

# Racism and the Economy

focus on **Employment**

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## Introduction

A just and inclusive economy is only achievable by centering racial equity. The fact that a disproportionate share of people in underpaid, insecure, and unsafe jobs are Black and brown is not inevitable, nor accidental. Studies have documented that opportunity is segregated in the United States. Not only are vital resources such as housing, schools, and neighborhoods largely separate and unequal, but the labor market is highly segregated. In fact, after controlling for education, 87% of occupations in the United States can be classified as racially segregated. This stratification perpetuates a Jim Crow economy; it contributes to generational wage and wealth gaps, and exclusion from the benefits, rights, and protections we all deserve. The pandemic, which has been both a health and an economic crisis, has exposed these deep societal fissures, exacerbating fault lines and highlighting the urgent need for both short- and long-term policy fixes. The problem of labor market inequities is deeply embedded, multi-faceted, compounding, and interlocking, so our solutions must in turn be systemic, multi-part, synergistic, and focused on root causes.

## Why Focus on Occupational Segregation?

Occupational segregation—the preservation of “glass and concrete ceilings” and the shunting of women and people of color into low-paying occupations —accounts for a large portion of the wage gap between men and women and between white workers and workers of color. The “blacker” an occupation is or becomes, the lower the wages. For example, for every additional \$10,000 in the average annual wage, you will see a 7% drop in the proportion of black men in that occupation. The more female-dominated an occupation is, the more undervalued that work is, especially for care work.

A recent meta-analysis of hiring-discrimination field experiments found that hiring discrimination against African Americans has not decreased in the past 25 years. The researchers found that, on average, white job applicants receive 36% more callbacks than African Americans, and 24% more callbacks than Latinos. The researchers examined two kinds of experiments, using resumes and in-person matched pair testing. In both cases, the experiment compares applicants with similar levels of education and experience. In fact, their results were durable even when accounting for education, gender, occupational grouping, study method and local labor market conditions. Although overt expressions of labor market prejudice have swiftly declined over time, harmful norms, persistent stereotypes, and implicit bias have held constant, resulting in a form of racial bias that is “more contingent, subtle, and covert.”

The burdens of occupational segregation are intensified by the pandemic and the recession. Around 11 million workers were unemployed as of October. The October unemployment rate is 6.9.9% overall—6.0% for whites, 7.6% for Asians, 8.8% for Latinos, and 10.8.% for black workers. Women of color have experienced the highest rates of unemployment due to COVID-19. Unemployment for Latinas peaked at 20.2% this April, and unemployment for Black women rose to 16.5% this May. For those still employed, half are working from home—up from 15 percent before the pandemic, according to a recent study. There are also disparities in who can telework. Only 16.2% of Latinx workers and 19.7% of Black workers can telework. The remaining workers must report to their workplaces, sometimes at great risk.

Moreover, Black and brown workers are “crowded” into industries with poor working conditions and little job security. With regard to working conditions, Black workers and Latinx workers, including immigrants, have historically worked in jobs with the highest injury risk and suffered higher fatality rates than other workers, even before COVID enriched our collective deeper understanding of frontline workers. In the first half of the 20th century, dirty and dangerous jobs were known as “negro work.” For example, Black tunnel builders in the 1930s were heavily exposed to silica dust and suffered 60% mortality within five years. In another case from the 1960s, an uptick in lung cancer among steel workers was almost entirely attributable to an 11-fold increase in lung cancer mortality in black men assigned to the top side of coke ovens, where exposure to coke fumes were the highest. (Coke ovens were used to convert mined coal into a fuel, known as coke, for smelting iron ore.) What’s more, these kinds of egregious conditions continue into the present day, with COVID-related sickness and death in the workforce—particularly in food/meat processing, supermarkets, warehouses, and nursing homes—falling most heavily on Black, Latinx, and immigrant workers who are deemed “essential” but treated as disposable.

Black and Latinx workers are overrepresented in underpaid, insecure “gig work,” available through apps like Uber, Postmates, and Amazon Flex. Currently, gig workers—who are more often than not wrongly classified as independent contractors rather than as employees, even though most are not in business for themselves—are excluded from nearly all workplace protections and benefits, including unemployment insurance, workers’ compensation, and employer-sponsored health insurance. These same workers are also overrepresented in temp staffing jobs. While Black workers constitute 12.1% of the overall workforce, they make up 25.9% of temporary workers hired through staffing agencies; Latinx workers are 16.6% of all workers, but 25.4% of temp workers hired through staffing agencies. Full-time temporary staffing workers can earn about 40% less than their counterparts in standard work arrangements even when they are doing the same job. In addition to not knowing how long a work assignment will last, some workers have become permatemps, never being hired into a standard arrangement even after seven or eight years or more as a temp.

### **How Can History Inform Solutions?**

Occupational segregation has been a persistent problem for women and workers of color and is our country’s default policy. For instance, labor market stratification enabled the exclusion of workers in the South and West from New Deal programs. This meant that nearly half of all Black men, Mexican American men, and

Native American men and women, plus significant numbers of Asian American workers, were excluded from Social Security, unemployment insurance, and the right to organize. This exclusion fell most heavily on Black women—excluding a full 90% because of their concentration as agricultural and domestic workers.

Scholars have documented advances in occupational integration beginning in 1940. For example, research from Olga Alonso-Villar examines the occupational integration of Black women between 1940 and 2010. She found that the occupational segregation of Black women decreased substantially between 1940 and 1980, decreased only slightly from 1980 to 2000, and stagnated from 2000 to 2010. This progress has many causes, including technological advancements; the Great Migration; civil rights protests; federal, state, and local equal opportunity laws; and impact litigation. Conversely, a decline in civil rights enforcement and an erosion of protection in the courts have contributed to the current lack of progress.

Between 1960 and 1980, there was an increase in workplace integration for Black women and other people of color due to new civil rights protections and federal enforcement of affirmative action. Title VII of the Civil Rights Act of 1964 created the Equal Employment Opportunity Commission (EEOC)

to monitor and enforce the law in the private sector. The Johnson administration established via executive order what would become the Office of Federal Contract Compliance Programs (OFCCP) to monitor and enforce equal opportunity in federal contracting. The order required contractors to affirmatively hire and promote minorities, including documenting goals and timetables. Subsequently, enforcement has declined, and the courts have made it harder for discrimination plaintiffs to prevail. Without action, there will be no new progress. For example, [millennials](#) still experience high rates of occupational segregation by race, accounting for up to 49% of racial wage gaps in that group.

### **Solutions for Maximum Impact**

Since the problem of labor market inequities is deeply embedded, multi-faceted, compounding, and interlocking, our solutions must in turn be systemic, multi-part, synergistic, and focused on root causes. These solutions need to change conditions for workers who are currently crowded into insecure, underpaid, and dangerous work, and those who are unable to find work or advance at work because of employment discrimination. Below are highlights of some strategies to increase labor market equity:

- **Enforcing Equal Opportunity Regardless of Geography.** When the Civil Rights Act of 1964 was passed, almost half of the states had equal opportunity laws covering one in four Black workers, or nearly all Black workers *not* in the South. However, this points to a need for effective federal enforcement, especially in states that don't have their own equal opportunity laws. Unfortunately, the EEOC's funding has remained flat since the 1980s, even though the labor force has since increased by 50%. Evidence shows that strong enforcement reduced occupational segregation in the past, and research illustrates that occupational integration can dramatically increase wages, especially for women of color: 56% of Black women's wage growth from 1960 to 2010 was due to occupational integration. Increasing EEOC funding and ramping up civil rights enforcement will support increased occupational integration.
- It is important to note that although the EEOC is an independent regulatory agency, its policies and enforcement philosophy are politically mediated. Its top administrators are presidential appointees and Congress determines its budget and staffing levels, which influences how many cases it can investigate. For years the EEOC has had a massive case backlog. Its staff of 570 investigators represents a decline of about 150 from a decade ago. According to public records obtained by [the Center for Public Integrity](#), the EEOC is handling its backlog by assigning more complaints to the lowest priority effectively closing them with little or no follow up or investigation. Of 27,000 low priority cases, less than half a percent were resolved. With higher priority cases, which include sexual harassment and disability cases in addition to discrimination, only 13 percent of complaints closed last year ended with a settlement or other relief for the workers who filed them, down from 18 percent in 2008. A substantial investment in the EEOC is warranted if it is to be effective in reducing and preventing discrimination. Moreover, it's leadership must be supported by the political will to challenge labor market inequities. This proposed solution is feasible if there is political will on the part of Congress and the administration. This solution would likely require a change in administration and the makeup of Congress.
- **Transforming insecure work.** The minimum wage helps workers who are crowded into low-paying positions, but we must also improve job quality for the growing category of workers in

the temp staffing sector. Three million workers are employed in the temporary staffing industry in the United States. They often work with and alongside a company's direct employees, doing the same work as permanent workers but for less pay, nearly non-existent benefits, and no job security. We can combat labor market inequities by ensuring that all workers have access to higher wages, traditional employment rights, and bedrock benefits—and also by ensuring that workers are universally included in new standards like paid sick leave, paid family leave, and “just cause” dismissal, and can exercise collective power. In July, the [Restoring Worker Power Act of 2020](#) also known as the temp workers Bill of Rights goes a long way toward eliminating temp workers' second-tier status and demanding transparency, accountability, and equal pay for equal work from temp agencies and the corporations that rely on temp labor. The Act requires:

- equal pay for equal work—meaning that temp workers must be paid the same as permanent workers at the worksite corporation's business performing similar work;
- transparency about the terms and conditions of temp workers' assignments, including disclosing the difference between a temp worker's wage rate and the temp agency's billing rate;
- health and safety training for all temp workers to reduce hazards on the job;
- temp agencies to register with the Department of Labor and record information about their workforce, including the race and gender of their workers and the percentage of temp workers who transition to permanent positions, which will shine a light on discrimination, occupational segregation, and other exploitative practices like “perma-temping”; and
- a ban on non-compete agreements and limits on conversion fees, which will increase temp workers' opportunities to transition to permanent, stable employment.

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- **Enacting health and safety worker protections.** Besides with the employers themselves, the responsibility to protect workers' health and safety lies primarily with the Occupational Safety and Health Administration (OSHA). OSHA has so far declined to issue an enforceable safety standard to protect workers from exposure to COVID-19. Workers and their advocates are calling on OSHA to do its job, but in the meantime, states and cities can step in to protect workers. As the [federal government abdicates its responsibility](#), states and cities must exercise their [authority](#) to protect the health and safety of workers. Thus far, [14 states have enacted comprehensive worker safety protections](#). In some states, enforcement is handled by state occupational safety and health agencies; in others, by health departments and the attorney general's office. This proposal is feasible because we see a growing number of states enacting health and safety protections.
- **Preserving Public Sector Employment.** As state and local tax revenues decline due to the recession, severe loss of public sector jobs is on the horizon. In March and April alone, 980,000 state and local government workers lost their jobs. Occupational segregation means public sector jobs are filled largely by women and Black workers. Nearly 60% of public sector employees are women. A [public sector job](#) has traditionally been a path to the middle class

for Black workers, who are more likely to work in the public sector than all other racial groups. If past is prologue, Black workers will be hit hard by public sector job loss. During the last recession, Black workers in the public sector were more likely to lose their jobs than white workers—and Black women even more than Black men. The consequences of significant cuts to the public sector will likely exacerbate these trends. Congress can pass legislation to provide aid to state local governments and prevent this tragedy. The feasibility of the proposal will depend on the political will of Congress and the administration. Some aid to states was included in prior stimulus legislation, so it is possible that it will be included in the next stimulus legislation.

- **Shifting Harmful Narratives.** Crises like pandemics and severe economic downturns have historically led to openings for meaningful shifts in power from corporations to working people. Moreover, social movements like the current reckoning over race have led to policy changes that support a more inclusive and equitable labor market. A decade ago, many thought the United States was a post-racial society; therefore, labor market inequities were not a going concern. In just the last 10 years, the narrative around racial equality has become more salient and more aligned toward an understanding of how systems and structures reproduce inequity. From the acceptance of Black Lives Matter to mainstream conversations about reparations, a shift is happening. An unintended consequence of this narrative shift is that this forward motion could trigger a backlash and retrenchment of any substantive gains. Nonetheless, the narrative around what a worker deserves in this country is expanding. The COVID-19 pandemic has shifted public discourse on the fight for workers' rights. Ongoing coverage has exposed the massive power imbalance between corporations and workers and spotlighted where policies and employers fall short on worker protections — and has also highlighted workers across various industries organizing for their own rights from grocery store workers, to health workers to poultry and meat plant workers. Unemployed workers have also raised their voices and demanded that Congress provide robust support for the duration of this dual public health and economic crisis. Workers are joining together to fight for unemployment benefits, higher pay and better working conditions. This moment is ripe to transform the idea of racial equality into action.

