

Though the US economy has recovered tremendously since the Great Recession, not all households have benefitted alike. Wealth and income inequality have widened between racial and ethnic groups. According to Pew Research Center's data analysis from the Federal Reserve's Survey of Consumer Finances, the wealth of White households (\$141,900) was 13 times the median wealth of Black households (\$11,000) in 2013, compared with 8 times the wealth in 2010. Apart from wealth inequality, there are also significant income and employment disparities between races. The real median income of non-Hispanic White household was \$58,270, and it was \$34,598 for Black households. As for unemployment, 4.7% of White people are jobless while that of Blacks or African Americans is 10.1%. In order to comprehend this, Royster develops her central thesis in her book *Race and the Invisible Hand* that Black and White labor disparities are largely due to the fact that Blacks have been cut off from a major source of employment opportunities – informal network connections to employers and other employment “gatekeepers.” In this essay, I aim to examine how Royster details the connection between race and class. More specifically, I will reference Edna Bonacich's Split Labor Market theory and discuss how some White workers managed to limit the opportunities of Black workers.

After the Civil Rights Act of 1964, the Fourteenth Amendment, racial wage inequality declined for about a decade due to a variety of causes: strong economic growth and a shortage of labor supply, improvements in quality and quantity of Black education relative to Whites and strong anti-discrimination and affirmative action enforcement.

**Comment [1]:** Excellent opening paragraph. You offer an effective lead up to your main thesis statement. Your thesis statement is clear and you present the two main sources for your argument.

**Comment [2]:** The **Fourteenth Amendment (Amendment XIV)** to the United States Constitution was adopted on July 9, 1868, right after the Civil War.

However, this decline in income inequality has slowed down since the mid-1970s. Around then, Edna Bonacich proposed the Split Labor Market theory, which not only attempts to address the aforementioned issue, but it also offers explanation regarding ethnic antagonism<sup>1</sup> and labor market segmentation, which is caused in large part by a rigid social structure and disproportionate political powers between racial groups (Bonacich, 1972). According to Bonacich, White male workers initiated and engaged in riots throughout the 19<sup>th</sup> and early 20<sup>th</sup> centuries against free Blacks who occupied occupational niches that recent White arrivals coveted (Bonacich, 1975). White workers displaced Black workers through violence throughout the 19<sup>th</sup> century and well into the 20<sup>th</sup> century because there were few sanctions against Whites who attacked or murdered Blacks until the 1960s. As labor competition was built upon this brutal and multifaceted racial stratification system, White workers were generally paid higher wages than Blacks who performed the same work. These race-based privileges have been preserved by two strategies that culminated in many pronouncements, actions, and enactments: exclusion movements and caste systems.

Exclusion strategies prevent the physical presence of cheaper labor in the employment area, thereby disrupting supply and demand via the preservation of a non-split, higher priced labor market. As employers were disabled from undercutting the position and wages of dominant White workers by hiring cheaper nonwhite laborers, exclusion movements impaired nonwhite workers in seeking employment opportunities while shielding White workers from profit-maximizing incentives of employers.

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<sup>1</sup> According to Bonacich, “antagonism” encompasses all levels of intergroup conflict, including ideologies and beliefs, behaviors and institutions. The term suggests that racial tension and conflict is mutual and ethnic antagonism is specifically produced by the competition that arises from a price differential (Bonacich, 1972)

**Comment [3]:** Excellent discussion. Elegantly written.

Historically, the USA has been strongly committed to protecting individual rights. Exclusion strategies, as they single out and target particular racial groups, are seen as undermining the notion of individual rights. Explicit exclusion movements are therefore rare nowadays. However, Royster's case study on labor market discrimination might shed some light on these strategies. Royster's research, which is based on 50 recent graduates (25 White, 25 Black) from Baltimore's Glendale vocational high school, found that Black job applicants, who have comparable if not better academic qualifications, did worse in job searching than their White counterparts. The analysis of this discrepancy found that the legacy of historical White domination of the trades, along with segregated networks of kinship and friendship, operates as access for Whites and acts as an effective exclusion for Blacks. Young trade-educated White men tapped helpful networks of family, teachers, friends, and acquaintances, while their Black classmates lacked personal links to the trades and encountered a cool reception when they applied for jobs. White youths who were incarcerated or received poor grades were often treated leniently, whereas for Blacks an implicit "one strike, you're out" rule applied (Royster, 2003). Additionally, Royster also discovered a significant difference between the types of assistance provided by Glendale White teachers to White and Black students in their respective searches for work-study placements and jobs. They gave many White students direct referrals or even places in their own businesses while offering Black students verbal encouragement only. As a result, Black students much more commonly had to interview for jobs, a process fraught with discriminatory barriers. In a nutshell, nepotism along with racial discrimination serves as an effective exclusion measure to prevent Black youths from entering the labor market.

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If White workers cannot exclude cheap or nonwhite labor from the market, they resort to creating a caste system, which depends on exclusiveness rather than exclusion:

Caste is essentially an aristocracy of labor, in which higher paid labor deals with the undercutting potential of cheaper labor by excluding them from certain types of work. The higher paid group controls certain jobs exclusively and gets paid at one scale of wages, while the cheaper group is restricted to another set of jobs and is paid at a lower scale. The labor market split is submerged because the differentially priced workers ideally never occupy the same position. (Bonacich, 1972)

Bonacich also notes that caste systems “retain the underlying reality of a price differential, for if a member of the subordinate group were to occupy the same position as a member of the strong labor group he would be paid less. Hence, caste systems tend to become rigid and vigilant, developing an elaborate battery of laws, customs and beliefs aimed to prevent undercutting.” (Bonacich, 1972) The implementation of caste systems involve three facets: firstly to monopolize and privatize the acquisition of certain essential skills; secondly to prevent the immediate employment of nonwhite labors as undercutters or strikebreakers in times of crisis; and lastly to weaken the nonwhite labor group politically.

Affirmative action programs suggest the existence of caste in US labor market and education system. In 1971, the US Labor Department issued regulations directing government contractors to adopt “goals and timetables” to hire minorities and women. In the same year, the US Supreme Court ruled that an employer could not require certain minimum credentials before hiring a person if such a requirement had the effect of a

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“built-in headwind” for minorities (Silvério, 2004). In this regard, Royster offers an enlightening insight on how White government officials use affirmative action as a convenient excuse for why poorly qualified White candidates were turned down, allowing the applicants to shift blame away from the organization and reinforcing their belief that Black candidates had to be given preferential treatment. With that, White people’s perception of this “reverse racism” bolsters their commitment to helping their own race. In addition to Royster, other scholars have also found evidence that supports presence of caste arrangements in US society. Darity and Mason (1998) reveal that Black workers receive a 15 percent wage penalty and nearly half of the raw wage differential is caused by racial discrimination. Black (1995) shows that in a monopsonistic labor market with both prejudiced and unprejudiced firms and workers who engage in sequential job search, Blacks have higher job-search costs than Whites. Black also finds that White workers systematically receive higher wage offers than African Americans.

**Comment [4]:** Police officials in the case mentioned in Royster

**Comment [5]:** Is this a word?

Concluding the above, Royster’s *Race and the Invisible Hand* along with Bonacich’s Split Labor Market theory provide ample explanations to how Whites have socially, economically and politically suppressed the upward mobility of the Black laborers. While implicit exclusion strategies and caste systems have prevented African Americans from accruing intergenerational wealth, social embeddedness protects what little the White working class has left. Last but not least, it is encouraging to witness substantial growth in Black middle class under the enforcement affirmative action but the program needs to be strengthened since income inequality and individual rights disparities continue to deteriorate.

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Excellent paper. You employ a clear and acute prose that effectively argues your point. You also present your argument with evidence from the text. Finally, you also incorporated the theories of Bonacich in an elegant and effective way that did not reduce the complex historical argument made by Bonacich.

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