UNITED STATES OF AMERICA

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THE PRESIDENT'S INITIATIVE ON RACE

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RACE IN THE WORKPLACE

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WEDNESDAY

JANUARY 14, 1998

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The Advisory Board met in the Academy Auditorium at the Phoenix Preparatory Academy, 735 East Filmore Street, Phoenix, Arizona at 9:00 a.m., Dr. John Hope Franklin, Chair, presiding.

PRESENT

JOHN HOPE FRANKLIN, Ph.D.	Chair
ROBERT THOMAS	Board Member
LINDA CHAVEZ-THOMPSON	Board Member
ANGELA OH	Board Member
GOVERNOR WILLIAM WINTER	Board Member
REV. SUZAN JOHNSON COOK	Board Member
JUDITH A. WINSTON	Executive Director
ALEXIS HERMAN	Secretary of Labor

ALSO PRESENT:

JOSE CARDENAS, Moderator
DR. GLEN LOURY, Ph.D
MS. CLAUDIA WITHERS
DR. PAUL ONG, Ph.D
DEAN JOSE ROBERTO JUAREZ
DR. JAMES SMITH, Ph.D
MS. LORENDA SANCHEZ
DR. HARRY WOLZER, Ph.D

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(9:00 a.m.)

CHAIRMAN FRANKLIN: Good morning. Will the meeting come to order please. I want to underscore the fact that this is an open meeting. I understand that there might have been some misunderstanding that the newspapers or some indicated that this was not an open meeting. It is an open meeting and I want you to understand that you're welcome; you're friends are welcome. Everyone is welcome to this meeting. And we're delighted to have you here.

Today we're conducting our fifth Advisory Board meeting. We're pleased to venture outside the Beltway and to come to Phoenix, Arizona. Our topic for this meeting will issues surrounding Race in the Workplace. We will examine this topic primarily through a round-table discussion with a distinguished panel.

After that roundtable is concluded, we will adjourn for lunch and my colleagues, Linda Chavez-Thompson and Bob Thomas, Alexis Herman will be joined in the afternoon for a corporate and labor forum that will be an afternoon session before a session of a community forum that will follow at 4:00 o'clock.

But that forum, that roundtable discussion

this afternoon on corporate and labor will not be an Advisory Board meeting, although many of us will be here and I hope you will be here, too, but it's not an Advisory -- or not a part of the Advisory Board meeting.

This is a meeting of firsts. As I indicated, our first time meeting outside the Washington area. It is essential to our work that we have the opportunity to see different parts of the country and hear from a wide variety of Americans. That's why we're so delighted to be in Phoenix, Arizona today. It will allow us as a group to hear from Americans that we have not heard from before.

Of course, as individuals we have been traveling to various parts of the country. Indeed, several members of the Advisory Board were in Santa Fe, New Mexico, in late November for the purpose of meeting with a group there. But this is our first group meeting outside and we are very delighted to be here.

And one of the reasons we are pleased to be in Phoenix, is that Phoenix represents a kind of city that in due course will be more representative of what America is and will be in terms of the burgeoning America mosaic. The population of Phoenix is some 79 percent -- 71 percent caucasian, 19 percent Hispanic, three percent African-American, five percent Native

American and two percent Asian/Pacific Islander; more or less. Even as we speak, perhaps, the demography changes just a bit. But that's generally the picture.

And this is also the first time we've especially explored race as it affects economic and employment issues. The Advisory Board identified economic and employment issues as well as education issues as among the very first concerns that we wanted to study this year. We explored educations topics in our meetings at the University of Maryland and later in Fairfax, Virginia, and we now turn our attention to the intersection of race and employment. Remembering, of course, always, that education bears directly on the whole problem of employment and race.

Then finally, this meeting is the first time we've had an opportunity to hold a community forum as a part of our meeting agenda. We've decided to include this as a part of our visit because we understand how important it is to listen to voices of the community. And while it is essential to our process that we have the data about the economic conditions of all Americans, it is equally essential that we hear the concerns of the people of Phoenix from the people of Phoenix.

Now, it would be wonderful if we could do that in every city in the United States. That is, obviously, impossible. And so, as we visit Phoenix I

hope that the people of Phoenix will recognize the fact that they are sort of standing in for a large number of other American communities. You are the surrogate community representing so many of our other communities.

Now, we have been welcomed here by various individuals and groups already, but we are delighted to have with us the person who can represent this community more than any other for he is the mayor of the city. And I'm delighted to welcome to this platform Mayor Skip Rimsza, who will, of course, welcome us. Thank you very much, Mr. Mayor.

MAYOR RIMSZA: Thank you. I am very honored to welcome you all here to Phoenix. I believe this initiative is a great effort to move our country closer to its promise of life, liberty and the pursuit of happiness. Not for some but for all. This is a chance for every citizen in this nation to be a part of the great national conversation about America's diversity and about the strength it brings to our nation. It certainly brings strength to Phoenix.

We're so lucky to have so many cultures with roots deeply anchored in the southwestern soil. And that's why Phoenix, I think, is a perfect place for us to all come together today. As I've said so many times, our diversity is not something to be merely tolerated, it is to be celebrated. It is, in

fact, the secret of our success. It is, in fact, what makes us strong.

Our newest initiative in the City of Phoenix "We're all on the same team" is a cultural diversity campaign designed to educate and train ourselves about respect and fair treatment of all people. It's something we take great pride in. But it's just the latest in many steps we've taken to make sure that we really are all on the same team.

Last year, we commissioned an anti-hate squad whose sole responsibility is to investigate and resolve hate crimes. And hate crimes are particular heinous because the make victims of people not because of anything they've done but simply because of who they are.

On Friday, we'll be hosting and honoring the Dr. Martin Luther King, Jr. annual breakfast as we've done for 12 consecutive years. In fact, Phoenix is only one of the first 12 cities in this country to recognize and celebrate Dr. King's birthday as an official holiday. Our honored guests in the past have included Corretta Scott King, Rosa Parks, Stevie Wonder, the family of Cesar Chavez, and this year, Gladys Knight.

We have launched annual events for the United Negro College Fund, the Native American Recognition Days, International Women's Day, and

countless other diverse celebration. We have sought and attracted national gatherings of the U.S. Hispanic Chamber of Commerce, the National Bar Association, the National Urban League and, just for you, Secretary Herman, Delta Sigma Beta Sorority.

We have championed fair housing programs, anti-discrimination ordinances and various city programs like the Rights of Passage for Multi-culture Youth. We conduct business symposiums in Spanish and we've appointed hundreds of multi-culture men, women and youth to our boards and commissions. Can we do more? Yes. Always. But we're proud, I think rightly proud of what we've done so far.

So it's my honor to welcome you here to Phoenix and to wish you the very best as you undertake your important work here today. It's also my honor to introduce someone very special to all of you and welcome her to Phoenix.

Alexis Herman brings more than two decades of leadership to the people of this country. She spent her career on the front lines of a changing work force. As a business woman, a government executive and a community leader. Developing, promoting and implementing policies to benefit workers and to increase opportunities for the hard to employ.

She sits as a member of the President's Cabinet because as the President described, she

understands the needs of workers and she understands the challenges that they face.

I'm proud to introduce to you, the 23rd Secretary of Labor of the United States, the Honorable Alexis Herman.

Madam Secretary.

(Applause)

SECRETARY HERMAN: Thank you. And thank you very much, Mayor Rimsza, for your introduction. And I want to thank, through you, the people of Phoenix for all of the hospitality you have shown while we have been in your beautiful city. And I want you to notice that I am wearing the bird.

This morning we begin another series as a part of our national conversation initiated by the President about what it will take to build One America. A land where our growing diversity is a source of strength. And where promises like opportunity for all are real in practice as they are in principal.

It is only fitting that we are here today in a school amidst our young people. Because when you boil it all down, the President's Initiative on Race is really about one thing; American's future. It's about the kind of nation we want the children of this school to grow up in. It's about the children of our country. It's about how we want our children to grow

up, what we want them to be and where they will actually work in the workplaces of tomorrow.

Now, there are many things that we don't know about that future. But there are some things that you really don't need a crystal ball to see. We know, for example, how America will look. Demographers can give us a pretty good picture of our future population and work force. And they tell us that in the next century there will be no majority race in this country. There will be many faces and many races.

The question before us is not if there will be change. The question before us is how will we manage that change so that all may, in fact, benefit. It is not so much for us a choice as it is a challenge. And it is a challenge that will take hard work and honest dialogue.

And that is why we are here today. We're here to talk about the real challenges of America and to gain from the insight and the research of our distinguished panelists. Absolutely nothing is off the table today. Our focus today is on the workplace. It is on equal employment opportunity which is clearly fundamental to building One America because in large measure our labor is a central part of our identity.

Think about it. When you meet someone for the very first time, you may ask them what is their

name, where do they live and pretty soon the question gets around to, and what is it you do? Well, the answer will be I'm a doctor, I'm a real estate agent. Who is Janice? Is she a professor? Is she a travel agent? Is she software engineer?

But work is really more than just about our identity. It's also about dollars and cents. It's about being able to provide for your family. It's about being able to pay for the kids to go to college. It's about putting food on the table. And that's why this discussion is so important. We really can't expect racial unity without economic equity and that means opportunity.

And if you want to measure opportunity in any society, you have to take that yardstick to the workplace. Just how high are the barriers to employment? How long are the obstacles? In short, are people really being treated fairly? These are some of the questions and issues that we will examine today.

I've spent a good part of my life trying to address some of these challenges. Almost 30 years ago I worked for Catholic charities in my own town of Mobile, Alabama. I helped young men from the housing projects find apprenticeships and job opportunities in the nearby shipyards of Pascagoula, Mississippi. And I say young men because at the time it was virtually

impossible to get young woman into the skilled trades. And until that time, it was virtually impossible to bring in minorities, but we did it.

Later I moved to Atlanta, Georgia, and had the opportunity to place some of the very first women ever into white-collar jobs in the corporate sector. I can still hear some of the comments from back then. I was told, "You know, we'd hire them if only we could find them." And then I would ask the question. "Well, exactly what are you doing to find them?" And I was always met with silence.

Well, we've made a lot of progress since then in our policies and in our society, but we still have a very long way to go. I know that Janet Yellen will walk us today through some of the statistics. But let me begin, Janet, with at least just one.

Twenty years ago, I was working at the Department of Labor and at that time, the unemployment rate for African-American teenagers was over 30 percent. Two decades later, I'm back at the Department of Labor but that statistic hasn't gone anywhere. Unemployment for African-American teens is still over 30 percent.

And Dr. Franklin, it has been at 30 percent or above for each and every year for the last 20 years. Today we must ask ourselves the question: What can we do to move a fact like this from the

statistics books to the history books. I'm very hopefully that our Congress working with our President will be able to finally put us on the right path to do something to reach these young people.

And now is the time to ask for it. Because, after all, we have the strongest economy in a generation. We've literally created more than 14 million new jobs in the last five years. Unemployment, nationally, is the lowest it has been in a generation. And here in the state of Arizona, the unemployment rate is under four percent.

Nonetheless, throughout our inner-cities, on the reservations, in the barrios, too many Americans are still being left out and too many qualified minorities are finding the doors of opportunity and advancement still closed to them. Now, it is true that some of us here have different background. And some of us, perhaps, have different perspectives, but I believe at this meeting there are at least three fundamental things that we can all agree.

First, disparities and discriminations are real in today's American workplace. If we want a society that is truly colorblind, we must open our eyes to that fact. There are a variety of strategies to overcome those disparities and one of the main purposes of this gathering is to listen and to learn

about some of the promising practices that are working for the better.

Number two; workplace diversity is essential to success. Many employers will tell you today that if you're going to be globally competitive and remain the strongest economy in the world, then we must tap into the potential of every single American. The bottom line is this. A business can pursue diversity because it's right or it can pursue diversity because it is in their enlightened self-interest. Either way the answer is still the same. Diversity is good for business and it is good for the bottom line.

And that leads me to my third point. We don't have a single person to waste in this country. Because our President is right when he says, "We must be One America. Not a prosperous America and improvised America, but One America. Not a skilled America and a stalled America, but One America. Not an educated America and an ignorant American, but One America." In the end there is only one way to create that kind of a nation. It is not through machines or might. And as the President has said, "It must flow from the human spirit. It must come from all of us working together."

We meet today to meet that challenge. We meet today to help build One America for the 21st

Century. I thank Dr. Franklin and distinguished commissioners and all of our panelist and all of you who are here today for helping us to advance that agenda. And I thank you for the opportunity to be with you and I look forward to listening and learning from you today. Thank you very much.

(APPLAUSE)

CHAIRMAN FRANKLIN: Thank you very much, Secretary Herman. You suggested that Janet Yellen would lead us through the numbers and I hope she will. Dr. Janet Yellen was appointed chair of the President's Council of Economic Advisors and confirmed on February the 13th, 1997. Before that, she was a member of the Board of Governors of the Federal Reserve System and she was appointed to that position by President Clinton in February of '94.

Before coming to the Federal Server Board, Dr. Yellen was the Bernard T. Rocka, Jr., (ph) professor of international business and trades at the Hawes (ph) School of Business at the University of California in Berkeley where she taught -- where she has taught since 1980. Dr. Yellen has also taught at Harvard University and she had served as an economist with the Federal Reserve Board of Governors from 1977 to '78.

She's written on a wide variety of macro-economic issues while specializing in the causes,

mechanisms and implications of unemployment. She's also a recognized scholar in international economics, recently focusing on the determination of the trade balance as well as the course of economic reform in eastern Europe.

But, of course, these days she's focusing primarily on the economic problems of the United States and those that relate to various countries of the world. And we are delighted to have her here this morning for the purpose of telling us something about the labor market issues and race in the United States. Dr. Janet Yellen. Thank you.

(Applause)

STATEMENT OF DR. JANET YELLEN

DR. YELLEN: Thank you very much, Dr. Franklin. And thank you to the Advisory Board for giving me a chance to discuss the important issue of racial and ethnic differences and economic opportunity in the labor market.

Before I begin, I'm pleased to announce that as part of the 1998 economic report of the President, we will be including a chapter on racial and ethnic economic inequality. The report which the Council of Economic Advisors submits to Congress each year will be released in early February. My presentation today will preview portions of the chapter that pertain to the topic of today's Advisory

Board meeting. Namely; racial and ethnic differences in economic well being and labor market success.

My goal today is to give you the numbers. To give you a sense of the economic standing of different racial and ethnic groups. Where we are today and where we have been. Of course, statistics are subject to interpretation. But I hope that my presentation will help set the stage for today's discussion.

I'll begin with a snapshot of economic well being of different racial and ethnic groups including income, wealth, poverty, the emergence of the middle-class and inequality. And I then turn to the labor market; unemployment, earnings, educational attainment and occupations.

But first, let me just make a brief note of that data availability. In my remarks today, I will mostly present data for blacks, whites and Hispanics only because the samples in our regular surveys are often not large enough to provide reliable estimates for smaller populations; such as Asians and Pacific Islanders and American Indians. But I have included information about these groups where it is available. I'll present a substantial amount of data so let me give you an overview of the themes that I hope you'll take from my presentation.

First, over the last half century,

disadvantage minority groups have made substantial progress both in absolute terms and relative to whites. But that progress has been uneven. In the 1950's and especially the 1960's, economic growth was strong and improvements in economic well-being were widely shared.

The 1960's and early 1970's also witnessed substantial narrowing of economic differences between blacks and whites. But this narrowing seems to have stalled sometime in the early to mid-1970's. There are some hopeful signs of renewed progress in the 1990's, but it's really too soon to tell if these signal the beginning of a new period of declining racial and ethnic economic disparities.

On average, the economic status of Hispanics relative to whites is lower today than in the early 1970's. However, the Hispanic population has grown rapidly over this period. Roughly doubling in size between 1980 and 1996. Therefore, in interpreting these trends, it's important to keep in mind the increasing number of Hispanic immigrants with lower education levels.

Just to cite one example; college completion rates increased substantially among native-born Hispanics over the 1990's even though college completion among all Hispanics was stagnant and the relative economic status of Hispanics was

deteriorating. Unfortunately, our statistics for American Indians and Asian and Pacific Islanders are much more limited. However, it is possible to draw some broad conclusions.

The economic status of Asians and Pacific Islanders is similar to that of white non-Hispanics. But there's a great economic diversity within that group. For example, despite similar median incomes, poverty rates for Asians and Pacific Islanders are about 70 percent higher than those of non-Hispanic whites although they're still far lower than rates for blacks, Hispanics and American Indians. According to the most recent data, American Indians had the lowest income and the highest poverty rates for all groups. A second major theme is that large racial and ethnic disparities in economic status persists so there is much to be done.

Now, let me begin my presentation of data with what is probably the most widely used indicator of economic success, economic well being; namely income. The first chart presents family income since 1967. Inflation adjusted family income has risen for whites and is highest among whites and Asian and Pacific Islanders. Black family income grew only slowly while median Hispanic income actually declined. Black family income is a fraction of white income, rose in the 1960's but this trend reversed in the

1970's and 1980's.

Income measures economic status in only one year. Wealth, which measures the net value of assets at a given point in time may be a more complete measure of economic well being because it's accumulated over lifetimes and transferred across generations. Wealth is important because it can enable a family to maintain it's standard of living when income falls, due to job loss, family changes such as divorce or widowhood or retirement.

Racial and ethnic disparities in wealth are even greater than for income. As you can see from the bottom chart, the median net worth of white households was more than ten times that of black or Hispanic households in 1993. And there are also large racial and ethnic differences in wealth among households with similar incomes.

The emergence of a large middle-class is one of the great accomplishments of the post-war economy. As you can see from the top chart, the proportion of blacks who are considered very poor -- which is defined here as family income below 50 percent of the poverty line -- fell dramatically between 1940 and 1970. By 1990, nearly 50 percent of blacks had incomes that were more than twice the poverty line.

The bottom chart shows a similar emergence

of a large white middle-class. These charts used data from the decennial census. So the precise turning points are a bit hidden. Other data indicate though that for both blacks and whites, the middle and upper-income group taken together essentially stopped growing in the early to mid-1970's. And family income growth has picked up again in the 1990's.

Let me next turn to poverty. Poverty rates fell markedly in the 1960's, but stagnated starting in the early to mid-1970's. However, here again, there is signs of renewed progress in the 1990's. As the black poverty rate as well as the difference between the white and black poverty rate fell to new lows in 1996.

As I noted earlier, despite median income comparable to that of whites, the Asian and Pacific Islander population has a higher poverty rate than the white population. The Hispanic poverty rate is high and has generally risen since the early 1970's. It surpassed the black rate in 1994 and has fallen gradually in this expansion. Finally, the latest data for American Indians from the 1990 census indicate that poverty rates among this group were the highest of all the groups considered; 31 percent.

Let me next turn to inequality. It's helpful to put the data on income and poverty in the context of more general trends in income in equality.

This chart shows a widely used index of inequality. Family income in equality has been rising fairly steadily since the early 1970's. Increasing in equality generally means that those at the bottom will become worse off relative to those in the middle or top. Since minorities are over represented at the bottom of the income distribution, widening inequality is expected to widen income gaps between minority groups and whites.

Now, let me turn to the labor market. The link between labor market success and economic well being is obvious. For example, wage and salary income make up over 80 percent of the income of people between the ages of 15 and 65. And the poverty rate among workers is less than one-third that of non-workers.

It's important to understand that changes in racial inequality and overall inequality are intertwined with broader changes in the economy and the labor market. I've already mentioned how the general trend of rising income in equality is likely to exacerbate inequality across racial and ethnic groups.

One of the most important recent developments in labor markets in the past 15 years is the rising demand for more educated workers. Economist have emphasized that technological changes

in production processes such as the increased use of computers have increased the demand for workers with a college education. This change has increased the pay of college educated workers compared to those with less education.

From the top chart, you can see that the earnings of college graduates compared to those with only a high school degree rose rapidly in the 1970's and 1980's. So how does the increased value of a college education then effect race differences on labor market outcomes?

Well, as you can see from the bottom chart, blacks and Hispanics are less likely to hold a college degree than whites and Asians. American Indians also have lower rates of college attainment. Therefore, these groups have been hurt disproportionately by changes in the economy that have raised the demand for college educated workers.

Let me now turn to unemployment. Secretary Herman discussed in her remarks an important indicator of success in the labor market is the unemployment rate. The economy is doing extremely well right now. And the unemployment rate has been below six percent for more than three years. The unemployment rate in Arizona is currently under four percent. And, of course, a strong economy benefits nearly everyone, especially those at the bottom of the

earnings and income distribution who are most likely to lose jobs during economic downturns.

Unemployment rates have fallen dramatically for all groups in the present recovery. And in 1997, the black unemployment rate fell to its lowest level in over 20 years. Nevertheless, large disparities are still apparent. In 1997, black and Hispanic unemployment rates were about twice those of whites. Unemployment rates for minority teenagers, as Secretary Herman mentioned, remain high; currently around 30 percent and can exceed 50 percent in severe recessions.

And as you can see from the chart, unemployment among blacks and Hispanics is not only higher but also tends to rise more in recessions. So there's reason to celebrate the strong economy and low unemployment, but other indicators of success in the labor market, such as earnings, also influence racial and ethnic differences and economic status.

Let me now turn, if I might, to earnings. Research has shown that particularly in the ten years following the passage of the Civil Rights Act of 1964, differences in wages between blacks and whites narrowed markedly. What's happened since then. The upper chart shows the ratio of black and Hispanic male earnings to white male earnings. As you can see, relative earnings of Hispanic and black men have

generally fallen since 1979. Evidence suggests that the decline began sometime in the mid-1970's.

Black women nearly reached pay parity with white women by the mid-1970's. However, as the bottom chart shows, this earnings gap has widened again. Again, you can see that the relative status of Hispanic women has declined. We have seen that earnings are lower for minorities than for whites on average and that education has become increasingly important. It's also interesting to look at earnings gaps for workers with similar educational attainment.

This slide shows that earnings ratios for people with similar levels of education are much higher than the overall ratio. This pattern suggests that a substantial fraction of the gap in wages between blacks and whites and particularly between Hispanics and whites is due to differences in educational attainment. But even for workers with similar education, disparities remain suggesting that education is important but it's not the whole story.

There's considerable debate about how to explain the remaining earnings differences. A number of factors may play a role and this slide lists some possibilities. The list is by no means exhaustive and the causes of earnings gaps are complex. Let me mention some of the leading potential explanations. One possibility is that there may be differences in

labor market skill. These skill differences could be linked to the quality of schools, to other investments in human capital and disadvantaged family backgrounds.

Secondly, there's undeniable evidence that discrimination is a continuing problem in the American workplace. A critical question is the extent to which racial and ethnic earnings gaps are due to discrimination or to other factors. And these are subjects that our panelists have all studied so I suspect we will be hearing more about this soon.

Let me offer a couple of additional possible explanations for the trend in earnings differentials between black and white women. As I mentioned, black women made extraordinary progress relative to white women in the 1960's and the early 1970's. But the trend then reversed. As you can see from the top chart attainment of a college degree among white women has risen quickly. Faster than for black women.

And this occurred at the same time that the demand for college educated workers was rising. This may explain some of the increase in the black/white earnings gap since the mid-1970's. It's clear that education is not the whole story, however, because earnings gaps for people with the same education level also widened during this period.

Another possible explanation relates to

labor market experience. The bottom chart shows that labor force participation has grown more rapidly for white women than for black women since the 1970's. This means that their work experience was also growing more quickly and experience is rewarded with higher earnings.

Finally, let me turn to occupations. Like wealth, occupations may tell us more about long-term economic status than wages or unemployment in any single year. There was significant improvements in the occupational status of blacks in the 1940's, 1950's and '60's. For example; black men moved out of agricultural work into higher paying blue-collar jobs in large numbers. And black women shifted out of domestic service and into other service, clerical and blue-collar occupations during this period.

More recently, growth in the higher paying managerial and professional occupations has been strong. And over the past 15 years, the increase in managerial and professional employment has been especially sharp for women. These charts show that a far higher fraction of whites than blacks or Hispanics work in managerial and professional occupations.

Hispanics are much less likely to be working in managerial and professional occupations and there has been little improvement in the percent of Hispanics employed in these occupations over the past

15 years. Since 1990, there has been noticeable growth in the proportion of black men in managerial and professional positions, although they still lag far behind whites and black women.

Well, let me sum all of this us by saying that when it comes to racial and ethnic economic inequality, we see major achievements over the last 50 years. But there was clearly a slowing of progress from the mid-1970's to the early 1990's. Recently, we have seen some signs that progress may be picking up, but it's too soon to tell. In any case, it is clear that unacceptable large economic disparities remain.

I hope that this has been helpful in providing some background on these important issues. Thank you for giving me the opportunity to speak to you today, and I'm very much looking forward to now hearing the panel discussion of these topics. Thank you.

(Applause)

CHAIRMAN FRANKLIN: Thank you, Dr. Yellen. Before we hear the panel discuss these topics which we are all awaiting somewhat breathlessly, I want to remind you that from time to time in our meetings there are initiatives that have been taken by the President or some branch of the government. And today, we're moving even beyond that to announce an initiative taken by an institution outside government.

And I have the great pleasure of introducing our colleague, a member of the Advisory Board, Linda Chavez-Thompson who is Executive Vice President of AFL-CIO who will speak on -- who will make the announcement.

STATEMENT OF MS. LINDA CHAVEZ-THOMPSON

MS. CHAVEZ-THOMPSON: Thank you, Mr. Chairman. For the 13 million members of the American labor movement, the women and men who drive our trucks, build our homes, teach our kids and care for us when we are sick, the goal of creating workplaces free of discrimination is just as important as the goals of fair wages, decent benefits and safety on the job. That is why I am proud to serve on the Advisory Board of President’s Initiative on Race and it is why workers across the country are working hard to improve race relations in the workplace.

While our society has made progress over the last generation, one of the lessons that Americans are learning from the Advisory Board is how much more needs to be done. We in the union movement are determined to redouble our efforts against discrimination. Thus, I am pleased to announce that the AFL-CIO is launching two new initiatives to that end.

First, the federation is preparing a practical guide to improving race relations, equality

and opportunity in the workplace for free distribution to both union and non-union audiences. This will bring together the experiences of working people in addressing race or discrimination problems on the job. It will focus on best practices within unions and in cooperative labor/management projects. The target date for publication is September 1, 1998.

Secondly, the AFL-CIO will sponsor forums similar to that in Phoenix this week. These forums will highlight how workers and managers have joined together to improve race relations and fight discrimination in both union and non-union workplaces. We will ask employers to participate and I personally would like to invite members of this Board to take part in these forums. In these initiatives and in all that we do, the AFL-CIO, we use the lessons learned by working women and men in improving race relations to contribute to society where racial justice is finally done. Thank you, Mr. Chairman.

CHAIRMAN FRANKLIN: Thank you, Ms. Thompson. The President has reacted immediately to this announcement and it's just come over the wires since we've begun our meeting and President Clinton has this remark to make about the announcement. I'm quoting now.

"Thousand of union men and women have been working hard to improve race

relations in the workplace. Members of the AFL-CIO, in the tradition of A. Philip Randolph, have continued to lead the fight against discrimination in the workplace and in society. Today, the Race Initiative Advisory Board meeting in Phoenix will hear worker and union member testimony highlighting these efforts.

"I am pleased that today the AFL-CIO has announced two initiatives to redouble its member's efforts against discrimination. I applaud their decision to take on this challenge by supporting these initiatives to help further the dialogue and learning from today's Race Initiative Advisory Board meeting in Phoenix.

"The AFL-CIO leadership, in sponsoring workplace forums on race will provide additional venues for thoughtful dialogue and education of workers, managers and employers. I encourage members of the Advisory Board to participate with Board Member Linda Chavez-Thompson and the AFL-CIO in these forums.

"Additionally, the AFL-CIO's decision to produce a workplace guide to improve race relations will be key to moving dialogue

and learning interaction. This practical step will help workers and employers throughout our nation implement best practices for addressing racial issues and job discrimination in the workplace. "I urge all business to join this effort to improve race relations in the workplace. It is efforts such as those announced in Phoenix by Ms. Chavez-Thompson that will bring our nation closer to One America."

That's the message from President Clinton.

Well, we would now like to turn our attention to our roundtable topic for today: Race in the Workplace. Our moderator for this discussion will be Mr. Jose Cardenas. Mr. Cardenas is a partner with the Phoenix law firm of Lewis & Roca. He is an active and dedicated member of the Phoenix community. His many activities include being a founding director of Harmony Alliance, serving as a member of both the steering committed of the Arizona Minority Council Program and the Stanford University Board of Visitors, just to name a few of his activities.

He will introduce to you this morning's panelist and I'm pleased to introduce Mr. Cardenas.

MR. CARDENAS: Thank you, Mr. Chairman. Madam Secretary. I was talking this morning with a

senior advisor for the President's Initiative on Race and I asked her how we would run the roundtable this morning. She had some very helpful suggestions. Suggested that we might model it after the McNeil/Leher Report or the McLaughlin Group, perhaps, without some of the raucousness.

I didn't tell her because I didn't want to make her nervous that I had already decided that I would explain the process today by comparing and contrasting it with ABC's Political Incorrect. And I swear I made that decision before last night's program came on which featured a fairly serious though obviously very superficial discussion of affirmative action with of all people Charlton Heston. So it will turn out to be more of a model than I had anticipated. Secretary Herman, don't worry though, I will not do a monologue.

But I do fully intend and I think the panelist share this intent to make this a very candid, a very lively discussion that will certainly be much more informed; better informed than anything you could hear on late-night TV. Obviously the scope of the discussion will also be much broader than simply affirmative action.

I'd like to, in terms of setting out the parameters, steal for what will be just one of many occasions, Dr. Loury, one of our panelist, who

commented that the subject that we're discussing today has been too much the subject area of lawyers and philosophers. And we don't want to have a discussion today that focuses on abstract legal principals or philosophical principals. We want to make this real. We want to make it concrete. We've urged all the panelists to do that to make it meaningful to the people of Arizona. Because this is an important topic to all of us not just one particular group, but to all Arizonians.

What we intend to do for the next hour or so is focus on three key things that are related to the subject of race in the workplace. Those three themes that I've asked the panel to focus on are: The causes of the disparities that Dr. Yellen's data show exist; the impact of racial discrimination, to what extent is it still a factor in today's job market; and finally, we're going to talk about policy and program responses to racial disparities including affirmative action.

Let me begin by introducing our panelists. In the interest of time I'm not going to go into detail on their biographies. You've got that information in the materials that were made available to you when you came into the room. So let me just hit some of the highlights.

Beginning on the left, our first panelist

is Professor Jose Roberto Juarez, Jr. He's and associate dean at St. Mary's University Law School. His research has focused on employed and language discrimination. He was with the Mexican American Legal Defense in Education Fund, MALDEF, for three years.

Dr. Paul Ong is Chairman of the Urban Planning Department at UCLA. He has written extensively on the subject of Asian-American economic issues.

We next have Ms. Claudia Withers who is the Executive Director of the Fair Employment Council of Great Washington, a civil right's research and advocacy organization which focuses on employment testing and civil right's litigation. She's a practicing attorney and a professor of law at American University.

And finally, our last panelist on this -- to my left is Dr. Glenn Loury who has written extensively on a variety of issues including poverty and racial inequality. He is currently a professor of economics at Boston University.

Let me ask you this, is this microphone audible? It seems like I'm -- okay, good. I got the sign from my advisor that everything's okay. I'm sure she's going to give me a hard time about Political Incorrect reference later.

On my right, Dr. James Smith, Senior Economist at The Rand Corporation. He has done significant and widely cited work on black and white wage and employment differences and has also done work on the impact of immigration.

Seated next to him is Ms. Lorenda Sanchez. She is the Executive Director of the California Indian Manpower Consortium which is the largest social and human service organization in the United States. Through that experience and through her experiences on boards at the local, regional and national lever, she has become one of leading experts on economic and employment issues facing American Indians.

Finally, we have Dr. Harry Holzer who is a professor economics at Michigan State University and is nationally recognized for his research and books on race in labor markets.

The way I intend to proceed here is to begin with questions to the panelist and my questions typically will identify the panelist whom I would like to kick off the discussion. But there’s no intent to limit it to those particular panelists and I have told them that anybody else should join in who wants to comment. Members of the Board are also welcome to comment. But we will at the end of our panel discussion ask for specific comments from the Board.

I’ve also told them that they should feel

free to tell me if I've asked a dumb question. And all of them have assured me with a rather disconcerting amount of enthusiasm, that they will indeed do that, and so let's get started and hope that the first one isn't too tough.

The first area that we want to focus on is causes of disparities in economic opportunity, income, unemployment, poverty. And the issue is whether racism and racial discrimination are a cause of those disparities or are there non-racial causes such as what is referred to pipeline issues; education, family background, location of jobs and so forth.

I'd like to begin Dr. Smith with you and followed up by Dr. Holzer with a question that points out a disparity in terms of perceptions. Whites, according to a recent poll, 65 percent believe there's no difference between the economic and social conditions of blacks and whites. Yet, Dr. Yellen's data show that there clearly are differences and that the disparities, particularly those between whites and Hispanics are growing. How do you explain the disparities, if you will, between the perception and the actual disparities that exist.

DR. SMITH: That's an absolutely brilliant question.

MR. CARDENAS: Thank you, I appreciate it.

DR. SMITH: Did I say that right?

MR. CARDENAS: We're off to a good start.

DR. SMITH: Well, I think what you would learn from a statement like that is not to pay attention to every academic study because I would find it absolutely incredible that two-thirds of white Americans do not know that there's an income difference between the races. If I asked the people in this audience to say that the average black and the average white person in this country earn the same amount, I don't think anyone would say yes. So I think that's a poor starting point for the discussion.

It's not that people are ignorant about the fact that differences exist. I think where there is a difference is that -- and let me talk about race rather than the other issues we'll come to -- is people have a very different perception about what the cause is. That whites tend to put less emphasis on things like discrimination, things like -- that are barriers imposed on blacks and blacks see that world very differently. They see a lot of barriers to their efforts to improve.

So I think there's a very sharp distinction between blacks and whites on what they think the underlying causes are for good reasons. But I don't think we should just think that if we informed the American public about what the facts are that it's

going change reality very much.

MR. CARDENAS: Thank you. Dr. Holzer, do you want to add to that?

DR. HOLZER: Yeah, I agree with Jim on that. I think -- my guess is that most people do perceive disparities and that the majority of white Americans are likely to hold individuals responsible for their own economic outcomes. And that's the place where really some of us who study these issues might disagree.

To further discussion along those lines, I thought I might start to layout or talk about some of the potential causes of disparities that Profession Yellen listed in her list before and give you at least some of my perspectives on it and maybe some of the other panelists can join in afterwards.

First of all, based on my own work and the work of many others, it's clear that some discrimination does persist in the labor market. And in terms of African-Americans, I think the stage at which that discrimination is most severe is at the hiring stage; just trying to get a foot in the door in the first place. It's clear and I've done a lot of research looking at employer behavior and how they hire and what skills they're looking for and are actually -- what kinds of people they hire and promote.

It's clear that American employers are more reluctant to hire blacks than any other ethnic group in the United States. Especially black men, especially younger black men, and that's true even when people have comparable credentials in terms of education and experience and the like. And there's a lot of difference reasons for why employers feel that way and we can come back to that.

I don't think that all employers discriminate. I don't even think necessarily that a majority of employers discriminate. But I think there's some major pockets of discrimination in hiring left in the American force. From my own studies, the kinds of employers that I see that are most reluctant to hire African-Americans are first off small employers, small establishment, who don't feel like they have to worry very much about affirmative action requirements or even EEO lawsuits.

And secondly, employers who have lots of white customers and are reluctant to hire blacks into sales positions or clerical positions where there's a lot contact with those customers. Finally, establishments that are located somewhat further from where a lot of black people live; certain parts of the suburbs. So even when they get applicants from those communities, they feel less pressure to hire them.

So from my work and from others, you know,

those are the major pockets of discrimination in hiring against African-Americans. Having said that, I'd want to emphasis that my belief and I think the belief of most economists is that that is by no means the entire story. There remains several other important determinants of these disparities and several other important barriers to advancement for minorities.

I think the most important of which is skills. In her talk, Dr. Yellen focused on the rising demand for education among American employers and I think that's certainly true. What I've also found in my own work is that there's a much wider range of skills that go beyond just education that matter to employers. Their demand for that, those skills, has risen over the last 20 years very considerably.

These skills include the whole range of cognitive skills; reading and writing abilities. The ability to do arithmetic on the job. The ability to use computers. They include social and verbal skills. The ability to deal with customers as well as coworkers. They involve a wide range of credentials. High school and college degrees, but also previous experience; previous training, et cetera.

So there's a wide range of skills and credentials that employers are looking for and minorities have fewer of those skills when they enter

these workplaces. There are less likely to be hired because of that and they're less likely to be paid well once they do get hired.

Now, I want to emphasis the lack of skills, in my mind, is not an innate characteristic of minority groups, it reflects lower opportunity to develop those skills. Because many minorities still come from families with lower income. Neighborhoods with lower income and racial segregated school systems. And there turns out to be a high correlation between racial segregation and school equality and the quality of education people attain once they leave those schools.

So even though skills are becoming increasingly important in the labor market, that still represents other barriers, other places in society besides just the labor force that still matter.

Finally, let me throw out just a couple of other things and then I'll let other panelists respond. Location of people versus location of jobs can matter. Jobs are becoming increasingly suburbanized. And often the fastest growing parts of the job market are in the parts of suburb areas that are furthest from the downtown areas and the less accessible by public transportation.

Now, populations are also suburbanizing, including the black population and Hispanic

population. But for those who get left behind in inner-city areas, they're going to have some trouble getting out to those jobs. Especially if they lack private automobile transportation. And sometimes it has to do with more with information about these distant areas. People are still unaware of where jobs are located and how to get to those places.

Also, informal contacts and informal networks. A large fractions of employers hire informally, through networks of their employees. If minorities and especially from lower income communities are not plugged into the right networks, they will have more difficulty getting access to those jobs relative to people with the same skills.

So there's a very wide range of barriers that people continue to face in the labor market; discrimination and many other problems and they reflect a wide range of barriers that the people still face in achieving success.

MR. CARDENAS: Thank you.

MS. WITHERS: I'd like to --

MR. CARDENAS: Yes, Ms. Withers.

MS. WITHERS: I'd like to respond a little bit to what Professor Holzer said about hiring discrimination. I think the studies that we've done at the Fair Employment Council and others have done certainly indicate that hiring is a real barrier for

African-Americans and Latinos.

We have found, to the extent that one can quantify it, it's true that in the tests that we've done and we've done -- conducted over 2,000 employment tests, about 80 percent of the time employers don't appear to treat blacks and whites or Hispanic and Anglos differently. But in about 20 to 25 percent, at the time, we've found that the minority applicant was treated less well than the non-minority applicant.

And it was in a range of things. It was in things like opportunities to interview. So that in talking about your skill issue, the skill issue which I think is an important issue that we need to confront, we found that many times our testers weren't able to demonstrate skills because white applicants were able to get to the interview process more often than applicants of color.

With job offers and referrals, again we found that white applicants were more than four time -- over 400 percent were likely to get a job offer after there had been an interview. We found that when there were offers given, again with applicants testers of similar or equal qualification, we found there was a compensation difference. So that if both a black and white applicant were made the same offer, there was still a dollar or so difference in an hourly range.

We found that black applicants were more likely, when both applied for the same job, to be steered to a less attractive job. For example, in applying for a job as a car sales person, the black applicant was told that the way to get a job, the way to get a handle of the car sales person is to become a porter; the person who washes the car. The white applicant was steered right to the job that he had applied for.

And finally, and you mentioned the informal networks. We found that there was real difference in information about unadvertised opportunities. So that the informal network piece definitely worked to the detriment of black applicants. Even when an employer had information, even when an employer said, we don't have anything for the both of you, he or she was more likely to say to the white applicant, but wait a minute, let me tell you about this opportunity that's coming down the pike next week.

Let me tell you about my competitor down the street who has a job that you might be good for. Let me tell you about who else you can talk to. So that even though there were -- both were told there was no job right then, the white applicant was often given a more of a leg-up, if you will.

We also found that there was some

distinctions regionally. Suburb areas are more likely to discriminate. In terms of employers categories, there's one thing I do want to put into the conversation. The rate of discrimination that I mentioned, one in four, for race ethnicity tended to be the same across employer categories except for one sector that we really need to pay a lot of attention to and that's employment agencies.

When we looked at employment agencies which increasingly are the gatekeepers, if you will, to job opportunities, we found the rate of discrimination to be about 67 percent. And so that as we look at regions where employability programs are using employment agencies to help them place their people, employment agencies need to be looked at very carefully as the potential engines, if you will, of discrimination.

So I think while we need to talk about skills and education, we found that it's real important to make sure that employers, under the guise of needing people who have the right social and cognitive skill don't apply perceptions about which groups might hold those skills in keeping people of color from even getting a chance to demonstrate what they do or do not have.

MR. CARDENAS: Professor Juarez, you were nodding your head vigorously at various points.

PROFESSOR JUAREZ: Well, I simply want to point out the difficulty that we face in treating this whole issue of discrimination in the workplace. Because as Dr. Holzer pointed out employers are looking for a variety of skills. But some of those skills can themselves sometimes be a subterfuge for discrimination. So that when we talk about an employer who says, well, the reason that I hired this particular person is because they had better people skills. They were better able to relate to the other employees in the work force.

Quite often that means, gee, the white guy got along a whole lot better with all the other white guys and if we had this Chicano, she was going to make us all uncomfortable and so that's why we didn't hire her. And, of course, the employer isn't saying the last part of that, but that is, in fact, what may be happening. Not always. And I think it is very important to recognize that there are a number of different factors that are operating here.

I just wanted to point out to the Advisory Board that the United States Government, itself, has done a lot of testing in this area and I was just remembering an experience that we had back in the 1980's with a study that was conducted by the General Accounting Office. When the Congress passed the Immigration Reform and Control Act of 1986, Congress

required that employers, for the first time, verify the authorization of employees to work in the United States.

And MALDEF, among many other civil rights organizations vehemently opposed employer sanctions arguing that those were going to result in discrimination against those who were perceived to be foreign born. So that even though my ancestors had been in the United States since before this part of the country was the United States, I am quite often perceived to be an immigrant or perhaps a descendent of recent immigrants. So that is a reality that I as a Hispanic always face.

Well, the General Accounting Office, pursuant to the statute that Congress passed, conducted studies on this question of potential discrimination against those who were perceived to be foreign. And they did testing in a variety of cities including San Diego and Houston. And they released their report in 1990 and there were some very interesting results from that.

Among those results they showed that Hispanics in the study were three times more likely to encounter unfavorable treatment of some kind by the employers. Not getting the initial interview or being told that there was no longer an opening, et cetera. Three times more likely than Anglos to receive that

kind of unfavorable treatment. And Anglos received 52 percent more job offers than equally qualified Hispanic U.S. citizens.

The response of some of the members of Congress and some of the political organizations to me was very fascinating. Because remember the purpose of the study was to look at the issue of discrimination on the basis of either citizenship status or perceived citizenship status. The response that many in the political arena had to this study was, well, wait a minute. That doesn't have anything to do with employer sanctions or with immigrants or anything like that. That's just plain old-fashioned racial discrimination against Hispanics. That's been going on forever and ever and so that's the explanation for this differential treatment.

Of course, those very same members of Congress and those very same political organizations today are the ones who are telling us that we no longer need to worry about race. So if we had a problem in 1990 that was based on race and now in 1997, race has disappeared as a significant factor in the workplace, I just have to raise a real question about what's going on. I don't think that there has been that significant change in the intervening seven years and I think that we really do need to continue to look at these issues.

MR. CARDENAS: Dr. Ong, you wanted to comment.

DR. ONG: Yeah, one of the things that's coming out implicitly, but it's very important explicitly is to understand that the patterns of discrimination and practices of discrimination very systematically across different ethnic racial groups and across different social classes.

So, for example, if we look at the immigrant-based populations, Latinos, Asian/Pacific Islanders, there are issues, for example, language discrimination. I'm not just talking about that you don't have the English language skill, but the question about whether you could this to access, whether you could use language at the job site.

There are different patterns. Interesting some stereotypes and prejudice in a sense open job opportunities at the same time limiting it. So if you're perceived as being a hard worker, you may have certain type of job opportunities. But at the same time, the serotype may carry farther that prevents you from moving up, it gets -- it's bumping up against a glass ceiling.

There's also different mechanisms across different occupational groups and social class and how discriminatory practices occur. We find, for example, in Los Angeles, which disadvantages African-Americans

at the low skill level, the assembly level, is in part not having to access through those social networks which are very strongly ethnically based. It certainly has implications in terms of who's hired, for example, in the electronics industry.

At the same time, if you move up the ladder in terms of skills, go up to technicians, you go up to engineers, there's a different set of practices that, again, in some ways, give systematic advantages and disadvantages to certain populations.

I think there's another thing we should confront is that these sets of prejudice, stereotypes of practices in some ways really pits one group against another in a multi-racial society that has become multiracial. And we talk about this sort of hierarchy of preferences, it also translates into hiring practices, promotion practices. One of the big debates in immigrant-receiving communities, such as Los Angeles, is to what degree do these stereotypes and prejudices effect African-Americans by substituting that type of labor for immigrant labor.

And finally, a final point which is sort of interesting. I find remarkable that there seems to be a systematic variety to how minorities react to perceive discrimination. And, in part, this is based on survey work done in Chinatown in San Francisco of workers there. And if anybody knows any history of

Chinatown, there's been a -- it is the oldest ghetto in this country. Long before other urban ghetto were formed. It is a product of racism and there is a legacy understanding of racism. And even today, there is the perception among its residents that employment opportunities is driven in part by discrimination and they feel that they're effected by it.

But what's interesting is when you ask then question, what's the proper solution? For this population, it is not necessarily government intervention. So even if we do perceive common problems of discrimination and even that's, you know, debated in how we perceive this and how we measure it, there still may be very dramatic differences across ethnic racial groups of how do we proceed to address this problem.

MR. CARDENAS: Professor Loury.

DR. LOURY: Well, I think I probably should comment since everyone else has, practically. Briefly I agree very much with what was said on the other side of the table by Dr. Holzer in laying out the different issues.

But I want to, without in any way minimizing the importance of discrimination, come back to the skills question. Because I think this is a very important question in that there's a danger of not attending to it because it is so difficult and

because the moral imperative of doing something about discrimination is so compelling. I share that comparative -- I share that imperative, I share that judgment that we need to fight discrimination.

But let's take a look at how vastly different are the opportunities to develop their inherent talents as between young people in this country who belong to different communities. If you look at the quality of schools in inner-city America and if you compare the achievement of the students who come out of those schools with the achievements of students in other schools in the country, you see really powerful differences. These differences are not a figment of anybody's imagination and they are not irrelevant to the effectiveness of these young people in the economy or in later life.

And these are not things that are beyond our capacity to be able to do something about. So in my own mind I sort of break down the question of how do we explain the kinds of group differences and economic status, that Dr. Yellen was pointing to, into issues of opportunity, issues of skills capacity and then issues of, if you will, preferences, culture, patterns of behavior that vary quite dramatically across communities. And I think that it's important to point out the problem of discrimination, but it's also very important to move beyond that problem

because these other areas are also significant.

Finally, let me point out that we should not have the expectation that even in a rightly ordered world, we would necessarily have perfect economic equality between groups. There is, after all, a fair amount of variation in the economic experience among whites of various ethnic origins and, moreover, the experiences of different non-white ethnic groups are dramatically different.

The book by Roger Waldinger (ph) the UCLA sociologist, about the New York City labor market over the last 30 years is a striking illustration of this to me. One of things that he demonstrates there is that the importance of whites, working-class whites in the New York City labor market has diminished, there has been an opportunity for certain niches in various industries to be occupied by others.

And what has happened is that some of those niches have had a kind of ethnic -- you know, they've kind of gotten an ethnic quality. They've become niches into which particular groups of people, immigrant groups from different parts of the world or whatever, have moved. And because of the reliance on referral networks for hiring and so on, there's been a difficulty of other groups getting into those jobs.

Now, to point this out is not necessarily to, you know, try to create a device of conflict

between groups, but it's simply to note something about the opportunity structure. Which is that if you are really isolated in society as some of these people in these inner-city communities are -- I mean the linguists find that their speech patterns give physical evidence of the extent to which they are segregated from and separated from social intercourse with the rest of the society. The employer's suspicions about them are to some degree driven by the employer's recognition of the distinctiveness of these young men and young women on the basis of the way in which they carry themselves, behave, present themselves, dress and so on.

This kind of isolation is, you know, beyond sort of residential segregation, it's beyond the segregation of schools. It's a kind of radical ghetto-ization of people which significantly diminishes their opportunities. So I thought that also should be put on the table.

MR. CARDENAS: Thank you. Dr. Ong, several of our panelists have now talked about one of the key pipeline issues and that is education. Given the relatively higher academic achievement of Asian-Americans does that mean that there is not now or at least in the near future there will not be a discrimination problem for Asian and Pacific Islanders?

DR. SMITH: You're going to be quoted on this.

DR. ONG: I'm going to be quoted on this and so I've got to be very careful. I think the experience of Asian/Pacific Islanders point to exactly what Professor Loury talks about. That one of the important keys to success and opportunity in this country is having access to education. Having access to good education, having access to higher education. And that becomes a platform.

You cannot close the racial gap without address that. And to a remarkable degree, Asian/Pacific Islanders have been able to do that. They've been able to do it for a number of reasons. Partly because people argue -- and I think there's some truth to it, a-cultural background. But partly, also, because of the selective migration.

It's not -- there's something about the history of immigration, particularly after 1965, that's been very selective. We have gotten a selective class of Asian/Pacific Islanders immigrants who are not only driven, but also in their own home country tend to be highly educated. So there's been achievement there and we shouldn't deny it. At the same time, we shouldn't deny the fact that there's still pockets within certain populations where education is really lacking.

But that being said and acknowledging the accomplishment, there's still questions about how can you translate that education into equivalent dollar earnings. And the more carefully we do these studies, the more carefully we hold, for example, the institution that you receive your degree and comparing comparable people with similar majors and so forth, that we do see a discrepancy in earnings between Asian/Pacific Islanders and whites.

So there is some residual discrimination there. It also shows up in terms of the ability of translating your education into moving up into higher management. If you take the high-tech industry where Asian/Pacific Islanders are heavily concentrated, it is unusual because what you see is that there is a large gap in terms of opportunity to become managers. Some of that gap is explained if you just focus on U.S. born or those who are educated predominately here in the U.S., but it doesn't completely close the gap.

And then there's the second thing that happens is that besides a glass ceiling is that where you end up in management. Disproportionately, Asian/Pacific Islanders end up managing R&D projects and not managing the business. And then, you know, the more quality research indicates that there's a certain amount of steering that's going on.

So what we do, we do see some residual, we

see some discrimination occurring. How it occurs is very specific in terms of earnings, in terms of where you end up in management if you do end up in management.

DR. SMITH: May I add into that?

MR. CARDENAS: Sure.

DR. SMITH: Because I think, in fact, it's one -- I have studied this issue for different groups as well. Maybe, to just make it very simple, and I think it builds into what Glenn Loury was talking about, if you just take very simple dimensions of skill, like education, quality of education, language, how young you are, and you take Asians as a group, you, in fact, find that they are paid either equally with the white majority or slightly more.

If you take Latinos and do the same thing, this is wage discrimination. These are people with different skills. And I'm not talking about a complex set of skills. I'm talking about basic skills on schooling, quality of schooling, how many years of schooling you've had, how young you are, language ability, it also explains almost all the wage difference for Latinos.

When you do the same study on race, it does not and there is a separate issue on race. Wage discrimination on the basis of race and I mean black/white is much more important phenomenon than

wage discrimination in the aggregate for any of these other groups. And it, as Glenn said, it's not a denial that discrimination, that not many acts of discrimination should be dismissed if they're not episodes. But if you look at the aggregate data, you do not see large wage differences in all these other ethnic groups with the white majority except for blacks. There's something quite different going on there.

MR. CARDENAS: Thank you. I think you've answered the question I was about to ask and that is if college education is a great equalizer --

DR. SMITH: Then it was a really brilliant question.

MR. CARDENAS: How does it explain disparities noted by Andrew Hacker (ph), for example, in the disparate income for black lawyers compared to white lawyers of the same age group and is the answer -- you said there's something else going on what is it?

DR. SMITH: No, I think -- I'm not going to be -- maybe Glenn's familiar enough with that study to comment on it, I'm not. I think there are a lot -- race is the issue and again by race, I mean black/white. There's an issue on race that is one of the defining issue of our country and we have never resolved it. That's why we're having this discussion

again. We have never fully -- we're doing a lot better than we were doing 30 years ago and we're doing a lot better than we were doing 100 years ago, but we've never gotten past that.

And I think discrimination in all sorts of subtle, sometimes not so subtle ways, plays a much bigger impact on racial way disparities than they do on other groups. And I think the issue for Latinos is an issue of how -- because of immigrant population, how important the role of immigrant -- that's an important issue and that's a worth topic of discussion. It has to do with our immigrant policy and how we treat immigrants, but it's different than the racial issue in this country.

And so I'm much more -- in fact we were teasing each other earlier that how we have now expanded off what the definition of a protected minority group in this country was. I mean initially we started with the civil rights movement and the defining issue at that time was race. We expanded to include ethnic groups, women, gays and in a very -- 1979, white men over 40 are protect -- I am a protective minority group in this country because I'm a white male over 40 and it's not factious. It's a lot of the activity in terms of resources and government activity and discrimination cases take place with white males over 40. I think we've lost

our sense of what the initial issue was -- and that doesn't mean don't worry about these other things. But the issue here is an issue of blacks and whites.

MR. CARDENAS: Professor Juarez, did you want to respond.

PROFESSOR JUAREZ: Yeah. I certainly agree wholeheartedly that it is absolutely essential to recognize the unique history of African-Americans in this country and the legacy of that unique history. It is only African-Americans in this country who have the legacy of slavery that no other group, with the exception of Native Americans in some portions of this country, have had. And so -- and I don't want to minimize the legacy that then gives all of us as Americans. We continue to deal with that legacy and I think this work that this Advisory Board is doing has to be very connected to that legacy.

Nonetheless, I do want to disagree, at least in part, with what Dr. Smith has said. That is, when you look at how people with high levels of education are treated out there in the workplace and when you control for factors like citizenship and, obviously, you're controlling for language because only people who speak English well are going to get college degrees and higher education degrees, you continue to have wage differentials. And that has been established very currently.

Certainly in Texas in the legal profession, where the best way to get the highest paying job as a lawyer in Texas is to be born white. It doesn't matter how well you do in law school. It doesn't matter about your reputation and so on, the best predictor I can give you for your assuring yourself of a high salary as a Texas lawyer is to happen to be born white. Those are realities that we face.

I think it's also important to recognize that the history of racism in this country is very, very complex. And then in particular when you're talking about the southwestern United States, that, in fact, racism is a very complex phenomenon so that you are dealing with -- or racial diversity is not something that is new to the southwest. It is something that we have had in the southwest for a very long time.

And I think it's absolute -- I'm very, very concerned because I have heard it suggested a number of times that the real problem that Hispanics have, for example, is really a phenomenon of immigration. We're really just Italian- Americans. If we hold on long enough everything will take care of itself. We will succeed in the way that Italian-Americans have succeeded and in the way that the Polish have succeeded and so on.

I disagree with that analogy completely. That is, I am not an immigrant. I am not -- my ancestors never were immigrants. This country came to my ancestors. It has nothing to do with immigration. It has, my experiences, the discrimination that I suffered had everything to do with the perception that I was not white. And I think that that continues to be a reality for far too many people in this country and that it does extend, unfortunately, beyond the African-American community.

In a sense I wish I could say, well, we'll just bide our time and everything will be all right. But I don't think that that is, in fact, going to happen. If we aren't sure that we address the problems of racism with the African-American community, with the Hispanic community, with the Asian-American community and with the Native American community. Those, all of those groups are groups that perceived to be different. Who are not perceived to part of that One America by at least some within our society and that is precisely why we have to continue to address these issues.

MS. OH: Mr. Cardenas, can I --

MR. CARDENAS: Yes. Yes, Board Member Oh.

(Applause)

MS. OH: I am a little disturbed by your declaration and I really hear it as a declaration that

the issue is black and white. The issue, as far as I'm concerned, is understanding who is an American in the 21st Century. And we need, yes, to understand the data that are currently available.

But what I heard this morning was that there is a lack of information. There is no depth nor breadth to what we know about those who are neither black nor white. Which suggests to me that one of the things that we must undertake is to make funds available to examine those groups about whom we have no information at this time, and yet we know are significant growing populations that will change the profile of this country's racial demographic over the next 50 years.

So I, again, want to just say that my view on our task, and I don't know how everyone else sees it, is that we are engaged in a process that has to, by definition, take us to some of the most hurtful, painful realities of who we are as a country. But through that process we need to arrive at a place where we can say with some confidence that this is an American in the 21st Century. This is what makes an American in the 21st Century. This is one aspect of our lives that we check-in with in order to see where we are. I simply wanted to say that. Thank you.

CHAIRMAN FRANKLIN: May I insert just for a moment. I was going to introduce the Board at the

time that I thought you were going to ask them. So I want to be certain that everyone in the audience knows who the Board members are since they have not been introduced. That's Ms. Angela Oh from Los Angeles. An attorney in Los Angeles who is a member of the President's Advisory Board.

Next to her on her right is Robert Thomas of Republic Industries and who is a member of the Advisory Board. Here is, you've heard from Ms. Linda Thompson, Linda Chavez-Thompson already. She's a member of the Advisory Board. Executive Vice President of AFL-CIO.

Dr. Suzan Johnson Cook. A member of the Advisory Board from Bronx, New York. Where she is pastor of Faith Community Church in the Bronx. And Governor William Winter of Jackson, Mississippi, who is a member of the Advisory Board. And our Executive Director, Ms. Judith Winston.

So that -- since they haven't been introduced, I apologize for not having done so. And since they are beginning to participate, I wanted all of you to know just exactly who they are. Thank you, Angela.

MR. CARDENAS: Thank you. Let me, Ms. Sanchez, direct a question to you. I think many minority parents, just like other parents, will tell their children that if you work hard, you can achieve

the American Dream. And yet, we look at the statistics on poverty and you see that they are substantially higher for minority groups, particularly for American Indians than they are for whites.

Does this mean that the formula of hard work equals American Dream doesn't apply to minorities, it's a white's only formula?

MS. SANCHEZ: I believe there is some truth in that. And I know that I work -- my work with the American Indian population over the past 25 years seems to uphold that the American Dream is not one that is seen in many American Indian communities whether it's in the cities, but more importantly in our rural and reservations areas.

I'd like to comment further on the comments that were just made in regards to the demographics and to the data. And we find that those in the paper that were shared earlier through census statistics, that the information about the American Indian is very limited. And many times in our work we find that people believe that what they have learned through the education system that Indians are a part of history is so untrue and we have to end up educating America. Educating our teachers and telling our children American Indians are alive today. There are not as many as there were before, but we do have a history and we do have something to offer this

country.

And we have to become involved. We have to become a part of educating ourselves about who we are and that's where the California Indian Manpower Consortium has undertaken a major study of our reservation communities. And over the past six years, we have done a demographic study of 63 of the 98 reservations that we're responsible for in the state of California.

Number one to find out who are we. What are our skills. What are our educational levels. What type of occupations and industries are on the reservation or within a 30-mile radius of our reservation. So as an employment and training program providing job services to an Indian population, if we don't have any place to move our people into jobs, then what are we training them for.

Then we've found that in just the statistics from the 63 tribes that have been done, our poverty levels range from 12 percent to 82 percent in those communities. Figures that America, for the general public, would never, ever tolerate. Unemployment, on the other hand, is, in some cases, between eight to 72 percent. But we have a lot of work ahead of us and we can sit back and not do anything about it or we can look at those statistics and start designing education programs, start training

people for jobs that we've identified in those areas.

But what we've needed to do as a people over the past 20 years is just to rebuild our own self esteem and pride in who we are as American Indians because I think being Indian was not a real popular thing for a number of years.

And I certainly know the horror stories that my mother and grandmother shared with me. And I was afraid to even say I was an Indian the first nine years of my life and then realized, that's who I am. I'm one of the very few remaining full-blood American Indians and if nothing else, you know, no other ethnic background for me. So I've dedicated my life to just finding out who we are as a people in the communities that we work in, and do what we can and at least once a week sharing and educating a school district about our history and letting people know who we are and some of the challenges that we have.

But we've had to assess ourselves. Do an inventory of our skills and our people and our communities. And we all want to have that American Dream and it's defined differently for different communities and for different people, but, you know, this is America. It's the only place the American Indian can call home and we want it to be a place where we all can work and live together. And we're not going to achieve that unless all the people

recognize that there is a serious race problem in this country. And that we begin to work together on coming up with the solutions and a team effort.

I do want to commend the Mayor in his opening comments on the team work and the team effort here in the Phoenix area. And the council here on their efforts to take this platform out nationally.

MR. CARDENAS: Dr. Smith, as Ms. Sanchez has indicated, the American Dream may be different for different groups and I noted with interest that your forthcoming book is entitled ***Hispanics and the American Dream***. Can you elaborate on that?

DR. SMITH: Well, it's forthcoming for a long time, embarrassingly long. I have done -- I am doing as, in addition to doing a study of all immigrants, recently I am doing a study of Hispanics in America. And you're right. People think Latinos are immigrants. Their history goes back generation after generation. One of the richest histories we have except -- you know, it's as if we had a lot of new Irish immigrants that came in the last 20 years. We think of Irish people as only immigrants and now we -- and certainly where I live in Los Angeles, we think of Latinos as immigrants.

There's a rich generational history and here I am going to disagree with you. I have studied the generational progress of Latinos across the

generation, tracing one generation to the next; see how they do in education, see how they do in income. And their generational progress is impressive. Each generation does a lot better than the previous generation, and by the time you get to the third generation, there are no education differences left and there are no wage differences left with the -- whatever it is, the majority in this confusing mosaic.

That is not the history, generational history by race. That progress, while it has been there, you have to look over 200, 300 years to see the same kind of generational progress that you're seeing for Latinos. And again, I'm not --I live in Los Angeles. I see what the attitude is and I hear the expressions. Of all the studies, I do the most violent reaction I get is when I study immigration. Because people have this instinctive reaction. I've gotten death threats on it so I know of what you speak.

But when you say, when you look at these agri-datas (ph) and you look at how fast the progress has been. How have Latinos -- I think that it's one of the things you should be extremely proud of; the generational progress Latinos and Asians have made has been impressive. Better than the Italians. But the racial issue, the generational progress has been extremely slow there.

And I'm not trying to divide these groups by saying this. I'm saying there is a special, special issue and let's not lose -- let's not deny the other issues and let's not lose sight of that special issue by being so inclusive as to say that we're talking about every single issue of discrimination in this country. That's all I'm trying to say.

MR. CARDENAS: Professor Juarez I know you want to respond to that but let me do this because there are three topics we needed to talk about and I think we've covered the question of the existence of disparities and the causes of them. We would be remiss if we didn't spend some time talking about solutions.

And Dr. Ong, if you would lead the discussion there. What can we do to eliminate the disparities?

DR. ONG: Let me just, Mr. Chairman, I just want to go back and comment. This is a discussion -- I don't want it to be reduced to a black/white discussion. Although I agree with 75 percent of what you're saying. I think there are other --

DR. SMITH: Much higher than average for me.

DR. ONG: But that leads us to questions about solutions and clearly there's two ways to think

about solutions. One is talking about programs we have had such as affirmative action, anti-discriminatory laws. How do we better enforce it. How de we in California deal with a post-209 period.

The other one which also points to what Angela Oh talked about is what can we learn from the history. And again, drawing on this so remarkable transformation that's occurred for two -- at least one of the populations; Asian/Pacific Islanders.

Going back just to Wold War II. You had a college education. You were born in the U.S. You're an Asian/Pacific Islander. You're chances of getting an equivalent job was almost nil. That's a reality. But within something less than a century that has changed. And I acknowledge that change.

But why did it change? Why did this society in a post-World War II period which equated essentially Asians to African-Americans, in a number of different ways and in special ways in terms of immigration laws, in terms of land holding, in terms of citizenship. How did we make that remarkable transformation.

I think it's less of a story about the population itself, that we -- a true credit to that population. Partly it's special migration; special migration. It also speaks to this society and how it was able to transform itself for some groups but not

others.

Unfortunately, and here's what Angela Oh talks about when we look for solutions and answers to this that we don't understand how that transformation occurred. Why did it, in some sense, opened up more doors -- I'm still not buying that all doors are opened yet for Asian/Pacific Islanders. But why did it open more doors for some populations and not others. Why during the very moment, at the peak of the civil rights movement, the civil rights legislation, that some populations were able to take advantage of the new opening.

If we could begin understanding that I think at a different level, not at a program level, not at specific policy such as affirmative action, I think we could get at some of the answers.

MR. CARDENAS: Dr. Loury, you've written on the antipathy to affirmative action, at least the current antipathy, last night on Politically Incorrect, Charlton Heston after emphasizing that he was in the trenches in the civil rights movement in the '60's, then described affirmative action as a blot on society.

You have written about a new kind of affirmative action which you call developmental affirmative action. Could you elaborate on that for us, please.

DR. LOURY: Sure. Sure, I can. Let me preface that just by saying that I think there are two things that would be extremely unproductive for this commission and this conversation. One is what I'll call comparative victim-ology, you know. This group, that group, that group, which one is the worst. Which one has suffered the worst. It's clear that while distinctions can be made that discussion is not productive.

Another thing that's very unproductive is glossing over the social reality that is driving the facts that we're looking at by, for example, an amalgamated process that ignores distinctions when those distinctions are important. That is, also, in my judgment, very unproductive. So that's all apropos of commenting on the earlier discussion.

Now, I've spent a lot of my career criticizing affirmative action. My earlier writings on affirmative action called attention to the fact that there were problems with the targeting of the program in the sense that the people who tended to be most suspectable to benefiting were not necessarily the people who were most disadvantaged in the groups that we were trying to help.

Called attention to problems with the incentive structure of the program in the sense that to the extent that you made it easier for people to

make progress without necessarily having acquired the skills associated with that progress, you would undermine the incentives for them to acquire those skills.

And also problems with the politics of the policy in the sense that you engendered resentment and so on. And I envisioned a more focused, targeted conception of affirmative action. That, for example, recognized the importance of opening areas in which groups hadn't participated in the past, countering the effects of historical discrimination and so forth, but did not go to the point of basically having an entitlement to people on the basis of their ethnic status and so on.

However, I've watched the discussion on affirmative action in the last five years become, in my view, very stilted and rigid and extreme. People who say that if you have a multi-billion dollar state-run system of higher education and you want to attend to the ethnic composition of the student body, you are engaged in the same kind of activity as were the southern governors who stood in the school house door to prevent the integration of their university some years ago. Which is to say, you're discriminating on the basis of race.

Thirty years ago, it was the white governors who didn't want blacks to integrate the

schools; today it's the liberals who don't want the most meritorious students, whatever their race, to get into the schools. That strikes me as an extremely bazaar distortion of the reading of our history. I can very clearly make a distinction between a racial discrimination that's intended to perpetuate the pariah status of a despised group of persons on the one hand and admittedly a racial discrimination that is a distinction made on the basis of race which meant to abet the participation of the descendants of those discriminated against people on the other.

So when -- I didn't Charlton Heston last night but if this is what he was saying, you know, people site Martin Luther King. They say, Martin Luther King said and Martin Luther King offered a vision for our country, and then they take those words and apply them at a very kind of tactical level of policy and say, therefore, we must be colorblind in what we do. But there's no necessary connection between the vision of a society in which we are all American on the one hand and the administrative procedure of dis-attending the racial identity of the people with whom we are dealing on the other.

I mean let me try to be concrete about that. I'm the U.S. Army, I've got an officer corp and I've got enlisted personnel. Do I dis-attend the racial composition of my officer corp relative to my

enlisted personnel. That is, am I colorblind, do I simply don't count, don't care. Or do I recognize that the cohesion and effectiveness of my institution will be advanced to the extent that I have qualified members of all of the different ethnic groups in my army represented among my officer corp. Well, I think quite clearly that's the latter.

And if I do that and if in so doing I take count of people's race, am I doing the same thing that the old army used to do when it wouldn't allow blacks in at all, it wouldn't allow them to be officers or to take certain jobs? Well, clearly I am not. And it strikes me that the discussion about affirmative action has now, 20 years into it, arrived at, in some political quarters, the stilted and I will say silly posture that to make any acknowledgment of race is to engage in the same moral affront that was engaged in when race was the basis of a systematic suppression of people of African descent.

Now, finally, with respect to what I've recommended about affirmative action, I'll just say this. I believe that when we acknowledge the skills problem, if we're serious about doing something about it, something that I will call developmental affirmative action needs to be a part of that. And by that what I mean is a focus on the processes by which people can develop skills and then trying to open

those processes disproportionately to populations that are severely disadvantaged by virtue of their under achievement of those skills. Okay?

The army does this quite clearly when it tries to bring people along the pipeline to promote them to the higher ranks. It spend a lot of resources on doing that. There's no reason why an administration of higher education in a state couldn't have a substantial portion of its budget structured in such a way to recognize that, well, there are some people in the state who simply not able to avail themselves of the tremendous opportunity that a University of Michigan or a University of California at Davis or Berkeley or UCLA affords to our citizens. And we need to make sure that we're bringing those people from Oakland or we're bringing those people from Detroit through some process that ends up with a great deal more of them than is now the case being able to take advantage of those opportunities.

A company that says, we really don't have enough blacks in the managerial ranks, what are we going to do about that? And then disproportionately attends to the development of the managerial and operational skills of its black employees in order to rectify that situation is in my view engaging in developmental affirmative action.

Now, I'm not going to hide from the fact

that that involves a kind of racial discrimination by which I just mean literally paying attention to race in order to implement a program that's meant to open up opportunity to people who are not now enjoying it. But I think it's a defensible undertaking and in no way is it morally equivalent to the historical use of race to exclude people from opportunity as some critics of affirmative action are now asserting.

DR. SMITH: Could I follow up on that.

MR. CARDENAS: Certainly.

CHAIRMAN FRANKLIN: Dr. Loury, there are some people who would agree with you and who would then put a timetable on it. I know and I think you know some of people said, five years, ten years, whatever, and they call that developmental affirmative action. Would you -- do you see it in terms of some timetable or --

DR. LOURY: Dr. Franklin, no, I do not. I would say this. People are concerned about a slippery-slope problem. About the problem that if you engage in a little bit or an attenuated form or a targeted form of something, it may tend to expand and grow because there are those who want to take us back to the bad old days of quotas. That's why we hear talk about time limits and so forth.

I think there is a problem of implementation and of ensuring that, you know,

legitimate and defensible "racial discriminations" and I know that the word will be a problem but I think we have to be candid about what we're talking about. We are talking about making distinctions on the basis of race when we talk about affirmative action. People worry that those legitimate uses will expand into something else.

But, you know, five years is not going to be enough. I mean I don't think anybody who has any sense of what the numbers are here and what the nature and extent of the problem is can say five years or ten years. After all, we are, you know, 40 years after Brown and look at the quality of public education for black kids in the big cities of this country. Okay?

So why would I want to say five years and then quit, tie my hands in that way, if the nature of the problem on the ground five years or 10 or 20 years from now still warrants some such action. So I don't think that time limit is the way to accomplish the limiting that needs to be put in there.

MR. CARDENAS: Secretary Herman.

SECRETARY HERMAN: I was going to ask the question slightly different but in the same way that Dr. Franklin did because I was intrigued, Dr. Loury, by your three areas in terms of how you distilled the issues. Issues of opportunity, issues of skills and

issues of patterns and practice or built-in cultural behaviors and responses. And obviously, from the chair that I sit in, there can be public policy implications across each of those spectrums.

And I wanted to ask specifically, assuming that -- I think I hear real agreement on the skills question. And there is obviously differences in terms of how far you get to the goalpost based on the skill level that you have acquired. But there's absolutely, I don't believe any disagreement that a clear investment in skilled development and not walking away from that issue is very, very important to all groups.

But then that begs the question of what do you then do around the issues of opportunity and the issues of pattern and practices in terms of cultural behaviors and responses. And as I listen to you describe the developmental affirmative action theory, I felt as though you were at least guiding me down a path of talking about at least the opportunity piece of this. I'm still not clear what some of the practical solutions are when we get to that third area and I'd be interested in hearing comments in that area.

But when you talk about the opportunity question, Dr. Franklin asked it in terms of timetables. But when you look at that process of saying you must take race into account to

disproportionately attend to the disparity or the difference that may be there, does that also suggest in terms of that process, while not maybe a time line that's finite -- I wish I could think of another word besides goals because that's loaded, too, in terms of the traditional framing of issues.

But the targets, the goals, what have you, how do you distinguish what it is you're driving for. Yeah, what does success look like. Yeah, that's a good way to frame the question. What does success look like in that model and how do you paint that picture so that in taking race into account I have a picture of what I'm driving towards.

DR. LOURY: Well, I mean this is a big panel --

DR. SMITH: This is all yours, Glenn.

DR. LOURY: It's a hard question. But when I look at the test score data, not just the SATs but the National Assessment of Educational Progress and the Air Force qualifications tests, the broad evidence that we have about the acquisition of cognitive skills, the racial gap now, black compared with white is so great that if we were, you know, ten years from now to see, you know, a diminution by one-quarter, I would think that that would be tremendous progress even though that would still leave a substantial gap.

When I think about the importance that the child psychologist and the neuro-scientist are telling us about human development in the early years, about the importance of what happens in the first couple years of a child's life. About the critical significance of the family and home environment to the child's development.

I mean as I'm sure you know, the expressed differences and intellectual abilities between the races are evident among very young children and are fairly persistent throughout the course of schooling and are relatively resistent to all manner of intervention, but there's some reason to believe that they are, at least to some degree, influenced by, you know, these early developmental experiences and there is some reason to believe that very intensive interventions of, you know, the Perry (ph) pre-school-type head-start programs with home visitations and parent counseling and all that kind of thing can make a difference.

These are very expensive things that we're talking about, but on the other hand, the benefits in terms of affecting the life course of young people from these early interventions are also quite substantial.

Even as conservative a commentator as James Q. Wilson, the political scientist at UCLA, has

recently said that he believes that our best hope for making a dent in the so-called under-class problem is an intensive and expensive intervention in the developmental processes in the early live years of disadvantaged children. Particularly children who are coming from chaotic social backgrounds and so forth.

When I think about the racial disproportion in the prisons, okay, in the prisons and jails of this country, we're talking about many hundreds of thousands of Americans. And in some communities we're talking about a quarter to a third of the prime-age young men who are going in and out of these institutions. Tremendous resources. I mean scores of billions of dollars, taxpayer's dollars are being expended on the maintenance of a system of warehousing and so forth.

Now, I'm not saying, you know, let the criminals go. What I'm saying is that, you know, in our own enlightened self-interest, we might want to reflect upon whether or not there isn't some possibility of something more in terms of a positive outcome coming out of this process than what it is that we're getting. And certainly if anything could be done earlier on that we think might offer some prospect of diminishing the probability of criminal participation and the sort of life that's tilted in that direction, it's worth consideration because the

back-end costs of that are quite substantial.

So, I mean, and I'm sorry I didn't give an answer to the specific question. You know, what would be my measure, my sort of goal by which I would know I was making progress. But I'm just saying the nature of these problems is so severe and the opportunities for having some kind of beneficial effect on them, I think are so -- so many that there are a number of things that we can do. Not all of them racial.

Now, we range beyond affirmative action because so many of these things that I'm talking about here wouldn't have to be defined in racial terms in order to have a dramatic effect on racial disparities. And I think they should be part of a discussion of a commission like this that's talking about racial problems.

MR. CARDENAS: Thank you.

MS. WITHERS: But it seems to me if I could -- that while all those, I think all those ideas are fabulous ones and I like the notion of the developmental affirmative action. I worry that to what extent our preconceptions about race going to color the ability to devote the resources that you're talking about. Notwithstanding the fact that you're saying these aren't racial solutions. The reality is the majority of folks in prison are black.

Notwithstanding that the notion that all

children need the kind of developmental discussions -- or assistance that you're talking about. The perception will be that only black and Latino kids may need this. While that may well be true, how do we, in seeking solutions get back to the discussion of the painful, unfortunate, whatever, discussion of how race colors the development of the policy. And I'm not just talking about black/white.

So that when we use -- using your developmental affirmative action approach which I always thought was just plain old affirmative action, but okay let's call it developmental affirmative action, the next step would be then in defining and calling it success or whatever, the employer now has a range of people who have had all this really cool stuff given to them to prepare them, how does he or she choose. And how will that be measured or qualified or quantified. What will be good or bad about how he or she makes those choices.

To the young person who's in junior high school, high school or college now who's doing all the things they're suppose to do but who's told you're still going to need more to develop yourself to be where you need to be. You know, what do we say to that person without saying, without acknowledging the history of racial and ethnic discrimination.

And I'm not just talking maya culpas or

whatever because I worry that to the extent it's just black/white or it's -- or Asians are doing okay or Latinos are in the right, we're both victimizing African-Americans as well as people who are Asian or Latino. We're sort of, you know, make them fight amongst -- making us fight amongst ourselves and trying over simplify the problem.

So I -- without discounting any of these ides which I think are valid ones, how do we then come back to the real important problem which is that if we think these policy issues are good ones, how do we then lessen the sort of taint, if you will, of race on the perception of investing in those policy initiatives.

MR. CARDENAS: Dr. Loury, if you would hold your response because I'm hopeful that when we get into the question and comment session with the members of the audience, you'll have an opportunity to make a response to that. And we do need to get to that but before we do, I'd like to give the last word on the question of solutions to Dr. Holzer. He's been very patient trying to get my attention there.

DR. HOLZER: I'm going to address this issue of both race conscious and non-race conscious solutions to the problem. But let's put affirmative action on the table. What is it about this policy that makes so many white Americans, and especially

white males, angry. It is the perception that is going well beyond equal opportunity. It is the perception that it leads to the hiring and promotion of unqualified minorities and women to jobs when more qualified white males are left behind.

Now -- and that's the wide-spread perception and that's why people are so angry. Question: Is that perception accurate? The truth is we've had very little hard evidence one way or the other on the qualifications and on the performance of people that have been hired under affirmative action relative to other kinds of things.

I recently did a study, with my co-author David Newmark (ph) of Michigan State University, where we looked at firms that practice affirmative action versus firms that don't practice affirmative action and by their own self-reporting as to which category they fall into, that can mean a wide range of activities. And we looked at the characteristics and the performance of different groups of workers in those companies. And I think what we found shed some light on this issue.

First of all, if you look at qualifications on paper, educational attainment, other things like test scores, it is true that the women and minorities hired in affirmative action firms lag behind white males by more than they do in the

non-affirmative action sector. That is a fact and I think we need to acknowledge that fact and be honest about it. And I think that's what people perceive and that's why they get angry.

However, when we look at wide range of measures of performance on the job, we find a different story. And we looked at -- and admittedly, these aren't perfect measures. But we looked at the characteristics, the skill requirements of the jobs people assigned to, we looked wages and promotion rates on the job and we looked at supervisor evaluations of performance. And again, this confidential evaluations of performance; just to us on the phone. Not in any public sphere.

What we found is it's hard to find systematic evidence of difference in performance between affirmative action hirees in these firms between women, minorities and the white males there. Which suggests to me that in some sense the program is doing what it was suppose to do. It's giving people an opportunity that haven't had the opportunity to develop the same credentials on paper. It's acknowledging that those paper credentials may not be the whole story in terms of whether people perform well on the job and gives people an opportunity to show their stuff in spite of the more limited paper qualifications.

And again, I don't believe that those paper qualifications are relevant. And all the economic studies suggest that, if anything, they may be becoming more important. Nevertheless, they explain some small fraction of overall outcomes and success, and I think affirmative action is giving women and minorities an opportunity to prove themselves on the job when their educational credentials are weaker.

In a follow-up study to that, we looked at the issue of what are these firms actually doing when they're hiring these candidates. And there, again, what we find is the cast a much wider net. They recruit more heavily; they screen more intensively. They go beyond the surface characteristics that often leave firms to reject minority candidates, and again, give some of these candidates more of a chance. So the gain more information of what lies behind the numbers. So, again, to me that's in some sense what affirmative action was suppose to do.

There's evidence that companies use a wide range of screening mechanisms and the things they call affirmative action may mean very different things to different companies. But it seems though most companies who are actually practicing affirmative action in corporate America speak in favor of these programs and say they work relative well.

We are happy. Don't do us any favors. These programs are working relative well. We are able to find qualified applicants. Let us proceed. As long as we have some flexibility to implement this policy as we do. But I think that's how affirmative action needs to be tested as an opportunity for people to go beyond their paper credentials which they may not have had developed in the past.

Now, let me address the other thing that Professor Loury said, talking about how can we enhance the ability of people to develop their skills and to better develop their paper credentials which certainly matter. And here I'll throw out a couple of different approaches and different policies.

You said earlier that people are isolated in poor communities and, in fact, the social isolation of minority poor people has grown in the last 10 or 20 years even when overall segregation is declining mildly. What can we do for those people? Well, one thing we can try to give them a shot at all the goodies in suburb communities. That means trying to have better job placement and transportation programs for workers, to try to give them access to the growing and tightening suburb labor market.

It means maybe using school choice programs as a way of giving inner-city kids an access to good suburb schools. It means trying to open up

the residential neighborhoods, mobility programs, residential mobility. Trying to give lower income minorities some chance of living in suburb communities when they can afford to do so.

It may mean leaning on some of those communities not to have exclusionary zoning which we all know exists strictly for the purpose of keeping other people out. So giving people a crack at being in the suburbs I think is -- along with all these dimensions is an important way to enhance the opportunity.

But, of course, some people are always going to be left behind in those inner-city communities. What can we do for them? And here we really have to focus on what's going on in those schools and can we improve those schools. And here is a very wide menu of choices. I agree with you totally. I think early preschool and early childhood programs are extremely important to make sure that everybody that steps into kindergarten at day one has an equal shot to develop their cognitive skills.

But in and of itself it's not enough and we have to focus on what goes on in those skills. Reform efforts that try to improve the incentives of teachers and students to learn in those schools, I think are important. Some versions of school choice as long as they really provide access for everybody to

get to the better schools. Mentoring programs. School-to-work programs.

Once kids get into high school -- you know, there's evidence that a lot of kids don't try very hard in school simply because they don't see any link between what they do in their ninth grade algebra class and what goes on afterwards. School-to-work programs have some possibility of addressing that gap by bringing employers closer to the schools and giving students there some perception of what they need to learn or what they need to accomplish to get those good jobs afterwards. So then there's a wide range of possible choices.

Let me point out one other thing. And here again, some of these things cost a lot of money and some of them don't. Some of them we have some good evidence on in terms of cost effectiveness and some of them we don't. We have to, I think, continue to experiment with a wide range of things.

There's one type of school in inner-city areas that does very, very well very consistently and that's the Catholic schools. Inner-city black youth that attends Catholic schools across the board do extremely well when they come out in terms of test scores, performance in the job market afterwards and we're not sure exactly why and we all have our pet reasons. And, of course, and we're not advocating

that all the schools in inner-city areas become Catholic. I mean I'm Jewish so I certainly wouldn't advocate that.

But it means, first of all, that there is something you can do in these neighborhoods and in these schools and we have to work harder to figure out what that is and how to implement those opportunities on a broader scale. Again, sometimes by spending money where it's very important like on the early childhood programs and then sometimes just in terms of the operation of what goes on in the schools afterwards. And I think that would go a long way towards implementing the developmental affirmative action that you mentioned.

MR. CARDENAS: Thank you. Let me put that as the explanation point and I'll get to comments from the Board. But if I may, ladies and gentleman, I promised you a candid and lively discussion. I think my panel's delivered that and I would ask you in joining me in a round of applause for them.

(Applause)

MR. CARDENAS: Mr. Chairman, Madam Secretary, before we go on to questions and comments from the audience, this is now the opportunity for the Board to make comments and if you would, if there are any relevant experiences that you had yesterday that bear on today's discussion that would be great to

bring it up for the benefit of our audience.

REV. JOHNSON COOK: I just wanted to respond to Mr. Holzer and I think you're on the right track and it's in expanding a message to the Catholic schools, but I think enlarging the whole faith community. I think the schools which are performing now are the church-based religious-based institutions. And so one of the solutions to the disparity is putting resources in the places that are stable in the community. And I think you'll see more and more in the 21st Century that there will be more religious-based institutions that will begin to care for their own.

Saying that, I think that I wanted to just push Mr. Loury just a little bit to not just focus on the underclass, but to also look at the racial disparity that exists even beyond that. And I serve constituents that are very much have -- are middle-class, have gotten their piece of the American pie so they've seen, but the racial discrimination is still evident. And our teens are part of that 30 percent statistic and still can't get hired in the summers because they've tried, they've done it by the book, they've played by the rules and they still can't get hired.

And so I just wanted to just push you to not just focus on our lowest common dominator, but

also look at our highest because I think every other ethnic group always tries to air for the larger group. But I think the disparity exists whether you're underclass, whether you're middle-class or even beyond that and that there's young people in our constituency that cannot get hired who have played by the rules.

I just want to push you on that and I think you have really come back to affirmative action which is really the key. However you qualify it, whether it's developmental or whatever, it's still affirmative action. I think people have to given an opportunity when the opportunity doesn't exist. And the whole reason you have, you know, equal opportunities is because there are inequities that have existed. And I just want to just kind of push you to go beyond that.

I was just say to the larger panel, it is not just a black/white discussion. When we use the term, it like reduces to that. As an African-American I think that particular in the faith community we deal with people every day who are still in a healing process because of the racial discrimination and the legacy of slavery, and I think it cannot be ignored. I think it's a both/and. And before we can answer the question can there be One America in the 21st Century, many are still trying to exist in this 20th Century with the pain that has happened from the 18th and 19th

and 20th Century.

So I don't want to ignore that. And it's just very much like an abusive relationship where someone's knocked down on the floor and then, you know, the spouse says, "Now, give me a hug. You know, I love you." And so you think African-Americans, you know, you slap them down, but now come on, hug us, you know. We're one great America and I think we can go without looking at that.

MR. CARDENAS: Thank you, Reverend Cook. Mr. Thomas.

(Applause)

MR. CARDENAS: Mr. Thomas, do you agree with the comments that big business is committed to affirmative action?

MR. THOMAS: Well, I think in the concept of big businesses is committed diversity and recognizing the marketplace, I think that you would find a wide range of agreement on that. I think affirmative action -- I really thought that Professor Loury gave people a way that would like to support affirmative action a way to articulate the reasons why and not get caught up in the attacks from those who would not want people to support affirmative action.

Because you, in any form of business, faith community, anything, you could get polarized at times and the polarized comments can be very

persuasive and you have to find a way back into the middle. And so I would not say that it's fair to say that all corporate America actively supports it, but given a way to do it, I think they would be able to and want to in the context of matching up with their marketplace. And I really thought Professor Loury's discussion went a long ways to giving some support for that.

And if I could, I'd just also like to commend the panelist. I thought that this whole discussion on a variety of subjects was -- reached the polarized areas without doing it in a contentious manner and always kept coming back to focused issues. And I just commend the panelists for being able to give us a real healthy vibrancy of discussion and yet keeping it in an area of practicality.

MR. CARDENAS: Thank you. Chairman Franklin, Madam Secretary, unless there are other comments from the Board, I'd like to move onto to the questions and comments from the audience.

MS. WITHERS: If could I just add one thing.

MR. CARDENAS: Sure.

MS. WITHERS: We talked about policy and programs, I think we would be remiss in not remembering the need for very vigorous enforcement of existing anti-discrimination laws in looking at racial

discrimination in the workplace so that we enable public -- or our public sector, agencies at the federal level and other levels, as well as private sector enforcement to help us continue to document discrimination in the way that exists in the ’90’s and figure out how it ought to be resolved.

I think that’s a policy and program and approach that’s there that we need to reinvigorate, reassess and invest in in ways that we probably haven’t in the last 10 or 15 years.

MR. CARDENAS: Thank you. We’re going to proceed now to questions and comments from the audience. I apologize for the shortness of time; we started late. But we will have staff members in each aisle, if you would please line up in the aisles to make your comments.

And we would ask that you identify yourself. These are being transcribed. Your comments will be recorded. This is important information for the Initiative. It’s Arizona’s opportunity to provide input on this whole process, and I would hope you would keep your comments brief so that we can get as many comments as we can.

Yes, sir.

MR. RANDALL: Yes, I’m Paul Randall. I am on the faculty at Arizona State University in the school of design and I am an active member in a local

activist organization, PASFEE, Parents and Students for Equal Education. I, in listening to the panel this morning, the answer certainly is contained in the discussion. Looking at your -- the agenda here, the discussion around economic opportunity, racial disparities and discrimination and the causes of these disparities are all connected to the word racism.

And our organization is actively trying to address those issues and, specifically, we are focusing on the behavior side. It's very difficult to change attitudes but we want to try to have some impact on behavior. We have been doing some research and we have come across some information that identifies or that represents racism as being a sociopathic disorder.

We sent out a press release and interestingly, we didn't get much bite from the media and I would be more than willing to share it with you, but it addresses the psychiatric nature of racism. Historically, when these issues come up, Europeans tend to be silent. If they don't say anything then they don't have to -- or don't admit anything as well, they don't have to do any thing.

We think that if the psychiatric nature of this disorder is addressed, we believe that it will be the beginning of the end of racism. I am 47 years old and I think it is an outrage and it appalling that for

47 years of my life we are still talking about this. So something -- if there's a will, this can be ended; locally.

And I'll wrap up. The school districts where racism is very alive and well, we are dealing with that, they can develop policies for or against bringing weapons to school, selling drugs on the campus and a recent meeting on date rape, but there is no will or no willingness to address the issue of racism. So that's what we're going to have -- that's where we have to begin. Call it what it is. Get rid of the words like discrimination, prejudice, and so forth and call it what it is.

MR. CARDENAS: Thank you, sir. I'm going to alternate back from one aisle to the other, if we could go over here.

MS. HALL: Christine Hejima Hall (ph) from Arizona State University West. I'm an administrator and a psychologist there. Just a couple of comments if I can. In terms of Holzer, your research, it's interesting to me that the people were -- responded that they were more fearful of affirmative action because they were fearful that unqualified minorities would be hired.

I, as a psychologist and a researcher, I fear that that might be a socially acceptable answer, but I think if you look at some of the trends that

people are against affirmative action more at a time when there's an economic recession or a lowering of economics and, therefore, people are afraid that these folks are going to be taking their jobs. So I think that it would be at across the board if it weren't for some of these economic changes that people would be fearful that unqualified people were being hired.

The other thing for me is the word, qualified. As a psychologist I've always wondered where that word came from. I mean who is qualified; who is not. When you admit people into a university, you ask for their GRE scores, you ask for their academic credentials in terms of their grade point average and most of us at the university know that doesn't necessarily mean that they're successful at a job. It means they're probably going to be successful at school. Because one form of measurement translates to another form of measurement.

I work with the police department a lot and for years you had to be six-foot-two and a male to be a police officer. I don't understand how that makes you qualified per se. Now, days, as most police officers say, there's more electronics and technology that they can use.

You ask police officers what they do the majority of the job -- do during the majority of the job is talk and negotiate and if you ask the police

officers, most of them say that woman do that the best. So, therefore, maybe we should change some of the criteria of whether you can jump, shot or a lot of other things is more important than being able to talk.

The final thing is in terms of affirmative action, I think you showed -- the research shows that affirmative action works best when it comes into the entry level of getting people into the pipeline, into the work force. But after that, there is not as much success in terms of promotion and retention of folks. And so you have to look at the climate issues and the other discriminations that's going on, racial discriminations going on in the work force.

And my final issue is that as a psychologist I know that affirmative action was partially brought on because of the belief that if we bring people working together that they'll start loving each other. I call it the Kumbaya syndrome. That everybody will start liking each other. We have found out -- I say that affirmative action is similar to busing. And that is we brought the kids in, and if you look at kids at elementary schools, they end up pocketing themselves anyway and discriminating and segregating themselves and we've not worked it out.

To me, that's the same thing that happens with affirmative action. We hire people, bring them

in and they still segregate each other. And until we start living together and working together, I don't think it's ever going to work.

MR. CARDENAS: Thank you. Over here.

MS. LANCE: My names is Iata Trainor Lance (ph) and I'm a concerned mother, concerned parent. I'm not on any one particular committee or anything like that. But what brought my interest is that just reading the Sunday paper and I saw that this was going to be happening. And I've very supportive affirmative action and appalled that after 20 years that it would be raised to do away with affirmative action just based on the fact of what Dr. Holzer said. It was perception.

Just because a white male or some other group feel that the most qualified person is not getting the position, I think from what he says that the statistics or the papers show that it is. And from my understanding and my education on employers that are a part of the affirmative action they have certain guidelines to meet anyway. So based on that, I just don't see why we need to do away with affirmative action just because the white male, over 40, feels that they're not getting a fair shake or they're not going to get their job.

And being in the corporate world, working for a Fortune 500 company, they take you to these

diversity classes and things like that. And going through some of those classes, it was my impression or I've heard a white male over 40 say that if it was up to him to hire a qualified black or his brother or sister, that's who he was going to hire. So I guess in terms of qualification in that aspect, then, you know, it really doesn't matter. So I'm really a strongly believer of affirmative action and I hope they don't do away with it.

And also, regarding education and skills, I think that's basically number one. Schools are still segregated from when I was grammar school, you know, 20-some years ago. But that hasn't changed. I think we need to focus on that; on desegregating the schools. I mean I felt that coming from Chicago, living in an inner-city, I worked in the suburbs so I lived in suburbs, but my daughter or my children had a chance to get, I think, a better qualified education just because of the location that I was in. So that is a key factor on these issues.

MR. CARDENAS: Thank you very much. I want to emphasize that we want to get as much input as we can and to the extent that it's appropriate, also responses from our panel. I want to make sure everybody here gets a chance to talk so if you'd keep your comments as brief and concise as you can it would be very much appreciated. Thank you.

MS. JAMES: My name is Cheryl James (ph). I'm a field investigator with the U.S. Equal Employment Opportunity Commission. My question deals with studies that show that there are just about as many young African-American males who are incarcerated, either in jail or in prison, as compared to those that are in a higher education system.

I'm wondering where the panelists would suggest these, once these young men are released, where will they find employment in corporate America?

MR. CARDENAS: Any takers? Professor Loury.

DR. LOURY: Somehow I knew you were going to say that. Well, I mean, I'm actually not as expert as I might be on this specific question of how a history of incarceration affects the subsequent labor market experience. I mean there have been studies of that. That's a very specific kind of question.

I did comment earlier that I thought, although it is not a political popular thing, that the issue of what happens when people are inside prisons, in terms of how that time is spent and whether or not there isn't any prospect that there could be some more, you know, sort of developmental activity that goes on there, deserves, at least, consideration. Although it's a hard one and I think, you know, the historical evidence probably isn't all that optimistic

about, you know, programs and stuff, nevertheless, it should be thought about.

I mean I just might say as aside; it is not proved that nothing can be done that you have the history of failed efforts. I mean that simply tells you that those things didn't work. It's not an excuse not to try to do something. But I mean all I can say finally is that the magnitude, I mean the proportion of people that we're talking about in a cohort who are going through these prisons is so great that this issue becomes, you know, very important because this it's -- this is a part of it. We look at it in terms of development over the life cycle of the social and economic experience of the young men from these communities.

We got, you know, we got one in ten of African-American males between the ages of 18 and 50 -- just a rough number -- involved in these institutions at a, you know, a given point in time. You know. So, therefore, we really need to attend to this but, no, I don't have a magic bullet here.

SECRETARY HERMAN: Let me just say in terms of what the data does show. We know that in terms of the long-term unemployed -- even though we have the lowest rates that we've had in 23, 24 years. When you begin to look at who's on the unemployment roles now, there's a direct correlation for long-term

unemployment that's greater than it's ever been.

We also know that it doesn't work for particularly African-American males, minority males, who have been incarcerated if there is not some kind of labor market intermediary to be there to literally help with the rebuilding and the labor attachment. Individual effort is not sufficient.

MR. CARDENAS: Thank you.

MS. JAMES: Excuse me. Can I make one other comment. The EEOC does deal with the adverse impact there is on particular minority groups that have been incarcerated. And we do look at that. So if a person comes to our office and says, look, I have a criminal record and I'm not being hired, these applicants are, of course, to tell the truth about, you know, I was incarcerated and I had a felony and so on and so forth.

But if the employer cannot show that there is a relationship between the job and what the person was convicted of -- you know, they're not going to hire someone as a bank teller who's been convicted of armed robbery. But clearly if they cannot -- if an employer cannot show there's a correlation between the job skills, what the person was convicted of and the job itself, that employer is discriminating against, particularly against minorities, males, who have this record.

MR. CARDENAS: Thank you.

MS. ADDINGTON: I'm Carolyn Addington (ph) and would like to very specifically and clearly state three things. Number one; I would like to congratulate the Board and the panel for this very specific and broad discussion and I commend you.

Secondly, I see that in the fields of economics, education and environmental restoration, we need a total transformation instead dealing with the laws and different administrative situations which have been set up.

Thirdly, and most importantly, my beloved husband, Colonel Bernard J. Addington, who is multi-racial, out of the army and is global in his perceptions and capabilities will be the true president of the United States this next time around in presenting the new millennium where we will have all of these areas and races in one person and clearly defined through a lot of global presentations that have to do with a lot of issues that I'll do at another conference. Thank you.

MR. CARDENAS: Thank you. Over here now.

MR. GARRETT: Bryon Garrett (ph). Motivational speaker, student trainer, leadership development consultant. Do a lot of things on those lines in dealing with youth specifically. And I'm curious as I've traveled across the country, just

finished doing a two-month tour with 45 high schools in the state of Colorado. And I will be doing similar things in South Carolina, Florida, New York, Washington, D.C. and a couple of other states this coming spring and fall.

And I'm curious as I travel across the country and I see students, whether they're from suburbia, whether they're from inner-cities, whether they're from trailer parks, whatever the demographic may be, I'm very curious as I see adults continuing to talk and being an adult I have to remind myself, but in looking at the President's Initiative on Race, specifically what objections or what things that we're doing. I see how we bring adults together on a consistent basis.

I noticed where the President had sent out the call of letters to 25,000 young people across the country encouraging them to specifically do something in their communities. But I'm really wondering where is the teeth that's really going to make something like that happen.

I'm a firm believer that change can be effected at the top but I'm also a firm believer in practice or that change can be effected at the bottom. And if we're looking towards the 21st Century and creating One America, I'm really wondering exactly what specific objectives or initiatives do we need to

take place to ensure that our young people understand and internalize the concept that we really are trying to create One America.

And I'm wondering what we can do whether it's multi-media or whatever it's going to take, what steps, because I hear so much of the panels, the town halls, the forums, I hear those discussionary things that take place that ultimately do generate some kind of policy or generate something that impacts people across the country. But rarely does it really trickle down from a superintendent's office or a Secretary of Education office, really trickle down to an individual student's life on campuses across the country. Thank you.

MR. CARDENAS: Thank you.

MS. WINSTON: Well, I just wanted to say that the youth outreach segment of the initiative is a very, very major part of what we're doing. In fact, that letter that was sent out by the President to 25,000 students has been generating more than a hundred responses a week since it was sent out. And young people across the country are, in fact, doing something and these conversations are going on at the community level, in colleges, at college and university campuses.

In high schools we have one student, who on his own initiative has pulled together students

from 135 high schools in the Washington, D.C. metropolitan area to take this on. A young, white, 17-year-old co-captain of the football team as an example of just one person, what one person can do.

We are planning a series of additional outreach efforts to young people including a national day of dialogue, a week of dialogue and activities for the purpose of stimulating something that can become the basis for institutionalizing the kind of action among our young people that you're talking about. We do recognize, and the Board certainly does recognize the critical nature of making sure young people are fully engaged in this discussion and this action.

MR. CARDENAS: Thank you. Over here now.

MR. VALENZULA: My name is Ray Valenzula. I'm with the American Federation of State, County and Municipal Employees. Same organization that one of your panelist, Sister Linda Chavez-Thompson is, came from. I just -- most of the discussion has been centered around affirmative action, I wanted to touch briefly on another area.

As a union rep, you know, I have assisted people in filing complaints with EEOC or the state's civil rights division where they have a work-shared agreement. And my concern is that -- well, first of all in the past, the way the process worked, is that within the first 90 days of an individual filing a

complaint, usually there was a fact-finding meeting in which the representative of the employee could come in with the representative of the employer and discuss what the facts may be surrounding that complaint.

Then within the next 10-month period, usually there was some sort of cause finding or no-cause finding so the individual knew where to go from there. Because obviously the commission does not have enforcement powers in those kind of individual cases. So the final, if they are unable to resolve the issue on behalf of the individual, you know, with a cause finding, then the only recourse that individual has is to seek litigation.

And in that situation in this state -- and what I'm saying may be unique to Arizona, I don't know, but within the recent years what has transpired or is transpiring now is we no longer have that 90-day fact-finding meeting. Instead within that 90-day period, the individual is offered a release- to-sue letter and strongly encouraged to take the letter and walk away. Which if the individual does at the time, they have no investigation, they have no cause finding and they have to go seek the assistance of an attorney and there's less and less attorneys that will take these cases on a contingency.

MR. CARDENAS: Mr. Valenzula, if I may, as I understand what you're saying, you're concerned

about some deficiencies in that process and I think they're legitimate from what I'm hearing and what I understand. Do you have something that relates specifically to discrimination in the workplace because I want to make sure everybody gets a chance.

MR. VALENZULA: Well, I'm talking about the recourse that people have when that happens.

MR. CARDENAS: Sure. Understood. And I think you've pointed out that there are some problems and we appreciate that. Is there anything further you'd like to say on that?

MR. VALENZULA: Well, only that, again, those that reject the letter after the 10-month period find out that there was no investigation conducted. I don't know if the problem is staffing or the lack of commitment. But I just wanted to make you aware that somebody needs to look at that and then maybe, like I say, unique to this state.

MR. CARDENAS: Okay. Thank you.

MR. VALENZULA: Thank you.

MR. CARDENAS: And Ms. Withers wants to comment on that.

MS. WITHERS: I think that what Mr. Valenzula was just saying goes back to my point about making sure that we invest in public sector enforcement against discrimination so that agencies like the EEOC and others have the wherewithal to do

what they need to to help individual complainants process their complaints against employers because there is a problem. In terms of -- and the EEOC doesn't have the resources that it needs to help individuals do what they need to do.

CHAIRMAN FRANKLIN: I just want to say, Mr. Cardenas, that the Board has already recommended to the President that the appropriations for EEOC be very significantly increased so that there can be better, more effective enforcement.

MR. CARDENAS: Thank you, Mr. Valenzula. Yes.

MR. STOCKTON: Yeah, my name is Leonard Stockton (ph) and I'll be brief because I don't want to talk too long. First of all, I want to recognize the fact that I've been in Phoenix, Arizona, for over 15 years and by far this is probably one of the worst states, Arizona, for affirmative action I've ever been in. I've MBA in finance and accounting. I've been to law school and probably just as intelligent as any of you guys -- any of you gentlemen and ladies on the Board. For 15 years I've had a difficult time finding professional job in this state.

Let me just tell you, there's no question that there is an informal network. This informal network that exists excludes minorities. There are many jobs in this state that minorities who are

qualified, such as myself, have not had the opportunity to apply to. Mr. Holzer, if that's your correct name. Mr. Holzer, I'd like to address my concerns to this informal net work which I feel breeds racism.

With MBA in finance and accounting could you possible think that a man would have a difficult time finding a job in a state. My parents are ill, both my parents are ill. This is a geriatric kind of a state and I'm taking care of my parents. But as I said before, what can be done to bring -- surface this informal network that you speak of to the surface so that qualified minorities will be able to apply for positions?

MR. CARDENAS: You want to speak to that.

DR. HOLZER: That's a hard question to answer because -- well, there's two things. Number one, networks can be discriminatory but they also can serve a useful purpose to employers. Employers seem to think that they get better information from their current employees and that they're going to learn more about potential candidates, and that candidates, good candidates, good employees in the workplace are going to recommend other good employees like themselves.

So it works for employers to do this. And they would much rather use these informal networks. And there's some evidence that that's true. That on

average, use of informal networks does generate productive employees. It does have the split side that it leaves out people, out of the networks that aren't plugged in.

But by the very nature, you know, it's hard to legislate an end to informal networks or to change how this -- so I don't think that's the -- I don't think we can think that way. I mean those networks serve an important role. The question is how can we widen --

MR. STOCKTON: I didn't mean to cut you off. Let me just say that, how many in this room heard about the One America in the 21st Century discussion on the networks? I didn't hear anything about it on the news on the major networks. The only reason why I knew about it was because of the fact that I read the newspaper. And a lot of people in this city didn't even know -- don't even know this was going to go on. I suspect this will be on CPAN. This is the informal network that I'm talking about. It's a network that allows the racial discrimination that exists in Arizona to exist.

MR. CARDENAS: Thank you.

MR. VALENZULA: Believe me. Thank you very much.

MR. CARDENAS: Thank you. Mayor Payne.

MR. PAYNE: Yes, I'm former Mayor Payne

(ph) of City of Chandler. Chandler is a city of about 150[000] population. I was mayor there for two terms, four years to be exact. I have a question and I'm wondering as a result of what the legislature, the state legislature is doing today or is about to do with its beginning session for this year. And it's going to ask that the doing away with affirmative action be placed on the ballot so that people can decide that we get rid of it.

I don't understand why this needs to take place at this time and I do believe that there is research that supports the fact that blacks in Arizona or African-Americans in Arizona only -- constitute only 6.3 percent of the work force. And I don't know why there would be fear that African-Americans in Arizona would be taking jobs or anything away from anyone, you know, with that.

(Applause)

MR. PAYNE: So I'm concerned about that. I am a product of this state. I grew up in my little town in Chandler. Chandler was a little dusty town at that time and I walked those dusty streets and went to those segregated schools and was bused -- you're talking about busing. People don't know about busing today like I know about busing. We lived in town but we were bused to the country to go to a two-room school building out there where all eight grades were

housed in those two rooms. One through four in one room; five through eight in the other room and two teachers. And little or nothing else.

So I'm a victim of those kind of circumstances yet I have always believed in the American Dream. I've always believed that a person can go as high as he aspires to go in this country. This is partly because of the legacy that my parents left me even though they had little or no education. My father a fifth grade education; my mother seventh grade education. They taught me well about what to expect in America and I believed that. But I have run into some stumbling blocks along the way. I've been told that there are things that I cannot do. I've been shown that there are things that I cannot do in the state of Arizona.

And I'm disturbed today, when I look out at this crowd that I see here, these few people that I see here to witness this historical event that has been proposed by the President of this country on race and I don't see the people here that should be here. In fact, I don't see any legislators here; I don't see the Governor here. I don't see other mayors here even that are in the service of their communities right now. And I think this is a forum where they ought to be present because we want to do something about the condition that exists in Arizona as far as the racism

goes.

It is systemic. It's institutionalized, it's anything that you want to call it in the state of Arizona. Now, I have experienced it all. From ASU, a student at ASU, in an institution of higher learning and go backwards down to the elementary school through the high school. I was ten minutes away from the high school in my community, but I had to go 23 miles to get to high school.

And that was an hour or so on the bus a day which limited me in my extracurricular activities. I could not take instrumental music. I could not participate in the P.E. program. I wanted to run track. You know, they say we can run. I wanted to run track. I wanted to play basketball. I wanted to be an instrumentalist in the band. But because of the distance that I lived from that school that I went to, had to go to because of segregation in the schools -- and I'm not beating a dead horse here. It's over. We've desegregated the schools, but we still have some of those problems that we had when schools were segregated. And I'm trying to address those and I want this panel to understand that racism is alive and well in Arizona. If you don't believe it, just follow me. Go with me today where I go. Go with my wife and I.

Now, I'm a retired person. I've served my

country, I served in Korea. Nobody questioned my going to Korea to serve in a combat unit to go up to the top of the hill. But when I came back to my respective community and I wanted to advance to the top of the hill, I said to a supervisor that I wanted to walk on the crest of the hill and you know what his words to me. "Why do you want to walk on the crest of the hill? You'll get shot at up there." Well, I had been shot at up on the hill in Korea but nobody questioned my being up there. They said, fine, go up there and that's where you belong.

But here, these are examples and I hope that the message is loud and clear that is panel is trying to do something about racism as it exists across this nation, particularly in Arizona at this moment. Thank you.

MR. CARDENAS: Thank you, very much, Mayor.

We are going to have to limit the comments so that we can get just the people who are still standing get their comments in. It can't be more than one minute or we will not have the opportunity for a response from the panel. So if you could keep your comments very short and direct, thank you.

MR. MARTINEZ: Hi. My name is Martin Martinez. I'm the interim President for the National Hispanic Corporate Council here in Phoenix. And I

listened to all the things and I saw the charts that talked about the difference between work force and how people get there. My experience is I'm a degreed engineer. I have a degree in mechanical engineering from Cal State University Northridge and I was a product of what they called the EOP program in those days back in the early '80's.

And if it wouldn't have been for that program I wouldn't have a degree, I wouldn't be sitting here. I wouldn't even have this opportunity. Now I have a daughter that's going to ASU trying to get a degree in accounting. Because she got one C in one class was told by a counselor to go pick another school and go pick another degree to go do it and I can't understand how a university of this magnitude, a PAC 10 school, can tell my daughter that she is now not qualified to get a degree in accounting.

It just doesn't make sense to me and then we look at why we don't succeed, why we don't have the opportunity to get into the points of jobs of visibility, jobs of economy.

MR. CARDENAS: Thank you, Mr. Martinez. Forgive me for cutting you off but I have to move on.

MS. REED: Hello, my name is Chuckie Reed and I stand before you as one of those unusual people. I am a Blackfoot Cherokee white woman. What are you going to do with me? I appreciate you for having Ms.

Sanchez on this Board because I can only see through the panel and what you've done today that there is linear thinking which is thinking from top to bottom or bottom to top, which has created barriers. And I'm so pleased that the president is coming to the decision that we need to be thinking in terms of circular thinking.

And if we want to understand circular thinking we should look at those groups as a culture that do that and see the five fingers of human life as all color. And I just wanted to make that comment.

MR. CARDENAS: Thank you very much. Yes, sir.

MR. JUANICO: Yes, good morning. I'm Steve Juanico. I'm the Vice Chairman for Omni Pueblo Council. I flew in from New Mexico and they have a 19 governors so I'd like to get a little bit of mileage out of this. I want to try to educate everybody concerned in terms of not looking only at racism in employment but it's in education and it spreads across.

I think it's an ignorance and I think it needs to, like somebody started to talk because we face ignorance, racism whatever it may be in the legislative levels. Sometimes -- I was really impressed walking into this building because this is a public school. And if you went to our reservation

and the schools and looked at the schools and the reservation -- and the schools off the reservations which are public schools there's a vast difference in the quality of those buildings and I think racism has something to do with it.

MR. CARDENAS: Mr. Chairman, I'm sure the board is going to want to hear from you and there will be opportunity for that not only at the community forum later this afternoon but I assume after we take a break.

MR. JUANICO: Okay, thank you very much.

MR. CARDENAS: So if you'll forgive me for cutting you off, I'm going to move onto these other people and then the last two people in the line, I'm not going to be able to get to you because it was just the people who are already standing, so if you'd go hear.

MS. PASKUADA: (ph). I'm Dehana Paskuada. I'm a faculty member at Arizona State University in the College of Education. I teach a class understanding the diverse child in the classroom and we deal with many of the issues spoken, not so many in the work place but at school. And three items -- while I do not propose to give you all the answers there are three items that I do tell my students to look for.

One of them is -- actually four items, but

one of them is not to be color blind because that's what leads to ignorance and that's what leads to many of our problems. But the others are to really acknowledge that there is diversity in every single aspect of our lives. We have to appreciate that diversity and really affirm it.

At the end, I think we're really talking about affirmation, acknowledging and appreciating the differences, the diversity that we have in this country to really start making changes. Thank you very much.

MR. CARDENAS: Thank you.

MS. EISENBERG: I'm Eleanor Eisenberg. I'm the Executive Director of the Arizona Civil Liberties Union and this is not a comment or question to the panel but rather an alert of some information to the audience. I'm a bloody but unbowed warrior veteran of the Prop 209 wars in California and it's still unclear whether or not the matter is going to be a valid initiative here in Arizona.

But we do know that there are already several bills introduced at least one of which essentially tracks the language of 209 to do away with affirmative action in the public sector here in Arizona and I would just invite all of you and urge all of you who obviously care deeply about this matter that the struggle has to begin now and you need to

become involved. You need to get in touch with your legislators and you need to do the grass root works in the even there is a valid initiative. Thank you.

MR. CARDENAS: Thank you very much. Over here.

MS. JACKSON: Good morning. Thank you. My name is Betty Harris Jackson. I chair the Private Industry Council here in Phoenix which allocates employment and training dollars and Secretary Herman, I too was born in Mobile, Alabama and you and I are the only ones who know where Prichard is and Mobile County Training School and Central High School.

When I first heard about the President's initiative I was quite concerned that this was only going to be rhetoric again and I'm glad I came today because I'm delighted to see Doctor John Hope Franklin chairing this. Through the years, my undergraduate years at Tuskegee, Doctor Gomillion (ph) often raised you up in our sociology classes and I'm glad to see Doctor Suzan Johnson Cook, who is an excellent minister on the panel.

And I wanted to say to Secretary Herman that one of the things that I continue to be concerned about and suffer great agony and pain is in terms of funding for programs for young people. The summer youth employment program was under attack this past summer and it was only because of the Federal

Government not making those rescissions in that program that we were able to accommodate these young people.

Certainly, if our young people are the future of tomorrow, we have to look at these opportunities that will, of course, insure that they get those kinds of jobs.

MR. CARDENAS: Thank you, Ms. Jackson.

MS. JACKSON: Okay, I'm sorry.

MR. CARDENAS: Forgive me for cutting you off. This will be the last comment. I'm sorry. For anyone else who wants to share comments with the Board, I misspoke a moment ago when I said they'd be available at the break. We're late for a press conference, but please write to the Board. There's also a web site and I think you can get the materials on the desk outside. The last comment.

MS. HASHIMI: (ph) Yes, my name is Rotunda Benny Hashimi and the last name in itself makes me a very diverse individual. My husband is of Persian descent. The racism that I've encountered just in that situation is incredible at the levels of government, the types of treatment I received in marrying a person of Iranian descent. And then having children that are bi-racial is very interesting with a five-year old daughter who is already encountering racism.

But my comment to the panel I would like to make is first of all, I would like to apologize because I have always been amiss and being active in my government for various reasons in my upbringing and choices that I've made but based on what I've seen here today, based on the type of comments being made here today, it's good to see a group of people who have felt some of the things that I've felt, who are continually encountering and researching on the things that concern me and my life. So I will become before this congregation and before the panel a more active part of my society concerning these issues.

I tell you that without this, with a five-year old girl encountering from another five-year old boy, my daughter being very light skinned because of her bi-racialness, encountering being called a raisin at the age of five, you know, as a mother I broke out in tears and said, "This has to stop". And with these kind of things being brought to the forefront and people like you guys caring enough to come here and travel here and bring up these issues, you know, I wrote to myself on the paper that I came here wanting to share my issues and see what people of my color were going to say, but listening to the people on the panel, I see that all people are hurting, all people are offended, all people have issues that they're dealing with based on the color of their skin and

their upbringing. So I thank you very much.

MR. CARDENAS: Thank you for your comments and my apologies to the last two gentlemen. I'm sorry, but I kept Secretary Herman more than 15 minutes over. All right, go ahead.

AUDIENCE MEMBER: I heard earlier that there happens to be a dilemma or a phenomena of small businesses discriminating more than large businesses. I'm a self-employed small businessman and if my wife knew I was here I'd be in big trouble because I should be back home working but, yes, I discriminate and I pay low wages. I've got my son, I've got my daughter, I've got my wife working for me. And I think in order for some of us small businesses to get away from that discrimination attitude or stigma we need assistance in the banking for small loans.

And that, I think, can help an awful lot of us small people if we're able to attain these loans and put that money into our business and invest it properly, we can go out and hire others to work for us and take that chance of diversifying our business. Thank you.

MR. CARDENAS: Thank you. And in the interest of fairness, we'll take this gentleman's question or comment.

MR. VEGA: Thank you. My name is Santos Vega and I'm from the Hispanic Research Center at

Arizona State University. I've been doing this research for several years and I've discovered that when we get to discussions on how to solve the problems we seem to emphasize the differences of color of skin and the race and actually it is more deep-rooted than that. It goes into land, land-based discrimination and also institutional racism.

For example, in schools, they always emphasize the certain jobs and training for certain employment to the detriment of other jobs and then like society continues this in looking down at the person that works with their hands, the plumber, for example, the carpenter, the ditch digger and that gets into -- our people, I'm a fourth generation Arizonian by the way but I have always noted that whenever I encountered discrimination it was because of the institutional systems.

I went to an all segregated school in Miami, Arizona. It was all for Mexican Americans and it was a council that -- the school boards did that.

MR. CARDENAS: Mr. Vega, I'm going to have to cut you off. If you could wrap up your comments, thank you.

MR. VEGA: Okay. The school board then -- keep in mind that behind the scenes it's institutional racism, a land based racism that from which springs the rest of the racism, instead of concentrating on

skin and race because the truth lies behind those that make the power decisions, thank you.

MR. CARDENAS: Thank you. Chairman Franklin and Secretary Herman, I think that concludes our round table. Thank you very much.

CHAIRMAN FRANKLIN: I want to thank our very distinguished panel of most stimulating and exciting discussion. I want to thank Doctor Yellen and Secretary of Labor Herman for their contributions and I want to thank the audience for its participation. It's been a very stimulating meeting and I want to say that -- and Mayor Rimsza, I very much appreciate his welcoming us here.

And let me say that there will be -- we will now break for lunch. We have a press conference and then we'll break for lunch. There will be the meeting of the group in the afternoon, early afternoon, the corporate and labor forum. That's independent of the Advisory Board's activities although, as I said earlier, we will all, I hope, be there. You're very welcome.

Then there will be the community forum at 4:00 o'clock and we would expect that the people particularly of Phoenix and surrounding areas would come to that forum. Thank you very much and we stand adjourned.

(Whereupon, at 12:20 p.m. the above-

entitled matter concluded.)