based framework by emphasizing the school reform proposals, which are the least controversial.

Creating a workforce with the skills sought by most employers will require changes in elementary, middle, and secondary schools (Rumberger and Levin, 1989). Schools must teach basic literacy and numeracy, but schools also must teach new competencies such as communication, peer training, problem solving, and working in groups. Besides these skills, schools in large urban areas need to adapt to meet the special needs of children raised in poor, female-headed households and the needs of children raised in underclass neighborhoods. This will involve changes in teacher expectations, teacher competency, disciplinary practices, and so on. (Comer, 1990; Levin, 1988). It also will require developing a curriculum to teach these students bi-cultural competency: the ability to dress, speak, and comport oneself appropriately in one's own surroundings and in the surroundings of those with different norms of dress, speech, and comportment. A curriculum recognizing the legitimacy of the latter, but not the former, may be insufficient because students may simply reject such a curriculum (Fordham and Ogbu, 1986).

Professionals who now volunteer in the programs for college-bound high school students that will serve so few black males are a critical resource for this effort. They can serve as tutors to black boys in the elementary and middle schools. Later in the decade, this can help increase the fraction of young black males who graduate from high school and the fraction of black high school graduates prepared for college. Besides tutoring, professionals, especially black males, can help schools and families serve young black males better. Mentoring programs could be an important vehicle for this kind of service, especially if they targeted all black males enrolled in elementary or middle schools in poor or underclass neighborhoods (Ferguson, 1989, 1990; Mincy and Wiener, 1990).

Wage trends suggest the third part of the strategy to improve the economic prospects of black males. Slow wage growth or actual reductions in real wages may persist, especially for workers lacking a college degree. Even if black males benefit from reforms in education and training, they will face slowly growing or declining real wages with other beneficiaries of these reforms. Income maintenance programs are likely to continue the recent emphasis on self-support. Therefore, achieving and maintaining high labor force participation among young black males is crucial.

To do this, policy makers must make work pay through tax and transfer programs that subsidize earnings. The Earned Income Tax Credit (EITC) and the Family Support Act (FSA) are currently the most popular programs of this kind, but they do not serve black males well. To be eligible for EITC and FSA individuals must work, or prepare for work, and have custody of children. Due to high rates of absentee fatherhood among black men, many young black males cannot benefit from EITC or FSA. On the other hand, low income among black males may decrease their marriage rates and decrease their capacity to support children. Therefore, to reach black males, and through them, more black families, it may be necessary to extend earnings subsidy programs to include unrelated individuals, and to recognize and encourage even small contributions from absentee fathers (Horrigan and Mincy, 1990; Steurle, 1990).

SUMMARY

Workforce 2000 predictions could have changed the meaning of skills mismatches for blacks and Hispanics. Over the last three decades blacks and Hispanics have been the victims of skills mismatches. With low educational attainment and high concentrations in the lower rungs of the American job structure, blacks and Hispanics often lacked the skills that employers could not easily get. This led to reductions in employment and real earnings, especially among black men, and contributed to rising social problems among blacks and Puerto Ricans in inner cities.

Workforce 2000 predicts that skills mismatches will become a more general problem for the U.S. economy in the 1990s. Demand for workers with four years of college training will rise. Changing demographics will reduce the share of white males entering the labor

force, thereby, reducing the supply of workers with four years of college training. If educational and occupational patterns among blacks and Hispanics continue, these labor market changes would cause much hardship. On the other hand, these changes create a window of opportunity to upgrade the skills of traditionally disadvantaged workers and also resolve a nationally threatening skilled labor shortage. As the 1980s closed, public and private efforts to increase college enrollments among blacks and Hispanics responded to the call.

Recent critiques of the *Workforce 2000* predictions may change the course of these events. These studies suggest that *Workforce 2000* has inflated forecasts of the demand for college-trained workers; ignored the connection between changing educational requirements and wages; mislead readers about the contribution of white males to the future labor force; and assumed that technological change is always skill enhancing. Jobs requiring workers with at least four-year college degrees are growing faster than jobs requiring less schooling, but the overwhelming majority of future jobs will require little more than a high school diploma. Though professional jobs are growing faster than other jobs, professional workers in the future may earn the same or less in real terms than professional workers today.

Young white males will account for a small fraction of the net increase in the labor force, because they will be needed to replace the majority of retirees, who are also white males. Besides white males, black males and Hispanics who graduate from college will be competing against many other workers with college degrees, including black and white women and immigrants. Finally, many technological changes enable employers to downgrade employee skill requirements.

Together these trends suggest a revision of current intervention strategies if black males are to be served. First, expanding the number of college-trained workers will be the goal of selective programs. Typical sponsors of these programs are best practice firms with critical needs for college-trained workers in the 1990s. These programs will benefit about one-in five young black males who are prepared for college following high school. To further increase college enrollments among black males in the 1990s, such programs would have to recruit black male high school students who need substantial remedial help. These poorly prepared students would have lower returns on investments in college-training. Further, program sponsors can find

cheaper ways to ensure adequate supplies of labor. They can help young black females, who now enroll in college at higher rates than young black males, and they can recruit immigrants with college-training.

Interventions targeting young black males will have different focuses, targets, and goals. First, they will look to the latter part of the 1990s and beyond. Second, they will look beyond jobs requiring a four-year college degree, which represent at most eleven percent of future jobs. The change in focus calls for interventions targeting black males in elementary and middle schools, especially those in poor or underclass neighborhoods. The goals are to increase the fraction of young black males who are able to undertake college preparatory courses in high school and to help young black males not bound for college to make a more successful transition to work.

Finally, any strategy targeting black males must see that they benefit from policies that accommodate patterns in American job structures, education, and earnings. Less than one-third of American jobs require four year college degrees and less than one-third of American workers obtain such degrees. If these long-standing patterns continue, one-third of black males is a realistic target for the fraction attending college. This means that the majority of black males, like the majority of all workers, will hold jobs requiring less than four years of college. The real earnings of such workers have been falling since the early 1970s.

These patterns have helped to motivate a shift in American income maintenance policy that excludes many black males. The shift favors tax and transfer programs that subsidize the earnings of low wage workers. The most popular programs benefit only those who work and have custody of children. High rates of joblessness and absentee fatherhood disqualify many young black males from these programs. To make black males eligible for new income maintenance policies, it may be necessary to expand these policies to include unrelated individuals and to change them in other ways that recognize and encourage even small contributions by absentee fathers.

Table 1

**Percent of Persons 18-24 Years Old
By High School Graduation and
College Enrollment Status
October 1988**

	High School Graduates	Enrolled in College	High School Graduates Enrolled in College
MALES			
ALL RACES	78.7	30.2	38.3
WHITE	79.7	31.4	39.4
BLACK	71.9	18.0	25.0
HISP ORIG	52.7	16.6	31.5
FEMALES			
ALL RACES	83.6	30.4	36.3
WHITE	84.8	31.2	36.9
BLACK	77.9	23.8	30.5
HISP ORIG	58.1	17.7	30.4

SOURCE: U.S. Bureau of the Census, Current Population Report, Series P-20, No.443, School Enrollment-Social Characteristics of Students: October 1988 and 1987. Table A-7.

FIGURE I

**Ratio of Nonwhite Male Median Income
to White Male Median Income
Selected Years, 1955-1985**

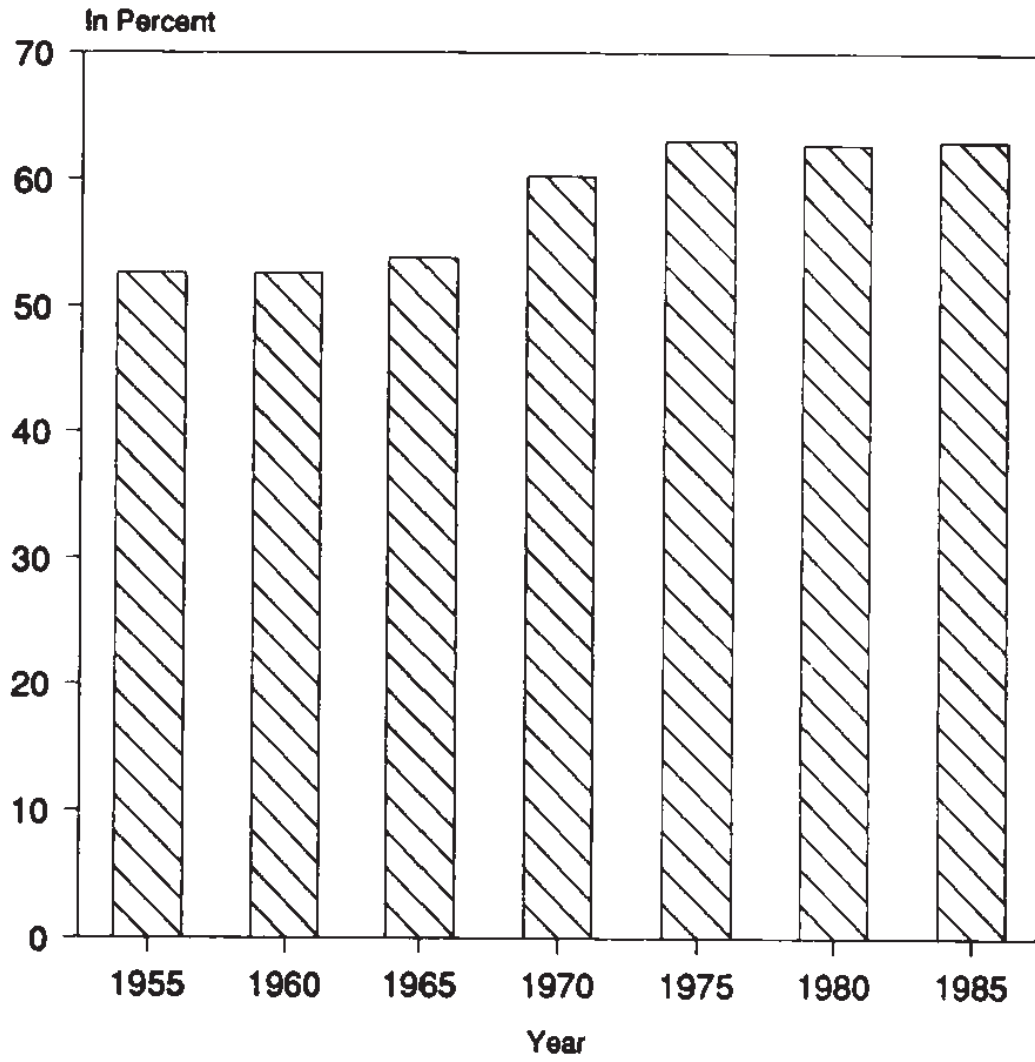
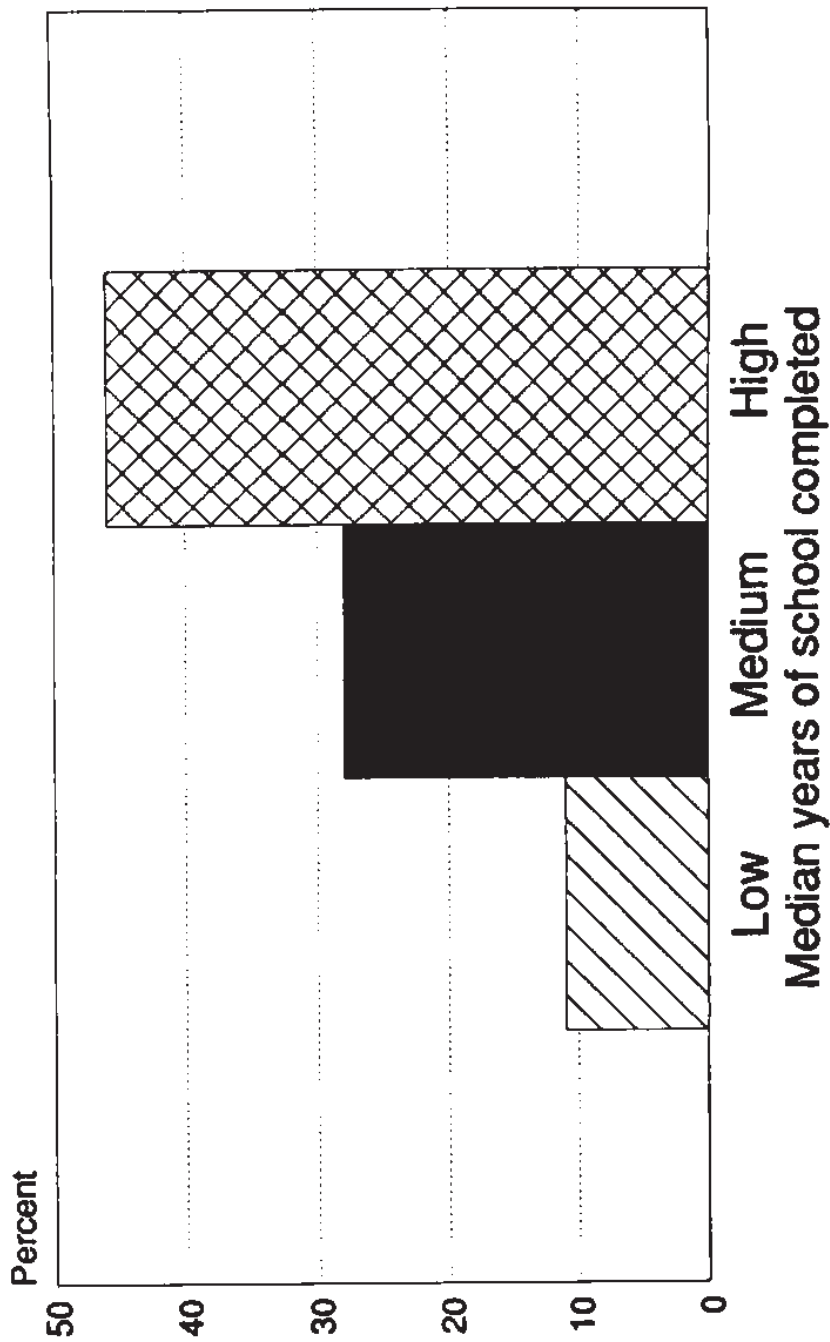


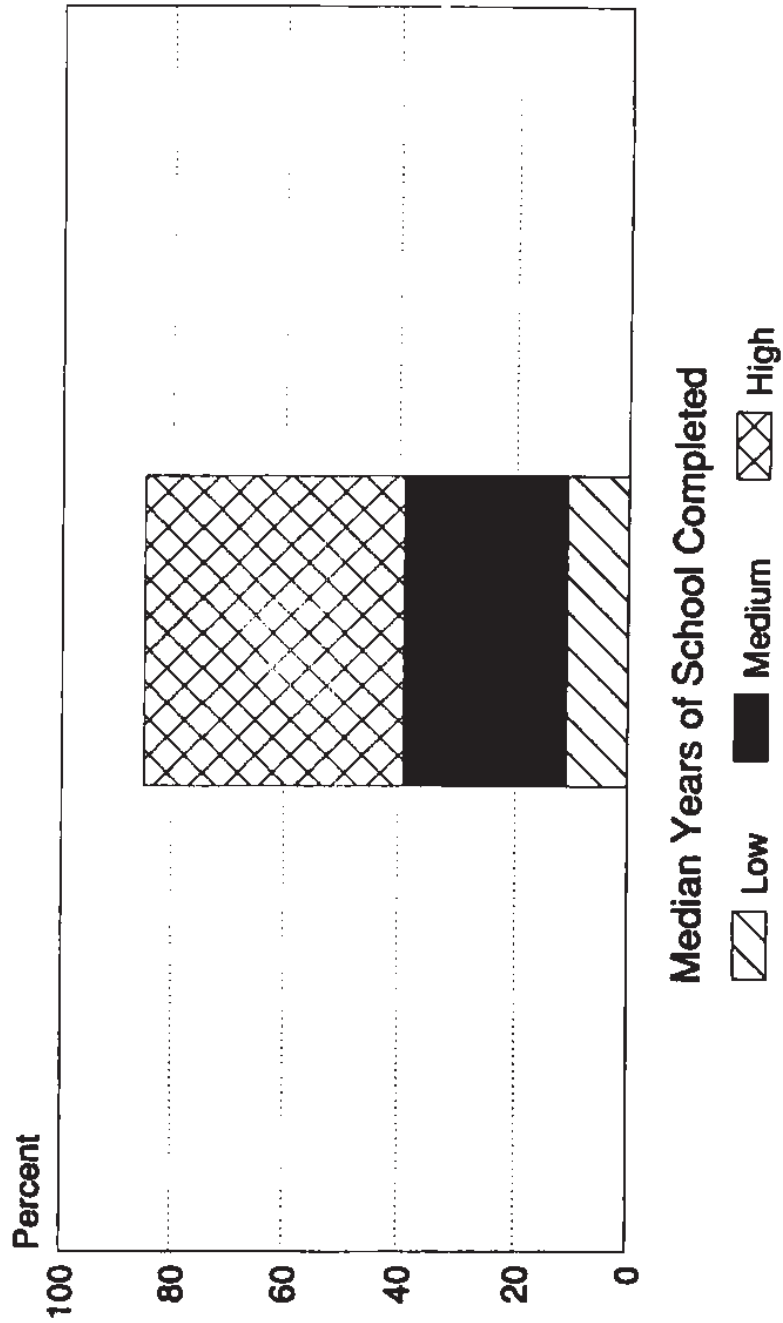
Figure II
OCCUPATIONAL GROWTH RATES
 By Level of Education



Sources: Bureau of Labor Statistics; and Workforce 2000.

Sources: Calculations based on data from the U.S. Bureau of the Census, Current Population Reports, Series P-60, Nos. 132, 157 and 161.

Figure III
OCCUPATIONAL GROWTH RATES
 By Level of Education

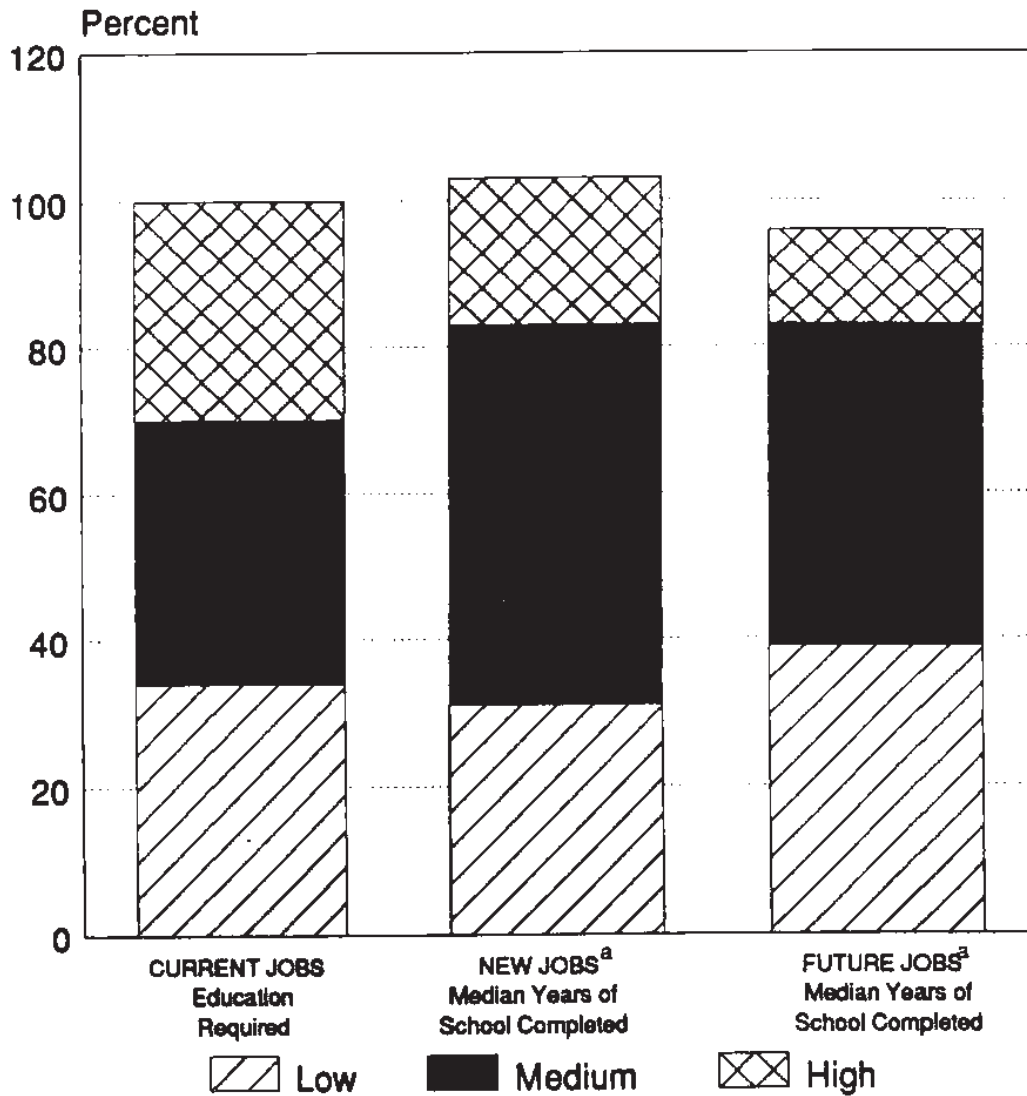


Sources: Bureau of Labor Statistics; and Workforce 2000.

Figure IV

JOB STRUCTURE

By Level of Education



Sources: Bureau of Labor Statistics; Workforce 2000; and America's Choice: High Skills or Low Wages.

a. Numbers do not add to 100 because education figures for mining and agricultural sectors were not available, thus not included in tabulation.

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