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## ABSTRACT

This report of a study based on research and analysis of U.S. Census data examines how the services economy and its component industrial sectors have spurred employment growth and with its gains and losses for black women. The report is divided into three parts. The first part looks at current theories related to work and workforce participation in the economy along with trends in employment of black women in the recent past. While services employment opportunities have allowed black women to move from low paid domestic employment into mainstream occupations and workplaces, deepening economic stress among black families is related to the growth in the proportions of black women who are heading households. The second part examines the services economy in depth and patterns of job gains and earnings for black women accompanying the vast recent expansion of services. Increasing employment of black women in male-intensive services, transitional service sectors, and female-intensive services are studied. The third section explores impacts of service industries on black women's earnings and future employment. The report includes 11 statistical tables, and 37 references are appended. (AF)

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Black Women in the New Services Economy:  
Help or Hinderance in Economic Self-Sufficiency?<sup>1</sup>

A current debate rages over whether black women have gained or lost in the fight for economic status with recent economic expansion and job growth. Improvements have been cited in a near "closing of the wage gap" with white women and in gains in occupational status. But there is other evidence that black women are losing ground. A recent drop in black family income has been blamed on the growth in the proportions of black women who are heading households.<sup>1</sup> In the current debate over women, poverty and work, very little attention is paid to the influence of the workplace and shifts in employment and earnings as a cause or cure for poverty for women householders. But as more women enter the workplace as breadwinners, the kind of working conditions they find, including wages, increasingly determines not only individual well-being but that of entire families.

In addition to a general neglect of the workplace and its relation to poverty among black women, there are other serious gaps in policy and research outlooks. Included is the glaring omission of the effects of economic change, and, particularly, of the dramatic shift from a manufacturing to a services economy. How the rise of the new services sector influences the economic status and earnings of black women workers may offer the best clue of all to the question of whether or not poverty is on the rise in the workplace.

Recent economic growth patterns and the rapid transformation from a manufacturing to a services economy has been widely recognized as a key influence on change in the status of labor, as well as the change in the composition of the labor force from male to female. These forces are also cited for the improvements of job opportunity and earnings for black women. At the same time that black women have made gains, however, a deepening economic stress among black families has occurred. The reasons for these seemingly contradictory impacts are related to the status of black women as householders. Black women have undergone the most rapid rise in the ratio of dependents for each wage earner among populations in the economy and thus have the greatest need for wage growth above poverty levels. Thus, what is most important in assessing the improvements of black women in the labor force may be the extent to which the workplace will resolve economic stress or will contribute to a "feminization of poverty" by creating a new sub-culture of low wage work in the services industries of the future.

This paper examines how the services economy and its component industrial sectors have spurred employment growth and with it gains and losses for black women. A first part looks at current theories related to work and workforce participation in the economy along with trends in employment of black women in the recent past. A second part examines the services economy more closely and

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<sup>1</sup> I am grateful to my colleagues Carolyne Arnold and Nancy Marshall of the Wellesley Center for Research on Women for many valuable suggestions and editorial help.

the patterns of job gains and earnings for black women with the vast recent expansion of services. A third and final part looks for consequences for the future. The article is based on research and analysis of U.S. Census data and was developed at the Wellesley College Center for Research on Women and the William Monroe Trotter Institute at the University of Massachusetts.

### 1. Black Women in the Workplace: Theory and Employment Trends

Black women have a long work history, but until recently, little attention was paid to their role in the paid workforce, or as contributors to family income.<sup>2</sup> Theory and analysis about work and workers has long been dominated by an emphasis on the characteristics of workers as the principle determinants of employment status and wages. More recent theory, however, has challenged traditional thinking by pointing up a division of the U.S. economy into "core" and "secondary" labor markets which, by limiting the flow of workers to jobs, increases segregation and reduces wages of workers in the secondary labor market - where black women are concentrated.

Of the two principle theories which have dominated labor analysis recently, traditional "human capital" theory emphasizes the characteristics of the individual worker. Human capital characteristics, such as, education, experience and skills, are translated into wage levels. Higher skilled workers with more human capital in the form of experience and skills would be expected to earn more than those with fewer skills. Higher rates of unemployment, by contrast, would be expected among workers who are less in demand and less skilled. The lower wages of racial minorities are often explained in terms of human capital.<sup>3</sup> Although serious questions were raised during the 1960's about the lack of attention to visible barriers such as company policy which barred employment for blacks and other racial minorities, leading analysts found the impact of such discrimination to exert minimal effects on the otherwise efficient operation of the labor market.<sup>4</sup>

A second labor theory focuses less on labor and more on the structure of the economy as a determinant of labor market operation and wages. The concept of a dual market economy, consisting of core and periphery, or primary and secondary employers, was used to illustrate the evolution of the U.S. economy into two tiers.<sup>5</sup> The primary or core tier consisted of large, consolidated, capital rich and highly profitable firms while the secondary market comprised smaller, less profitable firms. A key to this model was the decline of a competitive market situation. With the vast consolidation of firms during the post-war period, key markets became increasingly oligopolistic, as is demonstrated by trends in such manufacturing activities as automobiles, energy, chemicals, and food processing and such services as transportation and telecommunications.<sup>6</sup> Meanwhile, remaining outside these large activities were millions of smaller firms, new businesses and marginal activities operating in highly competitive markets. The model implied that workforce characteristics in the traditional sense --skills, education, experience-- were less important factors in determining wage levels than whether or not a worker was employed in a "core" or "secondary" industry. The high profits and stability of the big dominant firms made possible good pay, union contracts, technological innovation, good working conditions and above all, stability and protection from layoffs. This was not true in the secondary labor market. A second

implication of the development of dual markets is that, over time, fewer and fewer workers are employed in protected "core" markets, as the periphery business growth expands to increasingly form the bulk of employment. In addition, core firms increasingly either replace and "deskill" workers through use of technology internally, or use periphery firms to expand production as in the case of an automotive sub-contractor for seat covers, plastic parts or other components<sup>7</sup>

This analytical framework has been only partly helpful in explaining the expansion of black women into the work economy. The rapid growth of white women into the workforce, and the expansion of black women into a range of "mainstream" occupations and industry, was not adequately explained by either the human capital model's labor characteristics nor the two-tiered primary-secondary labor market model. Women as a labor force were viewed in two principal ways. Traditional theory held that women's behavior, and particularly choices between work and family, defined their position in the labor market, rather than discrimination based on sex. Women were held to deliberately "undervalue" their work, in accepting lower wages, in order to move in and out of the labor market.<sup>8</sup> However, the growth of women as full-time workers as well as increases in educational attainment and a reduction in the pattern of work interruption for childrearing followed the lowering of legal barriers for women during the 1960's.

Dual market theory offered a somewhat more helpful framework to explain the wage differences between men and women by acknowledging that the workplace did impose barriers on wages, work status and mobility through separation of labor markets into two sectors. However, the very strong emphasis of dual market theory on manufacturing, coupled with evidence of a general rise in women's wages and, above all, the continuing occupational differences between men and women left major questions unanswered.<sup>9</sup> Much of the analysis about women centered on occupational discrimination as an explanation for lower compensation compared to men. A number of statistical analyses tested the extent that occupational segregation of women or other variables such as experience, skills, work interruption and demographic factors, explained wage differences.<sup>10</sup> In an effort to estimate the effect of both the occupational and industrial segregation on earnings of women, Juliaune Malveaux analyzed 1976 Census data and found that occupational and industrial differences between males and females were responsible for a minimum of 15 percent of earnings distribution differentials, and occupational and industrial differences accounted for between 13.5 and 27.5 percent respectively of the wage earning gap between the sexes.<sup>11</sup>

In the case of black women, several questions were asked. One was whether race or sex was most responsible for the inferior work status and earnings of black women compared to other workforces. A related question was whether race or gender was responsible for the rapid expansion for black women into mainstream jobs and wages. In examining trends, however, black women appeared to hold a labor market position both historically and currently distinct from both white women and black males. Historically black women were more thoroughly segregated and restricted in work than either black males or white females, a fact which is visible in an overwhelming concentration in domestic work. Both by law and custom, black women had few choices in employment, even

in marginal jobs, outside of the very lowest level services and production work, irrespective of gains in education and skills or work effort. Most theory focused on discrimination against black men, including dual labor theory, failed to explain either the historically high labor force participation of black women, or the severe restrictions under segregation.<sup>12</sup>

Evidence on changes in the workforce status of black women indicate a mix of improvements and continuing problems in reaching parity with others in the work economy. In 1960, for example, over 40 percent of black women were working as domestics, while most of the remainder were concentrated in low status service occupations (such as maids, laundresses and janitors), as operatives in low paid factory work (textiles, plastics and novelties, soap making, food processing), and in agriculture. After 1970, however, the end to legal discrimination and the growth of the services sector radically improved the status of black women. The result was a decline in the proportion of black women employed in private households and related work declined from over half to less than six percent between 1960 and 1980, while those who were employed as clerical workers rose from 8.5 to 38.8 percent of the total, according to U.S. Census Data. The change in occupational status was reflected in earnings gains. The gap between black and white women's earnings virtually closed, as the ratio of black to white women's earnings narrowed from 79.7 to 89.6 between 1967 and 1985.<sup>13</sup>

Underlying these changes were two other trends, a decline in the status of black men and growth in job opportunity for black women resulting from expansion of services jobs. Traditional economic theory has always held that the workforce participation behavior, or decisions of women to enter the labor force were highly related to family status. While childrearing provided a key "family" explanation for white female labor force participation behavior, a number of analysts have suggested that family decisions of black women may relate more to the earning power and work status of black men.<sup>14</sup> Thus, given the lower earning power and the displacement of black men in the economy recently, it is useful to review relevant trends. Between 1950 and 1980, dramatic declines took place in the types of jobs traditionally held by black men. U.S. Census data indicates that over one million fewer jobs were held by black men in 1980 than in 1950, with the sharpest declines occurring in agriculture, construction, personal services and manufacturing. These losses, mainly in lower skills job categories, may explain other changes in the status of the black male workforce. The participation in the workforce of black men between 20 and 64 years old or those actually working or seeking work, declined from 72.2 to 67 percent between 1960 and 1980.<sup>15</sup> Unemployment in all age groups among black men also increased over the same period. Finally, the number of black men heading households fell from roughly three-quarters for all black families in 1960 to fewer than half by 1980.<sup>16</sup>

While analysis examining the women's workforce has focused mainly on occupational status and the supply side of the labor market, we have elected to examine services industries distribution of black women and the demand side of employment more closely in an effort to evaluate whether opportunity provided by employers is a key force underlying current change in the status of black women.

The burgeoning of the services industries in the U.S. provides an excellent way to review how changes in the demand for women workers in general, and black women in particular, has transformed the status of black women. Services employment opportunities have clearly provided a key means for black women to exit from low paid domestic employment, into mainstream occupations and workplaces. However, it is important to understand more clearly how this process has taken place. A second need in examining services employment for black women is to understand the extent of which earnings growth among black women has occurred particularly as black women have assumed the principal role as household breadwinner among black families. The following section examines patterns of services industries employment for black women compared to other workforces, then looks at the impacts of these patterns on earnings and occupational status.

## 2. Services Industries Job Growth and Black Women's Employment

Traditionally, services industries have been viewed as posing threats to a "healthy" national economy, particularly compared to goods producing activities. Nonetheless, expansion of services has provided significant contributions to national output in the U.S., taking up the slack in a sluggish and declining manufacturing sector, and providing the principal source of new jobs. Black women as a labor force may have been the biggest beneficiary from services growth. The black female workforce was particularly well equipped to take advantage of the accelerated demand for women workers resulting from services industries growth.

The decline in the goods producing economy, particularly manufacturing, and its replacement by services, has been viewed in negative terms from the perspectives of national growth and labor for several reasons. One reason is that compared to services, durable goods output, because it is tangible, is more easily understood, compared, measured and valued.<sup>17</sup> Because output is synonymous with input, productivity, in terms of output units per worker, is less easily measured for intangible services than it is for tangible goods such as automobiles or computers. Second, services have been traditionally regarded as the by-product of, or generated from, goods production. The expansion of automobile production and sales, for example, generates sales in the insurance and financial services industries which are related to consumer automobile loans and automobile insurance.

But services may also substitute for goods, as in the case of housing repair and maintenance as an alternative to purchases of new housing. Services may demonstrate or even generate new goods production, as in the case of producer services such as engineering research and development, and design, which stimulate new product manufacture.<sup>18</sup> Third, it is also believed that services are more difficult to trade and export than goods. In many cases, services cannot be stockpiled or inventoried and generally must be consumed where they are produced as is the case with most health and educational services or restaurants. Nonetheless, because services are "fixed" in place, the value added and employment associated with services generally accrue to the place where they are produced, even if ownership is foreign. Finally, technologically characteristics of services, in contrast to tangible products, have been said to require high levels of labor input per output unit (i.e. are

intrinsically labor intensive) a factor that makes it difficult to substitute capital for labor as a means to increase productivity.

Despite these negative views, services have proved to have important advantages for labor and to have made significant contributions to national economic growth. Services have proved to be remarkably recession proof. as has been demonstrated in several economic downswings when unemployment rates remained relatively stable. The services industries have also made surprising increases in productivity, trends which are expected to continue in the future. Finally, it is increasingly difficult to make strict distinctions between services and tangible goods production as both producer organizations and products become blurred.

Services grew from 47.9 percent of real domestic output in the U.S. economy to 53.1 percent between 1972 and 1986 according to U.S. Census data. This can be compared to goods producing industries output which fell from 48.3 to 43.5 percent of total real domestic output and manufacturing which declined from 35.6 to 33.0 over the same period.<sup>19</sup> Further gains were made throughout the recent downswings in the economy.<sup>20</sup> The introduction of technology, as well as the transformation of many products, acted to make distinctions between services and tangible goods nearly impossible. Products are marketed jointly, as in the case of computer software, which has services characteristics and pricing, and computer hardware, a tangible product -- demonstrated in the growing use of microprocessors in consumer products such as microwave ovens or washing machines. Business firms also increasingly integrate services into production in such ways to defy separation as with incorporating discounted interest rates and loan terms into automobile wholesale prices. Large manufacturing firms are also increasingly contracting product design, patents and other "services" to other goods producers as well. Finally, conglomerate structures, resulting from acquisitions by manufacturing firms such as Westinghouse and General Electric, with its purchase of RCA, have created a mix of management and product lines which reduce the influence of durable products in the whole.

The growth of jobs in the services industries over the last two decades was even more spectacular. Nearly seventy percent of the jobs created between 1960 and 1980 were in services and trade, while manufacturing employment actually fell from 19,151 million to 18,994 million between 1972 and 1986.<sup>21</sup> By 1986, services industries constituted 75 percent of all non-farm wage and salary employment and 53 percent of real domestic output.<sup>22</sup> A recent report on the services sector noted that services jobs, including services-related jobs in manufacturing -- nearly half in 1986 -- found that during 1984, only 14 percent of non-farm employment in the U.S. was accounted for by manufacturing.<sup>23</sup>

From the perspective of labor and particularly wages and stability of employment in the future, the services industries picture is complicated by the division into those sectors where growth has been spurred by expansion of the welfare state or direct government spending as in human services such as education and health care, and a second group of services which are mainly produced and marketed in the non-subsidized private sector such as banking, insurance, transportation and hotel and entertainment industries. Total

employment and output of the welfare related and government supported services grew far faster than non-welfare, non-government supported services and trade over the recent past. For example, recent statistics indicate that the annual percent rates of output of the health industry expanded from 3.5 percent to 4.7 percent between 1962 and 1984 and from 2.0 to 3.5 as a percentage of total national output.<sup>24</sup>

This pattern of expansion raises questions about whether services growth can be sustained in the future. Declines in the birth rate and other demographic changes will lessen pressure for growth of public supported services such as education. By contrast, the "aging" of the population might result in increases of some kinds of health care. Non-welfare employment may also flatten in the future as the result of competition from abroad and other technological and managerial innovation designed to increase productivity.

The growth in demand for women in the labor force was crucial to the mainstreaming of black women in the workplace and accounted for much of the improvement in black women's wages over the past two decades. Between 1960 and 1980, women workers grew from 33 percent to 43 percent of the total labor force as over sixty percent of new jobs created went to women. At the same time, nearly eighty percent of new jobs created during this period were in services or trade. Although gains in jobs by women were stronger than that of male workers in all sectors, services clearly provided the principal reason for the spectacular expansion of the women's workforce in the economy.

The exodus of black women out of domestic work and into mainstream economic sectors was spurred not merely by services industries growth, but by a corresponding expansion in demand for female labor. Black women were segregated and barred from the broad diversity of sectors available to white women prior to the mid-1960's, but by 1980, several hiring patterns were visible. Table 1, following, illustrates that essentially four patterns can be identified based on whether or not sectors were "female-intensive", "male-intensive" or "transitional" from mainly male to mainly female workforces. Although improvements have taken place over the past, women remain more concentrated than men in the services industries. Nearly one third of the women's workforce in 1980, for example, remains concentrated in professional services (mainly health and education) and less than 20 percent in goods producing activities. By contrast the largest concentration of men is in manufacturing (about 27 percent) while the remainder of male workers was dispersed throughout the economy.

Changes in dispersal of black women compared to white women between 1960 and 1980, indicated in Table 2, illustrates that while women of both races remain "overrepresented" in the female intensive sectors, important changes did take place. White women were more likely to "move up" to the male intensive services sector or the transitional sector, while black women "moved over" to sectors traditionally employing women. Internal patterns of deployment of black and white women across occupations within sectors helps explain the process of change in more detail.

Table 1

Male and Female Intensive Employment Sectors 1980

Sector:	Females as a % of Total <u>Workforce</u>	% of Total Female <u>Workforce</u>	% of Total Male <u>Workforce</u>
<u>1. Male Intensive</u>			
<u>Goods Producing</u>			
Agriculture, Fish, Forest	17.9	1.2	4.3
Mining	13.7	0.3	1.6
Construction	8.4	1.1	9.4
Manufacturing	31.9	16.8	26.6
<u>2. Male Intensive</u>			
<u>Services</u>			
Transportation	20.7	2.1	6.1
Communications	47.2	1.6	1.3
Utilities	16.6	0.6	1.3
Public Administration	40.0	5.0	5.4
<u>3. Transitional</u>			
Finance, Banking, Insurance, Real Estate	58.0	8.2	4.4
<u>4. Female Intensive</u>			
<u>Services</u>			
Personal Services	70.4	5.2	1.6
Professional Services	66.3	31.4	11.9
Retail Trade	50.9	19.2	13.8
Other Industries		7.3	12.3
TOTAL WORKFORCE	42.6	100.0	100.0

Source: "Detailed Population Characteristics," 1980, U.S. Population Census

As Table 2 shows, black women made dramatic progress in total employment, both in goods producing sectors (manufacturing) and in services. The most important shifts for black female labor, however, occurred within the services sector from personal services, where half of black women were concentrated in 1960, and into a broad diversity of services by 1980. Growth rates in employment for black women were highest in the Male-Intensive Services Sector industries of transportation, communications, utilities and public administration, and in Transitional Sector services of banking and insurance. A second gain pattern is visible in the diversification of the employment of black women within professional services, particularly health care. Black women made the most total job gains in health care, adding some 600,000 jobs between 1960 and 1980. Health jobs grew from 9.4 percent to 17.4 percent of total employment of black women over the same period. By the mid-1980's, the health industry was by far the dominant employer of black female labor.

A third pattern of employment for black women is visible in sectors which traditionally hired women as main workforces. In retailing, black women "moved over" into white women's jobs. In other women-intensive sectors, black women provided a low skilled pool of "services" workers for what is essentially new industry, as in the case of the fastest growing business services group, temporary employment services. Temporary work contractors provide services to other businesses ranging from janitorial and cleaning services to low skilled office workers. Black women have provided an important part of the workforce for these firms.

The significance in the hiring patterns of black women in male or female intensive industry can be viewed in two ways. First, sectors which hire mainly male workforces have higher wages structures on average, as well as more institutionalized protection in the form of collective bargaining, regularized work systems and such protection as civil service, which acts to reduce layoffs, limit part-time work and increases benefits at higher levels than in female-intensive sectors.<sup>25</sup> The reasons for this difference are complex, but appear to relate to the power and strength of male labor to achieve work and pay status more closely related to the profit levels and productivity growth of the business. A second significance of gender-structured labor patterns is that discrimination and stratification, which lead to low wages, appear to characterize sectors where establishments are small or where labor is easily substituted for capital or innovation. This is the case of retailing where white female labor was traditionally sought by employers for sales almost exclusively on a part-time, low cost basis. The end of legal discrimination in the employment of women and minorities and better enforcement through court decisions and government actions helped move some of the female workforce into male-dominated sectors. But, as the case of banking and insurance indicate, other trends in the evolution of the services industries may point to future leveling of wages as women become the principle workforce. In the case of banking, for example, recent trends in restructuring and consolidation, coupled with technological innovation such as the introduction of the automatic teller machine (ATM) and high speed data processing, laid the groundwork for massive change in the job structure, occupational mobility and in pay systems. At the same time that these changes took place, a corresponding shift changed the workforce from male to female.<sup>26</sup>

Table 2

Black Women's Employment Change by Sector, 1960-1980

Sector:	<u>% Total Women's Workforce by Race</u>				<u>% Change</u>	
	1960		1980		White	Black
	White	Black	White	Black		
<u>1. Male-Intensive:</u>						
<u>Goods Producing</u>					-26	38
Agr/For/Fish.	1.9	3.8	1.3	0.6		
Mining	--	--	0.3	--		
Construction	0.8	--	1.2	0.5		
Manufacturing	23.5	9.6	16.5	17.4		
Non-Durables	19.1	6.6	8.1	9.4		
Durables	9.4	2.9	8.2	7.6		
<u>2. Male-Intensive: Services</u>					6	181
Trans/Comm/Utilit.	4.2	1.1	4.1	5.2		
Utilities	0.6	--	0.6	0.6		
Transportation	1.3	0.5	2.0	2.4		
Communications	2.3	0.5	1.5	2.2		
Public Administration	4.3	3.6	4.6	8.0		
Federal	2.2	2.2	1.6	3.5		
Federal Postal Serv.	0.3	0.3	0.3	1.0		
State/Local	2.1	1.3	2.7	3.5		
Wholesale Trade	2.4	0.7	2.9	1.5		
<u>3. Transitional</u>					6	313
Finance/Insurance/Real Est.	6.7	1.5	8.6	6.2		
Banking/Financial Serv.	3.0	0.3	2.9	2.5		
Insurance	3.7	1.2	2.7	2.2		
<u>4. Female-Intensive: Services</u>					8	- 24
Personal Services	9.3	49.1	4.5	9.8		
Private Households	4.6	39.7	1.0	5.5		
Hotels, Lodging	1.4	2.8	1.4	2.2		
Professional Services	23.2	19.0	31.0	36.2		
Health	8.9	9.4	12.8	17.4		
Education	11.0	8.1	13.2	13.7		
Social Services	3.6	1.5	1.8	3.5		
Business Services	1.8	0.6	3.4	2.8		
Retail Trade	20.9	10.1	20.5	11.2		

A. Male-Intensive Services and Black Women

Some of the best status gains for black women in recent years were in male intensive services -- the proportion of the black female workforce in this sector almost doubled. Relatively sharper earnings gains also took place. Causes lie in factors these industries have in common, including collective bargaining; capital investment (contributing to productivity and profitability); public regulation; and high visibility. These factors undoubtedly contributed to relatively higher wages for black women and the rest of the workforce. In the case of telecommunications, the highly publicized American Telephone and Telegraph (ATT) court settlements from discrimination suits were important. Civil service hiring and promotion rules in government employment also helped. As noted, employment gains were highest in these industries for black women between 1960 and 1980. As Table 3 indicates, black women made substantial occupational gains by moving into these industries.

Table 3

Proportion of Females in Selected Industries and Occupations: 1982

<u>Industry</u>	<u>All Occs.</u>		<u>Prof/Tech</u>		<u>Management</u>		<u>Sales</u>		<u>Clerical</u>		<u>Service</u>	
	<u>Black</u>	<u>White</u>	<u>B</u>	<u>W</u>	<u>B</u>	<u>W</u>	<u>B</u>	<u>W</u>	<u>B</u>	<u>W</u>	<u>B</u>	<u>W</u>
<u>Transportation/ Communications/ Utilities</u>												
Transportation	1.81	2.08	-	.24	-	.32	-	.09	.76	1.49	.39	.01
Communications	2.52	1.88	.22	.23	.02	.11	-	.09	2.11	1.36	.01	-
Utilities	.93	.67	.05	.03	-	.03	-	-	.72	.50	.04	-
<u>Public Administration</u>												
Federal Postal Service	1.10	.41	-	-	-	-	-	-	-	-	-	-
Other Federal	3.56	1.59	.57	-	.28	-	-	-	2.49	-	.17	-
State Government	1.20	1.09	.28	-	.01	-	-	-	.80	-	.10	-
Local Government	1.92	1.60	.17	-	.14	-	-	-	.95	-	.59	-

Source: 1982 CPS data

While black women were overwhelmingly employed in clerical occupations, they were as likely as white women to work in higher status, higher paid crafts and professional-technical jobs in the capital intensive services (utilities, transportation and communications). In government, while clerical jobs also dominated black women's work, they enjoyed perhaps the best status in the economy and were nearly as likely as white women, to work in both professional, technical and managerial jobs.

Overall occupational status structure, coupled with a generally higher wage structure of these industries, also contributed to the narrowing of the wage gap between black and white women. Black women earned 99 percent of white women's earnings in this sector, the narrowest in the economy, as Table 4 illustrates.

Table 4

Earnings By Occupation For White Collar Service Industries<sup>27</sup>

	<u>Full-time women workers</u>		<u>Black:White</u> <u>Ratio</u>
	<u>Median Annual Earnings:</u>		
	White	Black	
<u>Public Administration</u>			
prof/technical	17,202	19,829	115.3%
managerial/admin	17,437	20,278	111.5%
bookkeeper	14,059	14,459	102.8%
cashier	11,073	10,700	98.6%
computer/keypunch	11,505	14,160	123.0%
secretary/typist	12,284	12,366	100.7%
other clerical	14,477	15,117	104.4%
cleaner/janitor	12,328	10,048	86.5%
food services	10,081	6,232	61.8%
other services	15,540	7,754	50.5%
ALL OCCUPATIONS	<u>14,649</u>	<u>14,429</u>	<u>98.5%</u>
<u>Financial/Insurance/ Real Estate</u>			
prof/technical	15,757	14,303	90.7%
managerial/admin	16,080	14,597	90.8%
crafts	12,051	11,500	95.4%
insurance agent	14,760	12,168	82.4%
real estate broker	14,401	19,200	133.3%
bookkeeper	10,784	10,581	98.1%
computer/keypunch	10,864	8,405	81.0%
secretary/typist	10,207	9,815	96.2%
other clerical	10,825	10,588	97.8%
cleaner/janitor	10,325	4,201	40.7%
ALL OCCUPATIONS	<u>12,115</u>	<u>11,000</u>	<u>90.8%</u>

Source: Compiled from 1982 CPS data tapes.

B. Transitional Service Sectors: Finance, Insurance, Real Estate

Private sector white collar services industries, dominated by finances, insurance and real estate (FIRE), represent industries which were traditionally dominated by male labor, but, over the past two decades, have shifted dramatically to a majority female labor force base. As noted, structural changes were important in this change. Deregulation, which permitted increased concentration in the industry, and technological innovation, were among the forces which reorganized work systems. The new systems resulted in the creation of massive numbers of "women's jobs", mainly in clerical administrative categories. Black women made important employment gains in the rapid transformation of the labor force mix, beginning in the mid-1960's. However, black women remain considerably behind white women in the proportion of the total labor force employed in the industry. Black women also lag compared to their white counterparts in occupational status and in earnings. For example, between 1972 and 1982, CPS data shows that the proportion of black women in banking and financial services activities increased from less than two percent to over three and one half percent, but employment in the insurance industry over the same period fell a full percentage point from 4.11 percent to 3.10. Employment of black women in the total FIRE industry as shown in Table 5, also indicates considerable occupational stratification compared to whites. Black women are more likely than white women to work in clerical, professional-technical and "other services" jobs, while higher proportions of white women are employed in management and sales.

Table 5

Proportion of Females in Finance/Insurance/Real Estate: 1982

	Total		Prof/Tech		Management		Sales		Clerical		Service	
	Black	White	B	W	B	W	B	W	B	W	B	W
Banking	2.52	3.16	.28	.21	.01	.49	.05	.01	2.08	2.42	.10	.03
Insurance	2.12	3.00	.34	.22	.09	.26	.29	.44	1.28	2.06	.11	.02
Credit Agency	.38	1.02	-	.05	.09	.20	-	.01	.28	.76	-	-
Real Estate	.79	1.43	.01	.01	.05	.35	.06	.50	.51	.48	.11	.08

Source: 1982 CPS data

The lower occupational structure of black women compared to white women in the industry helps explain lower earnings. In 1982, black women earned approximately 91 percent of the earnings of white women in the transitional sector, as Table 4, above, illustrates.

### C. Female-Intensive Services

Industries which traditionally employ women include three large categories: retail trade, personal and business services and professional services. These employers collectively accounted for over half the total women's workforce and over sixty percent of black women's jobs in 1982. Black women, however, continue to remain restricted to "soft," low-end service occupations in restaurants, department stores and mail-order houses. In contrast, high-value product retail jobs such as sales of automobiles, furniture, machinery and other big ticket items, usually sold on a lucrative commission basis, are usually held by men. Few black women are employed in these occupations.

Women have maintained and even increased their employment concentration in retailing in part because low-end sales have grown far faster than top-end sales. In 1985, half of retail trade employment was in restaurants or grocery stores, reflecting the fact that 87 percent of all retail growth between 1973 and 1985 was in these areas.<sup>28</sup> Growth is likely to continue in the future largely because such retail industries, particularly the grocery and food industry, are less cyclic and more inflation-proof.

The occupational mix of retailing, coupled with a tradition of part-time work, explains both past and continuing demand for women workers. It also explains the importance of retailing for black women. Black women are segregated within retailing and within women's occupations in retailing. Restaurants, department stores and mail-order houses employ most black women while white women are more likely to work in drug stores, grocery stores and specialty apparel. One reason for this is the difference in the occupational structure and stratification between the races. As Table 6 illustrates, black women are less likely than white women to work in sales and clerical work (except as mail order clerks) and are about as likely as white women to work in "other services" (cashiers, kitchen help, maintenance). This occupational structure, which results in the stratification and segmentation of black women workers, is the result of organizational and management change spurred by consolidation patterns in retailing work systems. The growth of fast food restaurants, discount stores and large mail-order houses generated a new occupational mix and lower wage structures based on "routinizing" operations, not unlike the "factory production" model, and reducing most jobs to repetitive, simple tasks requiring few cognitive skills. This resulted in a disadvantage for black female labor. A final problem, added to low-end, low-paid jobs, is the part-time job system which, despite labor shortages, continues to dominate retailing.<sup>29</sup>

Table 6

Proportion of Females in Retail Trade: 1982

	Total		Management		Sales		Clerical		Service	
	Black	White	B	W	B	W	B	W	B	W
Grocery	1.14	2.24	.07	.18	.12	.29	.69	1.25	.07	.09
Apparel acc.	.34	1.04	.01	.23	.13	.57	.14	.14	-	.01
Drugs	.28	.71	.03	.06	.04	.22	.16	.27	.04	.09
Dept., mail-order	2.57	3.20	.13	.41	.77	1.34	1.29	.07	.13	-
Eating, drinking	4.10	5.42	.24	.50	-	.02	.51	.41	3.23	4.37

Source: 1982 CPS data

Business and personal services are other significant employers of women of both races. Personal services, including the hotel industry, laundries, dry cleaners and barber and beauty shops were a traditional employer of black women. Business services, as noted earlier, differ from other services in representing new kinds of activities including building maintenance, security and the very fast-growing temporary help agencies which increasingly supply contracting help in a variety of job categories including clerical, maintenance and low-skilled personal care categories. Business services, in particular, are examples of essentially new business activities which have grown as the result of corporate decisions to contract work which was previously incorporated into staff positions, but which have proved more cost effective on a contracted basis.<sup>30</sup>

Business and personal services are diverse and tend to be small and fragmented, although corporate consolidations are growing rapidly in the hotel industry, security services and in temporary help agencies. Consolidation has helped stabilize employment conditions, raise wages and increase benefits, although there are continuing criticisms that "contracted help" results in losses of seniority and other benefits to labor.<sup>31</sup>

Personal and business services provided an important source of employment for black men as well as women until the 1960's. U.S. Census data indicates declines in black male employment in personal services by over 100,000 between 1960 and 1980 (over ten percent of the black male labor force continues to work in these sectors). The occupational mix and type of work in the industry explain the high level of employment of black women. Maintenance and other

blue collar services such as cleaning, cooking, laundering and low-skilled personal care jobs such as babysitting, which historically formed the bulk of domestic work, make up many jobs in personal and business services. There are improvements for labor in this industry compared to domestic work. As industrial jobs, they are somewhat less likely to be part-time and more likely to pay prevailing wages and benefits. In some areas, such as the hotel industry, or security services, there may be job ladders and advancement potential. The occupational mix is shown in the breakdown in Table 7.

Table 7

Proportion of Females in Personal and Business Services: 1982

	Total		Management		Clerical		Operatives		Service	
	Black	White	B	W	B	W	B	W	B	W
Private households	5.37	1.43	-	-	-	.04	-	-	5.08	1.25
Hotels/Motels	2.03	.79	-	.10	.18	.22	-	-	1.84	.41
Laundries/dry-cleaning	1.42	.37	.05	.02	.20	.16	.99	.17	.05	.01
Building Services	1.20	.29	-	.01	-	.06	-	-	1.46	.21
Employment, Temp. help agency	.61	.41	-	.04	.35	.25	-	-	.23	.02
Entertainment	.11	.54	.03	.04	-	.14	-	-	.09	.17
Beauty Shops	.44	.75	-	-	-	.02	-	-	.44	.73

Source: 1982 CPS data

Professional services, including health, education and social services, represent the largest single employer for all women and black women workers. The sector is a traditional employer of women and continues to employ them as a substantial majority of its labor force. The recent rapid growth of professional services is explained principally by two factors: expansion in family income and, second, an accelerated growth of the welfare state. Growth in family income accounts in part for the expansion of educational expenditures, particularly for private elementary and secondary education and post-secondary education and training. The health care industry growth

reflects both personal income growth and the expansion of government insurance, particularly Medicare, the insurance subsidy for elderly health care. The health care industry has outstripped most others in the economy in employment growth. According to U.S. Census data, total health care employment grew by an astonishing 4.3 million jobs between 1960 and 1980. Black women gained over two percent of these or some 595,000 health care jobs over the same period.

Black women were historically employed in substantial numbers in professional services. In addition, most higher-status professional and administrative jobs held by educated black women were in these health, education and other human services. This has been attributed mainly to the past history of segregated schools, hospitals and social welfare agencies, which provided some of the few employment opportunities for black professional women prior to the mid-1960's. The tradition of black female employment in the industry has continued, however, despite the "opening" of broader employment opportunities.

A higher proportion of the total black women's workforce is employed in the health care industry than is the case for white women. Black women are nearly twice as likely to work in convalescent homes and three times as likely to work in outpatient clinics, health maintenance organizations (HMO's) and "other health care" (such as community health care centers) as white women. A higher proportion of black women than white women also work in hospitals where most of the health jobs are concentrated. Health care, employment is highly stratified into professional and non-professional occupational categories and this is reflected in a certain level of segregation along both gender and race lines visible across and within health institutional categories. As Table 8 indicates, black women are most likely to work in hospitals, convalescent homes and clinics (i.e. other health care), and less likely to work in physicians and dentists offices. Black women also tend to be employed as services workers and sub-professional care workers and their rates of employment in professional/technical jobs (i.e. as physicians, RN's and technologists) are lower than white women. On the other hand, women in general have continued to be excluded from the prestigious and best paid administrative and managerial positions in the health care industry, and as physicians. Only in recent years have women of both races gained access to medical school education on the same basis as men. Table 8 below illustrates current patterns of employment by principal institutional category in the health care industry for black and white women.

The high concentration of low status occupations in health care coupled with a rigid stratification of institutions comprising the industry have contributed to the distinct wage structure. This has also widened the earnings gap between black women and other workers. Growth of the nursing home industry, for example, has occurred largely outside the traditional physician-dominated medical establishment which characterizes hospitals and physicians' practice. Low status jobs and low wage structures in nursing homes are one result. Black women are an important recruitment pool for nursing homes for occupations which are similar in task makeup to those in the personal services industry, including housekeeping, unskilled maintenance and personal care. A second result is sub-professional wages. Because of

occupational stratification and concentration in low-wage institutions such as nursing homes, black women earn only about 80 percent of white women's earnings in the health care industry.

Table 8

Proportion of Females in Health Care: 1982

	Total		Prof/Tech		Clerical		Operatives		Service	
	Black	White	B	W	B	W	B	W	B	W
Physician's offices	.44	1.76	.22	.40	.10	.91	.03	-	.09	.34
Dentist's offices	.27	.74	-	.15	.11	.20	-	-	.16	.32
Hospitals	11.87	8.30	3.28	3.95	1.93	1.83	.24	.06	6.27	2.05
Convalescent homes	4.90	2.39	.24	.34	.05	.14	.27	.09	3.52	1.72
**Other	2.70	-	.85	.72	.58	.35	-	-	1.06	.24

\*\*includes outpatient clinics, home care, health maintenance organizations and miscellaneous health services

Table 9 following compares black and white women's earnings by occupation in two institutions, hospitals and convalescent homes. As would be expected, black women working in professional occupations earn more than those in low skilled jobs. But the black-white earnings gap is wider in the higher paid professional categories than in the lower status occupations. This suggests that occupational mobility and seniority for black women lags behind that of white women in similar jobs.

Table 9

Health Care Industry Annual Earnings for Selected Occupations:1982

	<u>Women's Median Annual Earnings (full-time workers)</u>		<u>Ratio Black to White Women's Earnings</u>
	<u>White</u>	<u>Black</u>	
<u>Hospitals:</u>			
prof/technical	16,820.9	14,501.0	86.3
managerial/admin	20,621.0	N.A.	N.A.
operatives	8,656.7	10,458.3	120.8
bookkeeper	12,783.8	5,936.0	46.4
secretary/typist	10,860.8	11,078.7	102.0
other clerical	10,114.8	11,053.3	109.2
cleaner/janitor	9,011.2	8,052.1	89.4
food service	7,479.5	8,543.7	114.2
health services	10,239.9	9,703.5	94.7
other services	8,672.2	10,403.2	119.9
ALL OCCUPATIONS	<u>13,729.3</u>	<u>10,969.0</u>	<u>79.9</u>
<u>Convalescent Homes</u>			
prof/technical	13,781.2	8,207.8	59.5
operatives	7,452.6	8,336.8	111.9
secretary/typist	10,367.4	5,200.0	51.7
cleaner/janitor	5,927.0	5,894.5	99.4
food services	6,172.7	5,986.2	97.0
health services	7,456.5	7,111.2	95.4
other services	7,589.5	5,000.0	92.2
ALL OCCUPATIONS	<u>8,537.9</u>	<u>6,905.0</u>	<u>86.9</u>

source: compiled from 1982 CPS micro data tapes

Education and social services are two other industries which historically provided employment at both professional and non-professional levels for black women. Both industries remain important sources of higher status professional jobs for the black female workforce. The education industry, long segregated by race, has an equally long history of gender stratification, with women of both races concentrated at elementary school levels, and men taking most professional and managerial jobs in secondary and post-secondary education. This past history of racial and gender inequality remains visible today as Table 10 illustrates. Black women are concentrated mainly in elementary-secondary jobs as teachers and librarians and in clerical and secretarial in school administrations. In higher education, their proportions are only slightly less than white women, and few are employed in professional jobs. Black women are also employed in education in blue collar service jobs such as food services, maintenance and as paraprofessional aides.

Table 10

Proportion of Females in Other Professional Services: 1982

	Total		Prof/Tech		Administr.		Clerical		Service	
	Black	White	B	W	B	W	B	W	B	W
Elementary/Secondary Education	10.36	10.72	5.27	6.87	.60	.30	1.93	2.03	2.45	1.40
Colleges/Univ	2.58	2.63	.70	1.05	.12	.12	.76	1.15	.88	.27
Welfare Serv.	3.27	1.37	1.16	.49	.15	.15	.82	.43	1.14	.29
Religious	.22	.64	.06	.18	-	.01	.06	.35	.10	.10
Non-profit	.35	.66	.06	.10	.14	.12	.14	.31	-	.12
Legal Services	.38	1.15	.06	.14	-	.04	.33	1.00	-	1.40
Accounting Serv.	.27	.66	-	.03	-	.27	.46	-	-	-
Management	.32	.57	.18	.25	-	.04	.15	.27	-	-

Social services is one of the few industries where black women historically have formed the core of the administrative and professional workforce. As Table 10 indicates, black women are far more likely than white women to work in social services agencies and more than twice as likely to work as professionals, mainly social workers. Black women also dominate the social services administrative and clerical staff, as well as maintenance services (primarily in residential institutions).

### 3. Impacts of Services Industries on Black Women's Earnings and Future Employment

The services industries employment opportunities improved black women's earnings within a relatively short period of time. However, earnings differ across industrial sectors and appear to reflect very different factors at work in each case. Several different processes are at work here, as illustrated by Table 11. First, relatively high earnings in the male-intensive sectors may be related to such external factors as those noted in our prior discussions of primary-secondary markets and male-intensive sectors: high profits, collective bargaining, capital investment and high productivity all contribute to higher wage structures which in turn result in higher than average earnings for black women in manufacturing, public administration and transportation. A second process is visible in professional services in hospitals, education and social services. In this case, higher proportions of black women in higher-paid professional positions may explain the relative equality of earnings.

Table 11

#### Black Women's Earnings By Sector: 1982

	<u>Black Women Workers:</u>	<u>Black Women's Earnings</u>	
		<u>as a % of Earnings of:</u>	
	<u>Median Earnings</u>	<u>White Men</u>	<u>White Women</u>
<u>Male-Intensive Sectors:</u>			
Construction	12,463	65.0	98.3
Durables Manufact.	11,449	52.9	89.5
Trans/Commun/Utilit	14,678	63.4	98.3
Public Administ.	14,428	63.4	98.5
<u>Transitional Sector:</u>			
Finance, Insurance, Real Estate	11,000	44.0	90.8
<u>Female-Intensive Sector:</u>			
Retailing	8,974	49.8	86.8
Personal Services	8,345	64.2	104.2
Health Care	10,900	51.6	79.5
Education	12,588	63.8	95.4

source: 1982 CPS Data

A third process is visible in industry where women historically constituted a majority of the labor force. In the female-intensive sector, in retailing and personal services, there are a large number of fairly undifferentiated entry-level occupations such as cashiers and sales and inventory clerks, and a large number of unskilled jobs such as waitresses and kitchen help. This creates an industry with very low pay structures which are reinforced by the lack of collective bargaining and the liberal use of part-time and temporary employees.

A fourth process is found in white collar services industries which we have called "transitional" from male to female workforces. Wages in banking and insurance reflect an industry in the process of organizational restructuring of occupational systems to fit new technological and managerial approaches and very different products and markets. Large numbers of clerical positions remain, but these jobs are being rapidly consolidated and eliminated through mechanization and external job contracting. The cumulative impact is to raise earnings of black women in industries dominated by clerical work relative to other industries, but, at the same time, to set earnings lower than in male-intensive industries.

The future of wages in a services-dominated employment economy, both for labor in general and for black women in particular, has been the subject of intense debate. On the one hand, it is argued that wages in a service economy cannot provide adequate earnings to support families because past rates of growth cannot be sustained in the future if gains in productivity are to be made. Productivity is generally assumed to require a reduction in labor per unit of output.<sup>32</sup> Another side of the debate argues that women represent a source of "cheap" flexible labor which helps firms to maintain profits and that this is an incentive to keep wages low through relying on a female workforce rather than by restructuring management and organizing work in more productive ways or expanding markets and sales. Against these arguments is the view that services have been given a "bad rap" both by economists who cling to emotional sentiment over losses of traditional industry, particularly manufacturing, and by enterprise managers who resist the kind of initiative and hard work necessary to design and organize services industries to become productive and profitable. In the first case, contrary to popular views, there is no evidence of a particular standard "ratio" of services to production industry in an economy. Nor is there evidence that services cannot achieve high unit per worker output. Industry can best be differentiated into those activities which are productive, create value and are profitable, irrespective of some internal diseconomies, and those which are marginal and unproductive. There may be no real reason not to restructure services, as has occurred in manufacturing, eliminating those with little potential for productivity and focusing through innovation on increasing output both to reduce unit labor costs and permit earnings rises. In such high productivity industry as telecommunications, for example, gains have been made in both economic output and earnings. Second, the stereotype of services as exclusively fast foods and low skilled, low paid activities, masks the fact that both higher skilled services categories such as producer services (R&D, engineering, etc.) and services categories dominated by workforces with relatively modest skills such as automobile leasing and building maintenance are expected to grow and pay higher wages.<sup>33</sup>

Government forecasts for future employment and output by industry, give some indication of the extent to which labor in general and black women workers in particular can expect to gain by the turn of the Century.<sup>34</sup> Government forecasts for the year 2000 show that output by industry will generally repeat past patterns with gains expected in one key hiring arena of the past, health care. Output forecasts suggest that while new job growth may slow from past rates, wage levels may rise.

But from the perspective of black women, those industries which provided the best wages in the past will continue to have high wage structures in the future since both market expansion and productivity gains are predicted. These industries are in the capital-intensive, male-intensive services sector, including telecommunications, transportation, utilities and public administration. However, the second side of the future economic picture, occupational forecasts, points up a far more pessimistic picture for black women. While demographic changes may reduce the size of the labor force, which should help both black men and women who will be a proportionately larger part of the total labor force than whites, job growth forecasts indicate that the bulk of jobs created will occur at the lower skills levels of the occupational ladder.<sup>35</sup> Such occupations include clerical work, restaurant and maintenance workers, and sales clerks, jobs traditionally concentrated in retailing, personal services and business services, which are forecast to have modest productivity gains. This suggests that low wages will continue to characterize many of the jobs created by the year 2000. A second type of job forecast to expand are those in business services and in somewhat higher status professional-technical occupations. These jobs include engineers, technologists, medical specialists associated with the health care industry and technical services in general and accountants, computer information systems specialists and management personal hired into white collar services and manufacturing sectors. These jobs generally require advanced education and technical skills, if not graduate training in mathematics and science. This kind of pre-employment training, however, is in rapid decline among black youth of both sexes.<sup>36</sup>

Viewed from the perspective of black female workforce, economic growth patterns indicate little potential for wage gains in the future. Not only are education and more sophisticated technical skills qualifications for employment likely to grow in the future, but the needs of black women for higher earnings are also likely to increase. Family formation trends indicate a continuing pressure for even more black females to enter the workforce to support families. However, the kinds of jobs which permitted increased earnings by black women in the past, the services industries occupational mix during a rapid growth period, are unlikely to provide earnings growth for family support with the predicted slowdown. The current earnings differential between black men and women is seventy five percent even with recent improvements, while black women earn annually about half that of white male workers. In addition, the current policy visible in U.S. welfare reform may contribute to, rather than resolve, family income stress. The 1988 Welfare Reform Bill passed by the U.S Congress mandates employment training and work for able bodied public assistance recipients with children under three years of age.<sup>37</sup> For some, moving from public assistance to work may reduce income

below current grant levels. For others, the loss of such public assistance-related benefits as family health insurance coverage and food stamps will be impossible to replace in the workplace. In 1982, only about 35% of employed black women were in group health plans, and, for 10% of these, employees were required to pay 100% of the premium costs.

The needs of black women workers are far deeper than those addressed by current policies focus mainly on short term training and limited services such as daycare for welfare-eligible populations. The need is above all for longer-term full-time employment at median wage levels on one hand, and for permanent stable family-support services such as a national health insurance program. Absent these reforms, family assistance payments aimed at closing the gap between earnings and family need may be the best short-term answer. In the longer run, more attention needs to be paid in national policy to the impact of the service economy on the wage and benefit structure of women workers, and to such mechanisms for balancing management actions as collective bargaining and unionization by the workforce itself.

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32. Heskett, James L. op.cit., 1986, pp.191-193.
33. Ibid, p.187.
34. Personick, Valerie, op.cit., 1987, pp.37-39.
35. (For a full discussion of U.S. Department of Labor Laborforce and Occupational Forecasts, see: Fullerton, Howard N., Jr. "Projections 2000: Labor Force Projections, 1986-2000", Monthly Labor Review, September 1987, pp.19-29.)
36. Raspberry, William, "Missing Black Men on Campus," Washington Post, July 21, 1987. (This reporter notes that U.S. Census data indicates black college attendance over the past decade has been primarily by women. Black males who have ever attended college grew from 16,000 to 458,000, compared to total black females who have attended college which expanded from 85,000 to 591,000).
37. Woody, Bette, "Welfare Reform: A Summary and Analysis of Current U.S. Congressional Actions," Boston, William Monroe Trotter Institute, University of Massachusetts/Boston, 1988.