

When Work Disappears

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The disappearance of work in many inner-city neighborhoods is partly related to the nationwide decline in the fortunes of low-skilled workers. Although the growing wage inequality has hurt both low-skilled men and women, the problem of declining employment has been concentrated among low-skilled men. In 1987–89, a low-skilled male worker was jobless eight and a half weeks longer than he would have been in 1967–69. Moreover, the proportion of men who “permanently” dropped out of the labor force was more than twice as high in the late 1980s than it had been in the late 1960s. A precipitous drop in real wages—that is, wages adjusted for inflation—has accompanied the increases in joblessness among low-income workers. If you arrange all wages into five groups according to wage percentile (from highest to lowest), you see that men in the bottom fifth of this income distribution experienced more than a 30 percent drop in real wages between 1970 and 1989.

Even the low-skilled workers who are consistently employed face problems of economic advancement. Job ladders—opportunities for promotion within firms—have eroded, and many less-skilled workers stagnate in dead-end, low-paying positions. This suggests that the chances of improving one’s earnings by changing jobs have declined: if jobs inside a firm have become less available to the experienced workers in that firm, they are probably even more difficult for outsiders to obtain.

But there is a paradox here. Despite the increasing economic marginality of low-wage workers, unemployment dipped below 6 percent in 1994 and early 1995, many workers are holding more than one job, and overtime work has reached a record high. Yet while tens of millions of new jobs have been created in the past two decades, men who are well below retirement age are working less than they did two decades ago—and a growing percent-

age are neither working nor looking for work. The proportion of male workers in the prime of their life (between the ages of 22 and 58) who worked in a given decade full-time, year-round, in at least eight out of ten years declined from 79 percent during the 1970s to 71 percent in the 1980s. While the American economy saw a rapid expansion in high technology and services, especially advanced services, growth in blue-collar factory, transportation, and construction jobs, traditionally held by men, has not kept pace with the rise in the working-age population. These men are working less as a result.

The growth of a nonworking class of prime-age males along with a larger number of those who are often unemployed, who work part-time, or who work in temporary jobs is concentrated among the poorly educated, the school dropouts, and minorities. In the 1970s, two-thirds of prime-age male workers with less than a high school education worked full-time, year-round, in eight out of ten years. During the 1980s, only half did so. Prime-age black men experienced a similar sharp decline. Seven out of ten of all black men worked fulltime, year-round, in eight out of ten years in the 1970s, but only half did so in the 1980s. The figures for those who reside in the inner city are obviously even lower...

These changes are related to the decline of the mass production system in the United States. The traditional American economy featured rapid growth in productivity and living standards. The mass production system benefited from large quantities of cheap natural resources, economies of scale, and processes that generated higher uses of productivity through shifts in market forces from agriculture to manufacturing and that caused improvements in one industry (for example, reduced steel costs) to lead to advancements in others (for example, higher sales and greater

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economies of scale in the automobile industry). In this system plenty of blue-collar jobs were available to workers with little formal education. Today, most of the new jobs for workers with limited education and experience are in the service sector....

Joblessness and declining wages are also related to the recent growth in ghetto poverty. The most dramatic increases in ghetto poverty occurred between 1970 and 1980, and they were mostly confined to the large industrial metropolises of the Northeast and Midwest, regions that experienced massive industrial restructuring and loss of blue-collar jobs during that decade. But the rise in ghetto poverty was not the only problem. Industrial restructuring had devastating effects on the social organization of many inner-city neighborhoods in these regions. The fate of the West Side black community of North Lawndale vividly exemplifies the cumulative process of economic and social dislocation that has swept through Chicago's inner city.

After more than a quarter century of continuous deterioration, North Lawndale resembles a war zone. Since 1960, nearly half of its housing stock has disappeared; the remaining units are mostly run-down or dilapidated. Two large factories anchored the economy of this West Side neighborhood in its good days—the Hawthorne plant of Western Electric, which employed over 43,000 workers; and an International Harvester plant with 14,000 workers. The world headquarters for Sears, Roebuck and Company was located there, providing another 10,000 jobs. The neighborhood also had a Copenhagen snuff plant, a Sunbeam factory, and a Zenith factory, a Dell Farm food market, an Alden's catalog store, and a U.S. Post Office bulk station. But conditions rapidly changed. Harvester closed its doors in the late 1960s. Sears moved most of its offices to the Loop in downtown Chicago in 1973; a catalog distribution center with a workforce of 3,000 initially remained in the neighborhood but was relocated outside of the state of Illinois in 1987. The Hawthorne plant gradually phased out its operations and finally shut down in 1984.

The departure of the big plants triggered the demise or exodus of the smaller stores, the banks, and other businesses that relied on the wages paid by the large employers. "To make matters worse, scores of stores were forced out of business or pushed out of the neighborhoods by insurance companies in the wake of the 1968 riots that swept through Chicago's West Side after the assassination

of Dr. Martin Luther King, Jr. Others were simply burned or abandoned. It has been estimated that the community lost 75 percent of its business establishments from 1960 to 1970 alone." In 1986, North Lawndale, with a population of over 66,000, had only one bank and one supermarket; but it was also home to forty-eight state lottery agents, fifty currency exchanges, and ninety-nine licensed liquor stores and bars.

The impact of industrial restructuring on inner-city employment is dearly apparent to urban blacks. The UPFLS survey posed the following question: "Over the past five or ten years, how many friends of yours have lost their jobs because the place where they worked shut down—would you say none, a few, some, or most?" Only 26 percent of the black residents in our sample reported that none of their friends had lost jobs because their workplace shut down. Indeed, both black men and black women were more likely to report that their friends had lost jobs because of plant closings than were the Mexicans and the other ethnic groups in our study. Moreover, nearly half of the employed black fathers and mothers in the UPFLS survey stated that they considered themselves to be at high risk of losing their jobs because of plant shutdowns. Significantly fewer Hispanic and white parents felt this way.

Some of the inner-city neighborhoods have experienced more visible job losses than others. But residents of the inner city are keenly aware of the rapid depletion of job opportunities. A 33-year-old unmarried black male of North Lawndale who is employed as a clerical worker stated: "Because of the way the economy is structured, we're losing more jobs. Chicago is losing jobs by the thousands. There just aren't any starting companies here and it's harder to find a job compared to what it was years ago."

A similar view was expressed by a 41-year-old black female, also from North Lawndale, who works as a nurse's aide:

Chicago is really full of peoples. Everybody can't get a good job. They don't have enough good jobs to provide for everybody. I don't think they have enough jobs period.... And all the factories and the places, they closed up and moved out of the city and stuff like that, you know. I guess it's one of the reasons

they haven't got too many jobs now, 'cause a lot of the jobs now, factories and business, they're done moved out. So that way it's less jobs for lot of peoples.

Respondents from other neighborhoods also reported on the impact of industrial restructuring. According to a 33-year-old South Side janitor:

The machines are putting a lot of people out of jobs. I worked for *Time* magazine for seven years on a videograph printer and they come along with the Abedic printer, it cost them half a million dollars: they did what we did in half the time, eliminated two shifts.

"Jobs were plentiful in the past," stated a 79-year-old unemployed black male who lives in one of the poorest neighborhoods on the South Side.

You could walk out of the house and get a job. Maybe not what you want but you could get a job. Now, you can't find anything. A lot of people in this neighborhood, they want to work but they can't get work. A few, but a very few, they just don't want to work. The majority they want to work but they can't find work.

Finally, a 41-year-old hospital worker from another impoverished South Side neighborhood associated declining employment opportunities with decreasing skill levels:

Well, most of the jobs have moved out of Chicago. Factory jobs have moved out. There are no jobs here. Not like it was 20, 30 years ago. And people aren't skilled enough for the jobs that are here. You don't have enough skilled and educated people to fill them.

The increasing suburbanization of employment has accompanied industrial restructuring and has further exacerbated the problems of inner-city joblessness and restricted access to jobs. "Metropolitan areas captured nearly 90 percent of the nation's employment growth; much of this growth occurred in booming 'edge cities' at the metropolitan periph-

ery. By 1990, many of these 'edge cities' had more office space and retail sales than the metropolitan downtowns." Over the last two decades, 60 percent of the new jobs created in the Chicago metropolitan area have been located in the northwest suburbs of Cook and Du Page counties. African-Americans constitute less than 2 percent of the population in these areas.

In *The Truly Disadvantaged*, I maintained that one result of these changes for many urban blacks has been a growing mismatch between the suburban location of employment and minorities' residence in the inner city. Although studies based on data collected before 1970 showed no consistent or convincing effects on black employment as a consequence of this spatial mismatch, the employment of inner-city blacks relative to suburban blacks has clearly deteriorated since then. Recent research, conducted mainly by urban and labor economists, strongly shows that the decentralization of employment is continuing and that employment in manufacturing, most of which is already suburbanized, has decreased in central cities, particularly in the Northeast and Midwest. As Farrell Bloch, an economic and statistical consultant, points out, "Not only has the number of manufacturing jobs been decreasing, but new plants now tend to locate in the suburbs to take advantage of cheap land, access to highways, and low crime rates; in addition, businesses shun urban locations to avoid buying land from several different owners, paying high demolition costs for old buildings, and arranging parking for employees and customers."

Blacks living in central cities have less access to employment, as measured by the ratio of jobs to people and the average travel time to and from work than do central-city whites. Moreover, unlike most other groups of workers across the urban/suburban divide, less educated central-city blacks receive lower wages than suburban blacks who have similar levels of education. And the decline in earnings of central-city blacks is related to the decentralization of employment—that is, the movement of jobs from the cities to the suburbs—in metropolitan areas

But are the differences in employment between city and suburban blacks mainly the result of changes in the location of jobs? It is possible that in recent years the migration of blacks to the suburbs has become much more selective than in earlier years, so much so that the changes attributed to job location are actually caused by this selective migra-

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tion. The pattern of black migration to the suburbs in the 1970s was similar to that of whites during the 1950s and 1960s in the sense that it was concentrated among the better-educated and younger city residents. However, in the 1970s this was even more true for blacks, creating a situation in which the education and income gaps between city and suburban blacks seemed to expand at the same time that the differences between city and suburban whites seemed to contract. Accordingly, if one were to take into account differences in education, family background, and so on, how much of the employment gap between city and suburbs would remain?

This question was addressed in a study of the Gautreaux program in Chicago. The Gautreaux program was created under a 1976 court order resulting from a judicial finding of widespread discrimination in the public housing projects of Chicago. The program has relocated more than 4,000 residents from public housing into subsidized housing in neighborhoods throughout the Greater Chicago area. The design of the program permitted the researchers, James E. Rosenbaum and Susan J. Popkin, to contrast systematically the employment experiences of a group of low-income blacks who had been assigned private apartments in the suburbs with the experiences of a control group with similar characteristics and histories who had been assigned private apartments in the city. Their findings support the spatial mismatch hypothesis. After taking into account the personal characteristics of the respondents (including family background, family circumstances, levels of human capital, motivation, length of time since the respondent first enrolled in the Gautreaux program), Rosenbaum and Popkin found that those who moved to apartments in the suburbs were significantly more likely to have a job after the move than those placed in the city. When asked what makes it easier to obtain employment in the suburbs, nearly all the suburban respondents mentioned the high availability of jobs.

The African-Americans surveyed in the UPFLS clearly recognized a spatial mismatch of jobs. Both black men and black women saw greater job prospects outside the city. For example, only one-third of black fathers from areas with poverty rates of at least 30 percent reported that their best opportunities for employment were to be found in the city. Nearly two-thirds of whites and Puerto Ricans and over half of Mexicans living in similar neighborhoods felt this way. Getting to suburban jobs is especially problematic for the jobless indi-

viduals in the UPFLS because only 28 percent have access to an automobile. This rate falls even further to 18 percent for those living in the ghetto areas.

Among two-car middle-class, and affluent families, commuting is accepted as a fact of life; but it occurs in a context of safe school environments for children, more available and accessible day care, and higher incomes to support mobile, away-from-home lifestyles. In a multitiered job market that requires substantial resources for participation, most inner-city minorities must rely on public transportation systems that rarely provide easy and quick access to suburban locations. A 32-year-old unemployed South Side welfare mother described the problem this way:

There's not enough jobs. I think Chicago's the only city that does not have a lot of opportunities opening in it. There's not enough factories, there's not enough work. Most all the good jobs are in the suburbs. Sometimes it's hard for the people in the city to get to the suburbs, because everybody don't own a car. Everybody don't drive.

After commenting on the lack of jobs in his area, a 29-year-old unemployed South Side black male continued:

You gotta go out in the suburbs, but I can't get out there. The bus go out there but you don't want to catch the bus out there, going two hours each ways. If you have to be at work at eight that mean you have to leave for work at six, that mean you have to get up at five to be at work at eight. Then when wintertime come you be in trouble.

Another unemployed South Side black male had this to say: "Most of the time ... the places be too far and you need transportation and I don't have none right now. If I had some I'd probably be able to get one [a job]. If I had a car and went way into the suburbs, 'cause there ain't none in the city." This perception was echoed by an 18-year-old unemployed West Side black male:

They are most likely hiring in the suburbs. Recently, I think about two years ago, I

had a job but they say that I need some transportation and they say that the bus out in the suburbs run at a certain time. So I had to pass that job up because I did not have no transport.

An unemployed unmarried welfare mother of two from the West Side likewise stated:

Well, I'm goin' to tell you: most jobs, more jobs are in the suburbs. It's where the good jobs and stuff is but you gotta have transportation to get there and it's hard to be gettin' out there in the suburbs. Some people don't know where the suburbs is, some people get lost out there. It is really hard, but some make a way.

One employed factory worker from the West Side who works a night shift described the situation this way:

From what I, I see, you know, it's hard to find a good job in the inner city 'cause so many people moving, you know, west to the suburbs and out of state.... Some people turn jobs down because they don't have no way of getting out there.... I just see some people just going to work—and they seem like they the type who just used to—they coming all the way from the city and go on all the way to the suburbs and, you know, you can see 'em all bundled and—catching one bus and the next bus. They just used to doing that.

But the problem is not simply one of transportation and the length of commuting time. There is also the problem of the travel expense and of whether the long trek to the suburbs is actually worth it in terms of the income earned—after all, owning a car creates expenses far beyond the purchase price, including insurance, which is much more costly for city dwellers than it is for suburban motorists. “if you work in the suburbs you gotta have a car,” stated an unmarried welfare mother of three children who lives on Chicago’s West Side, “then you gotta buy gas. You spending more getting to the suburbs to work, than you is getting paid, so you still ain't getting nowhere.”

Indeed, one unemployed 36-year-old black man from the West Side of Chicago actually quit his

suburban job because of the transportation problem. “It was more expensive going to work in Naperville, transportation and all, and it wasn't worth it.... I was spending more money getting to work than I earned working.”

If transportation poses a problem for those who have to commute to work from the inner city to the suburbs, it can also hinder poor ghetto residents' ability to travel to the suburbs just to seek employment. For example, one unemployed man who lives on the South Side had just gone to O'Hare Airport looking for work with no luck. His complaint: “The money I spent yesterday, I coulda kept that in my pocket—I coulda kept that. 'Cause you know I musta spent about \$7 or somethin'. I coulda kept that.”

Finally, in addition to enduring the search-and-travel costs, inner-city, black workers often confront racial harassment when they enter suburban communities. A 38-year-old South Side divorced mother of two children who works as a hotel cashier described the problems experienced by her son and his coworker in one of Chicago's suburbs:

My son, who works in Carol Stream, an all-white community, they've been stopped by a policeman two or three times asking them why they're in the community. And they're trying to go to work. They want everyone to stay in their own place. That's what society wants. And they followed them all the way to work to make sure. 'Cause it's an all-white neighborhood. But there're no jobs in the black neighborhoods. They got to go way out there to get a job.

These informal observations on the difficulties and cost of travel to suburban employment are consistent with the results of a recent study by the labor economists Harry J. Holzer, Keith R. Ihlandfeldt, and David L. Sjoquist. In addition to finding that the lack of automobile ownership among inner-city blacks contributed significantly to their lower wages and lower rate of employment, these authors also reported that African-Americans “spend more time traveling to work than whites,” that “the time cost per mile traveled is ... significantly higher for blacks,” and that the resulting gains are relatively small. Overall, their results suggest that the amount

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of time and money spent in commuting, when compared with the actual income that accrues to inner-city blacks in low-skill jobs in the suburbs, acts to discourage poor people from seeking employment far from their own neighborhoods. Holzer and his colleagues concluded that it was quite rational for blacks to reject these search-and-travel choices when assessing their position in the job market.

Changes in the industrial and occupational mix, including the removal of jobs from urban centers to suburban corridors, represent external factors that have helped to elevate joblessness among inner-city blacks. But important social and demographic changes within the inner city are also associated with the escalating rates of neighborhood joblessness, and we shall consider these next.

One of the important demographic shifts that had an impact on the upturn in the jobless rate has been the change in the age structure of inner-city ghetto neighborhoods. Let us ... examine the three Bronzeville neighborhoods of Douglas Grand Boulevard, and Washington Park.... [T]he proportion of those in the age categories (20–64) that roughly approximate the prime-age workforce has declined in all three neighborhoods since 1950, whereas the proportion in the age category 65 and over has increased. Of the adults age 20 and over, the proportion in the prime-age categories declined by 17 percent in Grand Boulevard, 16 percent in Douglas, and 12 percent in Washington Park between 1950 and 1990. The smaller the percentage of prime-age adults in a population, the lower the proportion of residents who are likely to be employed. The proportion of residents in the age category 5–19 increased sharply in each neighborhood from 1950 to 1990, suggesting that the growth in the proportion of teenagers also contributed to the rise in the jobless rate. However, if we consider the fact that male employment in these neighborhoods declined by a phenomenal 46 percent between 1950 and 1960, these demographic changes obviously can account for only a fraction, albeit a significant fraction, of the high proportion of the area's jobless adults.

The rise in the proportion of jobless adults in the Bronzeville neighborhoods has been accompanied by an incredible depopulation—a decline of 66 percent in the three neighborhoods combined—that magnifies the problems of the new poverty neighborhoods. As the population drops and the proportion of nonworking adults rises, basic neighborhood

institutions are more difficult to maintain: stores, banks, credit institutions, restaurants, dry cleaners, gas stations, medical doctors, and so on lose regular and potential patrons. Churches experience dwindling numbers of parishioners and shrinking resources; recreational facilities, block clubs, community groups, and other informal organizations also suffer. As these organizations decline, the means of formal and informal social control in the neighborhood become weaker. Levels of crime and street violence increase as a result, leading to further deterioration of the neighborhood.

The more rapid the neighborhood deterioration, the greater the institutional disinvestment. In the 1960s and 1970s, neighborhoods plagued by heavy abandonment were frequently “redlined” (identified as areas that should not receive or be recommended for mortgage loans or insurance); this paralyzed the housing market, lowered property values, and further encouraged landlord abandonment. The enactment of federal and state community reinvestment legislation in the 1970s curbed the practice of open redlining. Nonetheless, “prudent lenders will exercise increased caution in advancing mortgages, particularly in neighborhoods marked by strong indication of owner disinvestment and early abandonment.”

As the neighborhood disintegrates, those who are able to leave depart in increasing numbers; among these are many working- and middle-class families. The lower population density in turn creates additional problems. Abandoned buildings increase and often serve as havens for crack use and other illegal enterprises that give criminals footholds in the community. Precipitous declines in density also make it even more difficult to sustain or develop a sense of community. The feeling of safety in numbers is completely lacking in such neighborhoods.

Although changes in the economy (industrial restructuring and reorganization) and changes in the class, racial, and demographic composition of inner-city ghetto neighborhoods are important factors in the shift from institutional to jobless ghettos since 1970, we ought not to lose sight of the fact that this process actually began immediately following World War II.

The federal government contributed to the early decay of inner-city neighborhoods by withholding mortgage capital and by making it difficult

for urban areas to retain or attract families able to purchase their own homes. Spurred on by massive mortgage foreclosures during the Great Depression, the federal government in the 1940s began underwriting mortgages in an effort to enable citizens to become homeowners. But the mortgage program was selectively administered by the Federal Housing Administration (FHA), and urban neighborhoods considered poor risks were redlined—an action that excluded virtually all the black neighborhoods and many neighborhoods with a considerable number of European immigrants. It was not until the 1960s that the FHA discontinued its racial restrictions on mortgages.

By manipulating market incentives, the federal government drew middle-class whites to the suburbs and, in effect, trapped blacks in the inner cities. Beginning in the 1950s, the suburbanization of the middle class was also facilitated by a federal transportation and highway policy, including the building of freeway networks through the hearts of many cities, mortgages for veterans, mortgage-interest tax exemptions, and the quick, cheap production of massive amounts of tract housing.

In the nineteenth and early twentieth centuries, with the offer of municipal services as an inducement, cities tended to annex their suburbs. But the relations between cities and suburbs in the United States began to change following a century-long influx of poor migrants who required expensive services and paid relatively little in taxes. Annexation largely ended in the mid-twentieth century as suburbs began to resist incorporation successfully. Suburban communities also drew tighter boundaries through the manipulation of zoning laws and discriminatory land-use controls and site-selection practices, making it difficult for inner-city racial minorities to penetrate.

As separate political jurisdictions, suburbs exercised a great deal of autonomy in their use of zoning, land-use policies, covenants, and deed restrictions. In the face of mounting pressures calling for integration in the 1960s, “suburbs chose to diversify by race rather than class. They retained zoning and other restrictions that allowed only affluent blacks (and in some instances Jews) to enter, thereby intensifying the concentration and isolation of the urban poor.”

Other government policies also contributed to the growth of jobless ghettos, both directly and indi-

rectly. Many black communities were uprooted by urban renewal and forced migration. The construction of freeway and highway networks through the hearts of many cities in the 1950s produced the most dramatic changes, as many viable low-income communities were destroyed. These networks not only encouraged relocation from the cities to the suburbs, “they also created barriers between the sections of the cities, walling off poor and minority neighborhoods from central business districts. Like urban renewal, highway and expressway construction also displaced many poor people from their homes.”

Federal housing policy also contributed to the gradual shift to jobless ghettos. Indeed, the lack of federal action to fight extensive segregation against African-Americans in urban housing markets and acquiescence to the opposition of organized neighborhood groups to the construction of public housing in their communities have resulted in massive segregated housing projects. The federal public housing program evolved in two policy stages that represented two distinct styles. The Wagner Housing Act of 1937 initiated the first stage. Concerned that the construction of public housing might depress private rent levels, groups such as the U.S. Building and Loan League and the National Association of Real Estate Boards successfully lobbied Congress to require, by law, that for each new unit of public housing one “unsafe or unsanitary” unit of public housing be destroyed. As Alark Condon points out, “This policy increased employment in the urban construction market while insulating private rent levels by barring the expansion of the housing stock available to low-income families.”

The early years of the public housing program produced positive results. Initially, the program mainly served intact families temporarily displaced by the Depression or in need of housing after the end of World War II. For many of these families, public housing was the first step on the road toward economic recovery. Their stay in the projects was relatively brief. The economic mobility of these families “contributed to the sociological stability of the first public housing communities, and explains the program’s initial success.”

The passage of the Housing Act of 1949 marked the beginning of the second policy stage. It instituted and funded the urban renewal program designed to eradicate urban slums. “Public housing

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was now meant to collect the ghetto residents left homeless by the urban renewal bulldozers.” A new, lower-income ceiling for public housing residency was established by the federal Public Housing Authority, and families with incomes above that ceiling were evicted, thereby restricting access to public housing to the most economically disadvantaged segments of the population.

This change in federal housing policy coincided with the mass migration of African-Americans from the rural South to the cities of the Northeast and Midwest. Since smaller suburban communities refused to permit the construction of public housing, the units were overwhelmingly concentrated in the overcrowded and deteriorating inner-city ghettos—the poorest and least socially organized sections of the city and the metropolitan area. “This growing population of politically weak urban poor was unable to counteract the desires of vocal middle- and working-class whites for segregated housing,” housing that would keep blacks out of white neighborhoods. In short, public housing represents a federally funded institution that has isolated families by race and class for decades, and has therefore contributed to the growing concentration of jobless families in the inner-city ghettos in recent years.

Also, since 1980, a fundamental shift in the federal government’s support for basic urban programs has aggravated the problems of joblessness and social organization in the new poverty neighborhoods. The Reagan and Bush administrations—proponents of the New Federalism—sharply cut spending on direct aid to cities, including general revenue sharing, urban mass transit, public service jobs and job training, compensatory education, social service block grants, local public works, economic development assistance, and urban development action grants. In 1980 the federal contribution to city budgets was 18 percent, by 1990 it had dropped to 6.4 percent. In addition, the economic recession which began in the Northeast in 1989 and lasted until the early 1990s sharply reduced those revenues that the cities themselves generated, thereby creating budget deficits that resulted in further cutbacks in basic services and programs along with increases in local taxes.

For many cities, especially the older cities of the East and Midwest, the combination of the New Federalism and the recession led to the worst fiscal and service crisis since the Depression. Cities have become increasingly underserved, and many have

been on the brink of bankruptcy. They have therefore not been in a position to combat effectively three unhealthy social conditions that have emerged or become prominent since 1980: (1) the prevalence of crack-cocaine addiction and the violent crime associated with it; (2) the AIDS epidemic and its escalating public health costs; and (3) the sharp rise in the homeless population not only for individuals but for whole families as well.

Although drug addiction and its attendant violence, AIDS and its toll on public health resources, and homelessness are found in many American communities, their impact on the ghetto is profound. These communities, whose residents have been pushed to the margins of society, have few resources with which to combat these social ills that arose in the 1980s. Fiscally strapped cities have watched helplessly as these problems—exacerbated by the new poverty, the decline of social organization in the jobless neighborhoods, and the reduction of social services—have made the city at large seem a dangerous and threatening place in which to live. Accordingly, working- and middle-class urban residents continue to relocate in the suburbs. Thus, while joblessness and related social problems are on the rise in inner-city neighborhoods, especially in those that represent the new poverty areas, the larger city has fewer and fewer resources with which to combat them.

Finally, policymakers indirectly contributed to the emergence of jobless ghettos by making decisions that have decreased the attractiveness of low-paying jobs and accelerated the relative decline in wages for low-income workers. In particular, in the absence of an effective labor-market policy, they have tolerated industry practices that undermine worker security, such as the reduction in benefits and the rise of involuntary part-time employment, and they have “allowed the minimum wage to erode to its second-lowest level in purchasing power in 40 years.” After adjusting for inflation, “the minimum wage is 26 percent below its average level in the 1970s.” Moreover, they virtually eliminated AFDC benefits for families in which a mother is employed at least half-time. In the early 1970s, a working mother with two children whose wages equaled 75 percent of the amount designated as the poverty line could receive AFDC benefits as a wage supplement in forty-nine states; in 1995 only those in three states could.... [E]ven with the expansion of the earned income tax credit (a wage subsidy for the working poor) such policies make it difficult for

poor workers to support their families and protect their children. The erosion of wages and benefits force many low-income workers in the inner city to move or remain on welfare.

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