Roger Waldinger

The ethnic division of labour transformed: native minorities and new immigrants in post-industrial New York

If New York's brush with fiscal insolvency in the mid-1970s signalled the end for America's urban-industrial economies, its revival in the mid-1970s heralds its emergence as a world supply centre, in common with a few other major complexes in the United States. For the smokestack cities of the US industrial heartland, with their specialised concentrations of industrial capital and labour, there is seemingly no replacement for the run-of-the-mill production activities which are steadily eroding under the twin impact of technological change and international competition. But in the largest urban agglomerations, Chicago, Los Angeles, and most importantly, New York, manufacturing is rapidly ceding place to a different set of activities, centred around information processing and the transaction of high-level business.

In the course of this transition from goods to services the demographic base of America's largest urban places has also been transformed. The outflow of whites from the central city, triggered by the suburban housing boom and highway expansion of the 1950s, has continued almost unabated; meanwhile, blacks and Hispanics have remained highly concentrated within the inner urban ring. To replace departing whites has come a new wave of foreign-born immigrants, mainly from the third world, and in numbers which rival the great immigrations at the turn of the twentieth century.

The question, in the wake of these simultaneous shifts in economic function and population composition, is whether the large city can continue to play its historic role as the staging ground for low-skilled newcomers who started at the bottom and gradually moved up. Almost 20 years ago, the National Advisory Commission on Civil Disorders thought not:

> The Negroes who migrated to the great urban centers, lacked the skills essential to the new economy; and the schools of the ghetto have been unable to provide the education that can qualify them for decent jobs. The Negro migrant, unlike the immigrant, found little opportunity in the city; he had arrived too late, and the unskilled labor he had to offer was no longer needed.[1]

More recently, William J. Wilson, in his highly influential book, *The Declining Significance of Race,* and in a series of subsequent articles, has argued that the passing of the city of production has left behind a growing black underclass, unequipped for jobs involving technical training or interpersonal communication and yet unwilling to take up the menial pursuits to which blacks had been long confined.[2]

The post-industrial transformation has, it appears, reduced the number of low-skilled positions available to blacks; what compounds this impact is the influx of new immigrants, which threatens to sharpen the competition for those remaining jobs. Past experience, if nothing else, offers precedent for this possibility, since black occupational standing was damaged by competition with European immigrants at the turn of the century. In the current context, job loss to immigrants is unlikely to result from outright employer or trade union discrimination. But because immigrants and blacks appear to be concentrated in the same broad labour market segments it seems likely that the absorption of one implies the displacement of the other.[3]

New Community, Vol.XIV, No.3, Spring 1988
© CRE 1988 0047-9586

Nowhere in the United States are these dilemmas of the post-industrial city quite so acutely posed as in New York. While the city's economic decline bottomed out in the mid-1970s and its service sector has since consistently generated new jobs, its manufacturing base has continued to be eroded. Consequently, New York now ranks first among major American cities in its share of private sector employment in services and next to last, after government-dominated Washington, D.C., in the share provided by goods production.[4] In contrast to other large American cities, like Philadelphia or Chicago, New York is not yet predominantly non-white. The 1980 Census of Population found, however, that 48 per cent of New Yorkers were non-white (a category which includes blacks, Hispanics, and Asians) and that almost a quarter were foreign-born. The proportion in both groups has undoubtedly since increased. This paper will attempt to analyse, first, the impact of New York's post-industrial transformation on its labour force and then the processes by which its variegated non-white population has been absorbed into the city's new division of labour.

Economic and demographic transformations

New York shifted from goods to services earlier than did the rest of the United States. In 1950, the factory job sector still dominated the city's economy, as shown in Table 1. None the less, proportionally fewer New Yorkers worked in manufacturing than was true for the nation as a whole, and thereafter employment in goods production swiftly began to decline. Though the 1950s and 1960s were boom times for the local economy, these two decades were a period of steady decline for New York's manufacturing sector; this decline was slowed only in the late 1960s, when the nation's superheated economic environment kept New York's old and obsolescent plant in demand. The fall-off in goods production was, however, more than compensated for by two other developments. Most important was the continued build-up of New York's white-collar, corporate complex. Changes in technology brought new jobs in communications (television) and transport (air); a robust economy led to growth in advertising; the merger mania of the 1960s and the expansion of government regulation meant additional

TABLE 1

New York City Employment, 1950–1985 (in thousands)

	1950	1969	1977	1985
Total	3,468.2	3,797.7	3,187.9	3,466.0
Construction	123	105.7	64.2	94.9
Manufacturing	1,038.9	825.8	538.6	425.6
TCU	331.5	323.9	258.2	235.2
Wholesale/Retail	754.8	749.1	620.1	626.9
Wholesale	N/A	309.2	248.0	245.8
Retail	N/A	439.9	372.1	381.1
FIRE	336.2	464.2	414.4	504.8
Services	507.7	779.8	783.2	1,031.4
Government	374.4	547	507.8	544

Note: TCU = Transportation, Communications, Utilities.
FIRE = Finance, Real Estate, and Insurance.

Source: United States, Bureau of Labor Statistics, *Employment, Hours, and Earnings, States and Areas, 1939–1982,* V II, Bulletin 1312–17; United States, Bureau of Labor Statistics, *Supplement to Employment, Hours, and Earnings, States and Areas, Data for 1980–1984,* Bulletin 1370–19; New York City, Office of Economic Development, *Quarterly Report,* November 1985.

work for New York's corporate offices; and the burst of economic growth in the 1960s spurred a build-up of jobs on Wall Street. While expansion of the private white-collar sector thus took up part of the slack created by the decline of manufacturing, the public sector burgeoned in the 1960s, thus further offsetting any losses of blue-collar production jobs.

The apogee of New York's growth was reached in 1969; thereafter the decline was brutal and swift. President Nixon's attempt to curb inflation sparked off a minor recession in 1969; for New York City, however, the downswing produced major job losses. While the rest of the nation soon pulled out of the doldrums, jobs continued to seep out of New York. The root problems were two-fold. First, the 1970s marked the passage to a new stage of intensified inter-regional and international competition, in which capital became increasingly footloose and a revolution in permissive technology speeded up the relocation of jobs from high to lower-cost areas. Under the impact of this change, New York's manufacturing complex – with its antiquated and inefficient infrastructure, outdated plant, and high cost labour – could no longer stand up. Secondly, the 1970s were also bad times for the once vibrant white-collar sector. Wall Street went from bull market to bear market as falling stock market prices registered the effects of the weakening United States economy and the profit squeeze felt by large corporations. To cut costs, the securities firms sought to reduce their back office operations, filled mainly with low-level clerical functionaries; this marked the first phase of office automation and it speeded the winnowing-out process. Further job losses occurred when large corporations moved their headquarters to the suburbs – an event of increasing frequency in the 1970s. The weakening of the export sectors brought inevitable decline to local industries: the city's very large wholesaling/retailing complex was particularly hard hit.[5]

Then in 1977 the process of erosion stopped; since that time, the city's economy has marched steadily forward. The precise causes of the turnaround are still a matter of debate, but what appears to have happened is that New York's role as a purveyor of advanced services generated a new set of agglomeration economies that first halted and then reversed the city's economic decline. New York is now principally host to activities centred on the processing of information and the transaction of high-level business, all of which are increasingly international in scope. The city's pull on these activities is in part due to its size, which both permits extensive specialisation in legal, financial, consulting and other services, and attracts the massive corps of highly trained talent on which an international post-industrial business depends. And for a variety of reasons – having to do with the volatility of financial markets, the importance of discretion, and the absence of routinisation – many actors rely on face-to-face communication and hence are bound together. Gradually, the strength of the export-oriented advanced services has spilled over into the local economy industries, which are now showing renewed vigour. A reinvigorated economy has generated greater revenues for municipal coffers as well, and as a result public sector employment has begun to approach its pre-fiscal crisis level. Manufacturing remains the weak reed, however, though even in this sector the pace of decline has slowed a little.[6] The job shifts wrought by these changes in New York's economic function can readily be grasped from Table 1. Manufacturing, the single largest employer in 1950 and the employer of one out of every three working New Yorkers, had slipped behind finance to fifth place by 1985. In its place, the service sector now provided the single largest block of jobs; in comparison to 1950, when only 15 per cent of working New Yorkers made their living in the services, these employed 33 per cent of workers in 1985.

TABLE 2

Immigration, United States and New York City, 1966–1979 (in thousands)

Years	United States	New York City	NYC as Percentage of U.S.
1966–1979	5,834.0	1,053.6	18.1
1966	323.0	61.2	18.9
1967	362.0	66.0	18.2
1968	454.4	75.4	16.6
1969	385.6	67.9	18.9
1970	373.3	74.6	20.0
1971	370.5	71.4	19.3
1972	384.7	76.0	19.8
1973	400.1	76.6	19.1
1974	394.9	73.2	18.5
1975	386.2	73.6	19.1
1976	500.5	90.7	18.1
1977	462.3	76.6	16.6
1978	601.4	88.0	14.6
1979	460.3	82.4	17.9

Source: U.S. Department of Justice, Immigration and Naturalization Service, *Statistical Yearbook of the Immigration and Naturalization Service*, annual editions.

TABLE 3

Immigrants Arrived in United States, 1965–1980), Living in New York City, 1980

Dominican Republic	98,420
Jamaica	76,280
China	62,420
Haiti	43,780
Italy	42,000
Trinidad/Tobago	34,300
Colombia	33,200
Ecuador	32,960
U.S.S.R.	32,640
Guyana	29,420
Greece	26,000
Cuba	23,520
India	20,680
Philippines	18,920
Korea	17,620
Barbados	14,520
Yugoslavia	14,260
Panama	12,120
Poland	10,760
England	10,520
Israel	10,260

Source: 1980 Census of Population, Public Use Microdata Sample.

No less great than these economic changes were the shifts in New York's population base: these demographic transformations can be roughly divided into two phases. Phase 1, which began with the end of the Second World War and lasted up to the end of the 1960s, involved the exodus of the city's white population and the massive immigration of displaced black share-croppers from the South and Puerto Ricans uprooted by the island's modernisation. In Phase 2, the white exodus continued. What changed was that the black and Puerto Rican inflows halted, to be replaced by a vast influx of newcomers from abroad. The starting point for this latter change was the liberalisation of United States immigration laws in 1965: as Table 2 shows, New York has since been a mecca for America's immigrants, much as it had been in the early twentieth century. Between 1966 and 1979, the city absorbed over one million legal immigrants; the 1980 Census recorded 1,670,000 foreign-born New Yorkers, of whom 928,000 had come to New York after 1965. The new immigration, as can be seen from the data presented in Table 3, has mainly brought the Third World to the First World.

Despite the city's large population of European immigrants, Latin Americans, Caribbeans, and Asians have accounted for the lion's share of the new arrivals.[7]

How well suited are these new New Yorkers to the city's evolving economy? The post-war migrants arrived with low levels of schooling and, in the case of Puerto Ricans, were further handicapped by lack of English-language facility. Yet because they arrived at an opportune time, they found a place in New York's then thriving economy (as evidenced by low unemployment rates and high labour force participation rates for the peak year, 1969). But many of those initial entry-level jobs have since been lost. While the skill and educational levels of black and Puerto Rican New Yorkers have also been upgraded in the interim, it is not clear whether they have caught up as quickly as employers have lifted their job requirements. The same questions apply to the immigrants. Though some component of the new immigration consists of a 'brain drain', the majority of newcomers arrive with skills of low to middling levels. The proportion of all immigrants to the United States reporting prior professional or related experience has fallen steadily since 1971; the available data indicate that the share of professionals among the newcomers to New York City is lower still.

Ethnic succession and employment change: another look

While New York City's economy has thus gone from boom to bust to better times, the demographic evidence suggests a mismatch between the city's new population groups and the requirements of its increasingly post-industrial employers. There is, however, another possible story about the fit between New York's economic functions and its population base; this story begins with Table 4. This table presents data from the Public Use Microdata Samples of the 1970 and 1980 Censuses of Population, as do all the other tables that follow. Though the decennial censuses are somewhat dated for our purposes, they are unique, and hence indispensable, for the detailed data on ethnic and occupational characteristics which they provide.

Table 4 shows the number of jobs held by eight different ethnic groups in New York City in 1970 and 1980. The table also indicates how many jobs each group would have been expected to lose had it declined by the same percentage as total employment in New York City (this is given in column 3); how many jobs the group actually lost (column 4); and then what the difference was between expected and actual employment loss (columns 5 and 6). Here we begin to glimpse a different set of dynamics affecting the process of job change in post-industrial New York. The reason is that the biggest job losers over the course of the 1970s, both quantitatively and proportionally, were in fact whites. The total job loss for native and foreign-born whites together was almost twice as great as the total job loss for all New Yorkers. Indeed, whites lost jobs in every industry except two, professional services and miscellaneous (the latter mainly consisting of entertainment); and they sustained sizeable losses in the financial and business service industries, two key components of the advanced service complex.[8]

TABLE 4

Changes in Employment for Ethnic Groups, New York City, 1970–1980

Ethnic Group	(1) Employment	(2)	(3) Job Change	(4)	(5)	(6)
	1970	1980	Expected	Actual	Actual–Expected	A–E/ 1970 Empt (%)
WhNb	1,785,200	1,382,980	−155,939	−402,220	−246,281	−13.8
WhFb	417,400	315,520	−36,460	−101,880	−65,420	−15.7
BlNb	462,700	440,180	−40,417	−22,520	+17,897	+3.9
BlFb	55,500	170,320	−4,848	+114,820	+119,668	+215.6
AsNb	8,000	10,460	−699	+2,460	+3,159	+39.5
AsFb	31,200	108,740	−2,725	+77,540	+80,265	+257.3
HisNb	242,000	232,640	−21,139	−9,360	+11,779	+4.9
HisFb	132,700	205,520	−11,591	+72,820	+84,411	+63.6

Note: Wh = White
Bl = Black
His = Hispanic
As = Asian
Nb = Native Born
Fb = Foreign Born

Source: 1970, 1980 Census of Population, Public Use Microdata Sample.

Why so many whites lost jobs during this period is difficult to say – some undoubtedly began to work in the suburbs after moving there (and we know that there was substantial white out-migration to the suburbs during this time); some joined the vast tide of migrants heading to the sunbelt; some simply left the labour force (looking at the job loss for white immigrants, it is worth remembering that the large cohort of European immigrants who arrived between 1900 and 1915 reached retirement age during this period).

But the reasons for white job loss are not as interesting as their effects. First, because the net outflow of whites was disproportionate to the decline of the total economy, ample vacancies were created for replacements who, under the conditions of population change, would inevitably be non-white. Secondly, white job loss meant not only more jobs for non-whites but better jobs: if we assume that employers preferred whites, if only in part on the basis of prejudice, any decline in the size of the preferred group would allow all other groups to move up the hiring queue. Thirdly, though somewhat hypothetically, compositional changes of this magnitude are likely to produce altered gatekeeping mechanisms, thus expanding job opportunities for non-whites above and beyond the simple replacement demand. Keeping blacks or other minorities out of jobs is one thing when there are plenty of whites among whom to choose, but the costs of discrimination rise when there are fewer whites competing for the available jobs. There is also a high level of arbitrariness in entry-level requirements. Most blue-collar employers do most of their skill training on the job floor and their hiring criteria are mainly designed to screen out 'bad prospects', not unskilled workers. By contrast, office employers often prefer that 'pink-collar' workers obtain their clerical skills prior to employment. But there is ample evidence of considerable variation among otherwise similar office employers with respect to skill requirements and provision of on-the-job training; this suggests that hiring procedures can be altered if changes on the supply side require that new labour force groups be recruited.[9]

Thus, the net outflow of whites should have expanded both the quantity and the quality of the jobs available to non-whites. Whether this happened due to replacement demand only or whether changes in recruitment practices, as hypothesised above, further widened opportunities for non-whites is unclear. Nevertheless the available data can be used to trace the changes in the employment position of the various ethnic groups over the 1970–1980 period.

Table 5 shows the changing configurations for four ethnic groups – white native-born, black native-born, foreign Hispanics, and foreign Asians – focusing on five categories of employment: high white-collar jobs (consisting of professional and managerial occupations), low white-collar jobs (consisting of sales and clerical occupations), manufacturing, advanced services (which includes all private sector jobs in business services, professional services, and finance) and public sector (which includes all government employment). As column 3 shows, native whites lost substantially in four of the five categories and gained only a small fraction of the new jobs generated in the white-collar category. Moreover, white losses in low white-collar, manufacturing, and the public sector were disproportionately great relative to the net decline in these categories, thus creating substantial

TABLE 5

Changes in Job Configuration, Selected Ethnic Groups, 1970–1980

	Employment			Distribution*	
	1970	**1980**		**1970** %	**1980** %
Total Economy					
High Wh-Col	750,000	848,520	97,820	23.8	29.5
Low Wh-Col	1109,600	943,820	−165,780	35.2	32.8
Manufacturing	608,500	490,760	−117,740	19.3	17.0
Advanced Svces	862,000	941,320	79,120	27.3	32.7
Public Sector	518,300	508,000	−10,300	16.4	17.6
Native Whites					
High Wh-Col	527,100	532,120	5,020	29.5	38.3
Low Wh-Col	721,700	511,900	−209,800	40.4	36.8
Manufacturing	304,800	189,620	−115,180	17.0	13.6
Advanced Svces	540,800	516,540	−24,260	30.2	37.1
Public Sector	304,100	229,160	−74,940	17.0	16.4
Native Blacks					
High Wh-Col	57,200	82,420	25,220	12.3	18.7
Low Wh-Col	149,200	159,900	10,700	32.2	36.3
Manufacturing	59,900	51,920	−13,220	12.9	11.7
Advanced Svces	103,700	118,860	15,160	22.4	27.0
Public Sector	127,800	149,080	21,280	27.6	33.8
Foreign Asians					
High Wh-Col	10,600	37,800	27,200	40.0	34.7
Low Wh-Col	4,700	23,520	18,820	15.0	21.6
Manufacturing	7,200	25,920	18,720	23.0	23.8
Advanced Svces	6,300	29,600	23,300	20.1	27.2
Public Sector	2,800	9,300	6,500	8.9	8.5
Foreign Hispanics					
High Wh-Col	17,800	28,600	10,800	13.4	13.9
Low Wh-Col	34,900	43,840	8,940	26.2	21.3
Manufacturing	44,200	70,720	26,520	33.3	34.4
Advanced Svces	35,500	49,460	13,960	26.7	24.0
Public Sector	7,400	16,100	8,700	5.5	7.8

*Distribution: per cent of employed at work in selected occupational or industrial group.

Source: 1970, 1980 Census of Population, Public Use Microdata Sample.
See text for definitions of categories.

opportunities for non-white replacement. In contrast to whites, native blacks gained in four of the five categories, losing jobs only in the declining manufacturing sector. Although both foreign Asians and foreign Hispanics gained jobs in all five categories, their experience diverged in significant respects. Most importantly, Asians increased their representation in both white-collar categories and in the advanced services, while Hispanic representation in low white-collar jobs and in advanced services declined.

A new ethnic division of labour

While compositional changes in New York's labour force thus created ample opportunities for non-white workers, the data in Table 5 suggest that the process of non-white for white succession was mediated by the distinctive characteristics of the various non-white groups. As evidence, consider the public sector: in 1980, the employers of one-third of all native blacks, it employed only 8.5 per cent of foreign Asians and 7.8 per cent of foreign blacks. Or look at a stronghold of immigrant employment – manufacturing – with a third of foreign Hispanics, almost a quarter of foreign Asians, but less than an eighth of native blacks.

What appears to have transpired is a new ethnic division of labour in which non-whites have succeeded whites by establishing distinctive niches within the economy. To explore the pattern of ethnic niching I have calculated the indices of industrial dissimilarity for 1970 and 1980 for the eight ethnic groups in question: The index, which takes on a value of 100 when there is a total separation among groups and a value of 0 when there is total integration, indicates to what extent members of one group worked in the same industry as members of another.

The general trend is one of slightly declining segregation: of the 28 pairs for which comparison is possible 21 showed a drop between 1970 and 1980 while only 7 showed an increase. The groups that experienced the greatest and most consistent declines were black and Asian immigrants; for other groups, declines were neither consistent nor of great magnitude. White native-born versus Hispanic foreign-born experienced the greatest increase, followed by white native-born/foreign born and then Hispanic native born/foreign born.

TABLE 6

Index of Industrial Dissimilarity, 1970, 1980

1970

	WhNb	WhFb	BlNb	BlFb	AsNb	AsFb	HisNb	HisFb
WhNb		18.24	18.18	21.14	19.96	28.9	19.15	21.13
WhFb	24.4		26.51	27.89	25.99	17.3	13.18	13.33
BlNb	20.2	29.77		26.01	20.93	34.69	25.16	29.78
BlFb	12.71	27.79	19.38		30.2	35.59	27.77	28.33
AsNb	10.7	28.81	18.22	17.58		28.4	26.26	31.83
AsFb	25.03	13.57	32.7	28.41	27.06		22.95	22.27
HisNb	16.48	14.6	21.29	19.47	18.7	17.45		9.86
HisFb	27.41	14.8	32.28	28.04	30.19	19.3	14.5	

1980

Note: 1970 index of dissimilarity above the diagonal; 1980 index of dissimilarity below the diagonal.
Source: 1970, 1980 Census of Popuiation, Public Use Microdata Sample.

But if New York's ethnic groups worked, on average, in less segregated industries in 1980 than in 1970, the table shows that the succession of groups was not orderly and that the pattern of industrial differentiation extends across white and non-white groups. Thus, native blacks were more segregated from native whites than were foreign blacks, and segregation increased in the first case while it declined in the second; in both 1970 and 1980 native and foreign-born workers in every group were considerably segregated from one another; and distance between particular non-white groups (for example, between Hispanics and blacks) was often greater than the distance between whites and non-whites.

What accounts for these patterns is a sorting process in which a complex of factors (skills, predispositions, and informal networks of information and assistance) interacted with the demand for non-white labour. Considerations of skill placed native blacks and, to a lesser extent, native Hispanics, at the top of the hiring queue. On average, both groups were better educated than the new immigrants who arrived between 1965 and 1980 (though educational levels were considerably higher for blacks than for Hispanics); both had the advantage of English-language facility (though in this respect blacks were better off than Hispanics and English-language facility was an attribute shared by the many newcomers from the West Indies); and both Hispanics and blacks were also more likely to possess those skills specific to local employers. By contrast, immigrants faced the initial problem of language disability (West Indians excepted, 40 per cent of the 1965–1980 immigrants reported speaking English 'not well' or 'not at all'); many newcomers, as noted earlier, arrived with relatively low educational backgrounds (in 1980 a quarter of the 1965–1980 immigrants had received eight years of schooling or less); and even those with considerable education found themselves shut out of higher level jobs due to training or licensing requirements imposed in professional or quasi-professional fields.

Nevertheless, many of the jobs that opened up due to white withdrawal (for example in manufacturing, or some branches of retail, or personal services) required few, if any skills, and little English ability. In these cases, the critical sorting mechanism was probably a willingness to engage in low-status, menial, and often dead-end work. Because immigrants often come as temporary migrants or, even when settled, view their work in comparison with even lower-quality jobs back home, they are likely to have been more predisposed towards these lower-level vacancies than were native blacks or Hispanics. Moreover, differences in opportunity between immigrants and native blacks and Hispanics were likely to have reinforced these original disparities in predisposition. Having better qualifications than immigrants, native blacks also have a wider range of opportunities; hence the social and status difference from the average black job to the low-level position vacated by whites is greater than would be the case for newly arrived immigrants.

Another sorting mechanism has to do with the type of networks of information and support available to various groups, and the ways in which these networks are interlaced with different types of jobs. Most people find jobs through personal contacts: because information and support networks are often bounded by ethnic attachments, groups are likely to accumulate in those occupations or industries in which they are initially concentrated.[10] But beyond this, there are differences in the types of information and resources to which blacks and immigrants have access. The most important difference is that immigrants are likely to have better access to informal networks of information and support than are native blacks. One reason is simply that the legal immigration system rations entries on the basis of family connections to US citizens and residents and thus reinforces family ties between newcomers and settlers. A second reason is that immigrants are poorly integrated into institutional sources of support; lacking the language ability and the knowledge needed to manipulate bureaucratic agencies, and often being ineligible for government assistance, immigrants are forced to rely on informal mechanisms of assistance. Thirdly, the close-knit nature of the immigrant networks provides a mechanism of social control and thereby creates a basis for trust.[11] By contrast, informal connections appear to play a less important role in job search efforts among blacks, since blacks mainly rely on formal institutions such as schools, employment agencies, and manpower programmes in finding jobs. One reason for the importance of these labour market intermediaries is that past (and current) discrimination has limited the number of blacks with good jobs to whom black job-seekers can turn for help. But it may also be the case that the social relations conducive to informal labour markets are more fragmented among blacks than among immigrants. One basis of immigrant cohesion, the tie between settlers and newcomers, never provided a strong tie between southern migrants and northern settlers, and any residual effect has probably been attenuated, since migration northward has long since ceased and more of New York's blacks are northern-born. And because close relatives are particularly important in finding good jobs, the growth of female-headed families among blacks is probably another negative factor.[12]

Whatever the precise causes of these differences, the disparity in informal sources of job information and support is likely to affect patterns of labour market placement. Informal connections are likely to be an important source of labour in industries dominated by small firms, where turnover is high, recruitment casual, training haphazard, and regulation by government agencies, monitoring anti-discrimination efforts, less than intense. By contrast, where large organisations predominate, institutionalised mechanisms of hiring, recruiting, training, and promotion are likely to prevail, thus reducing the importance of informal labour market resources. And because these large organisations with their formal channels can most easily be tracked by government agencies, they are also most likely to hire blacks.[13]

Public employment and self-employment

The contrasting cases of public employment and self-employment illustrate the ways in which minorities and immigrants were sorted among different labour market segments and the consequences of those sorting processes. Total employment in New York's public sector declined after 1974 under the impact of the city's fiscal crisis; the number of workers on the local government payroll did not begin to rise until 1981; and by late 1985, the size of the local government sector was 91 per cent of its 1974 peak. Jobs were mainly shed, however, through attrition, not layoffs – which meant that the bulk of withdrawals from the public sector were made by civil servants high in seniority who were also mostly white. Thus, while municipal employment fell from 285,856 in 1975 to 236,596 in 1979, the non-white share of employment actually climbed from 32.5 per cent to 36.8 per cent. A further result of the fiscal crisis was that the real earnings of municipal employees plummetted, reducing the available supply of white labour, whose members had access to better-paying jobs. Once hiring was resumed and municipal payrolls began to swell, the bulk of hiring went to non-whites: by 1985, 42 per cent of New York City's employees were non-white, as were 52 per cent of the workers hired in that year. These jobs were mainly allocated to blacks: in 1985, blacks made up four-fifths of the city's non-white employees. Up-to-date data on the nativity of city workers are not available, but the 1980 pattern, in which 85 per cent of black public employees were native-born, is unlikely to have changed.[14]

Quite in contrast is the distribution of minorities and immigrants among the ranks of the self-employed. The New York economy is a supportive environment for small firms. Its manufacturing sector remains dominated by industries, such as clothing, where small firms prevail; because of the high costs of land and transport and the heterogeneity of the local market, large chains have done poorly in retailing, leaving small concerns much stronger in this sector; in other industries, the sheer number and density of firms packed into the New York area has created a role for small, specialised services. Historically, these small business industries were marked by concentrations of European immigrants and their descendants, but those groups are now moving out of small business as part of a shift towards higher positions in the social structure. For example, an analysis of the 1981 New York Area Jewish Population Survey found consistently declining rates of self-employment from first generation to third, with much higher levels of education in the latter generation, suggesting that much of its self-employment was concentrated in the professions rather than in business.[15] A study of small firms in New York's garment industry found that the industry was still experiencing a high rate of new firm formation, but that Jewish and Italian owners were mainly to be found among old, well-established concerns and accounted for a very small proportion of new start-ups.[16] The same conditions prevail in retailing, as Illsoo Kim noted in his book *The New Urban Immigrants*:

> The majority of Korean retail shops . . . [are] located in 'transitional areas' where old Jewish, Irish, and Italian shopkeepers are moving or dying out and being replaced by an increasing number of the new minorities . . . Korean immigrants are able to buy shops from white minority shopkeepers, especially Jews, because the second- or third-generation of these older immigrants have already entered the mainstream of the American occupational structure, and so they are reluctant to take over the parents' business. In fact, established Korean shopkeepers have advised less experienced Korean businessmen that 'the prospect is very good if you buy a store in a good location from old Jewish people'.[17]

While the structure of opportunities is thus conducive to small business, and the outflow of white ethnics from entrepreneurship provides ample access to ownership opportunities, immigrants, rather than native blacks or Hispanics,

TABLE 7

Self-employment Rates for Males, New York City, 1970, 1980 (percent self-employed)

	Total	WhNb	BlNb	HisNb	Total Fb
1970	10.3	11.4	3.6	3.5	14.6
1980	10.7	12.8	3.3	3.9	12.7

Source: 1970, 1980 Census of Population, Public Use Microdata Sample.

have made up the bulk of small proprietors. Case study material provides some indications of the breadth of new immigrant enterprise: in the garment industry, there are over 500 Chinese-owned factories providing work to more than 20,000 Chinese workers; Koreans own 950 or so greengroceries, 1,000 dry-cleaning establishments, and roughly 350 retail stores; Indians and Pakistanis dominate the local newstand business, with an estimated 70 per cent of the city's 5,000 kiosks under their control.[18] Statistical evidence from the 1970 and 1980 Censuses of Population underlines the prevalence of self-employment among the foreign-born and its paucity among the non-white native-born. As Table 7 shows, immigrants have been over-represented among small business owners, while the self-employment rates for native blacks and Hispanics have consistently been below average for the local economy. Other data, not displayed here, show that all four foreign-born groups (whites, Asians, Hispanics, and blacks) were self-employed at rates higher than native minorities. And while the self-employment rate for immigrants declined between 1970 and 1980, the fall-off was almost entirely due to the greater proportion of newly arrived immigrants among the 1980 foreign born; data on self-employment rates by date of immigration show that the proportion of self-employed rises consistently with length of stay.

These disparities can be understood in terms of the sorting mechanisms sketched out in the previous section. The attraction of public employment to native blacks is rooted in historical circumstances: public jobs have long been more accessible than has private employment and have provided far better opportunities for internal promotion. To be sure, private sector discrimination has declined. Yet, the statistical evidence suggests a continued aversion to employing blacks in jobs that involve face-to-face contact with whites, as indicated by the very low black employment rates in retailing in general, and in sales jobs in particular. For these reasons, blacks seem to be more likely to choose public over private sector employment when given a choice – and for the past 10 years, the continued outflow of whites from the public sector has afforded them that choice. And blacks are also more likely to secure government jobs than are immigrants – both because citizenship is often a requirement of government employment and because blacks' political leaders and organisations are mobilised to push for public employment, whereas those of immigrants are not.

A different set of sorting mechanisms predisposes immigrants towards self-employment. To begin with, immigrants tend to be disproportionately employed in small business industries, whereas native minorities work in sectors where opportunities to start out on one's own are few, or, as in the case of public employment, non-existent. For these reasons alone, immigrants will have more information about business opportunities, better knowledge of the activities involved in running a business, and more exposure to individuals who have succeeded in business, than will their counterparts working for government or large institutions. Furthermore, immigrants' labour market disabilities make owning a small business a better investment in terms of opportunity costs or expected returns than it is for native blacks or Hispanics, whose skills, as noted earlier, open up a broader range of jobs. Information and support networks also steer native minorities away from small business. Native blacks and Hispanics employed in small business industries mainly work for whites, with whom they have conflictual relationships, and who are often unwilling to entrust them with the tasks and responsibilities that provide business know-how. Discrimination is also an impediment to entrepreneurial careers: one study of blacks and immigrants in New York's restaurant industry found that blacks were predominantly employed by whites who often excluded them from the better waiting and managing jobs which usually comprise the bridge to later restaurant ownership.[19] By contrast, immigrants are recruited into work places owned, if not by kin or fellow townsmen, then at least by compatriots; whereas the newcomer may initially find him or herself dependent on the immigrant boss, that dependency is also conducive to delegation and trust. And because most immigrant firms prefer hiring co-ethnics, there are few whites in whose favour the employer might discriminate.

Labour market competition

The emergence of a new ethnic division of labour, with native blacks and Hispanics concentrated in the public sector and in large organisations, and with immigrants over-represented in small business industries, also implies competition for jobs. An intimation of competition is provided in Table 4: though native blacks and Hispanics lost fewer jobs than was to be expected on the basis of the decline of New York's economy alone, the absolute numbers of employed blacks and Hispanics none the less declined. Further evidence that, as an aggregate, native minorities lost ground over the 1970s due to immigrant competition is provided in Table 8. This table displays employment to population ratios for 1970 and 1980 for males aged 25 to 65: it shows that the employment to population ratios for native black and Hispanic males declined between 1970 and 1980; and that by 1980, these latter groups had the lowest employment to population ratios of all.

In a sense, this finding is compatible with the argument of social scientists like William J. Wilson, who have argued that the urban black population is increasingly split into an employed, middle-class segment and an unemployed, and unemployable, underclass. Wilson's contention, however, is that blacks are shunted out of the labour market due to the paucity of low-skill, entry-level jobs; in New York the fact that so many immigrants gained jobs at the bottom of the labour market at the same time as black employment declined suggests that the problem is not one of the quantity of entry-level jobs but rather the mechanisms by which these jobs are distributed.

TABLE 8

Employment to population rates, males 25 to 65, 1970, 1980

Age		*Ethnicity*							
		WhNb	WhFb	BlNb	BlFb	AsNb	AsFb	HisNb	HisFb
25 to 34	1970	92.4	91.3	87.2	95.8	71.4	84.7	88.6	95.1
	1980	87.0	85.8	66.2	76.0	88.0	86.4	71.9	80.0
35 to 44	1970	93.5	95.2	90.7	96.5	90.0	92.2	90.7	92.8
	1980	88.8	88.7	72.9	85.6	93.8	91.8	76.9	87.0
45 to54	1970	93.7	93.9	88.2	91.8	75.0	97.1	80.5	92.8
	1980	86.0	87.3	71.8	86.5	87.8	90.0	72.6	84.9
55 to 65	1970	78.9	79.5	68.2	75.0	50.0	70.7	62.1	84.0
	1980	68.4	71.2	52.7	76.3	87.0	71.7	53.9	71.1
Total	1970	89.8	87.6	85.4	92.1	72.5	85.9	85.1	92.7
	1980	82.7	83.0	66.8	81.0	88.7	87.0	71.3	82.1

Source: 1970, 1980 Census of Population, Public Use Microdata Sample.

Why native minorities lost ground to immigrants in New York's labour market is a complex process, the details of which cannot be fully pursued here. One possibility is that job loss to immigrants occurred because employers were directly substituting immigrants for natives; while evidence suggests that white employers may view immigrants more favourably than blacks or Hispanics, there is as yet little confirmation of widespread direct substitution. A more important source of job loss is a type of indirect competition stemming from the proliferation of immigrant firms. First, because immigrant businesses mainly recruit through the communities to which they are tied, the growth of immigrant firms leads directly to a decline in the proportion of firms employing native minorities. As Illsoo Kim has pointed out, Korean businesses deliberately avoid hiring non-Koreans, in part, to evade unionisation, in part, out of concern for loyalty and trust.[20] Secondly, some immigrant firms compete successfully with white-owned firms that employ blacks and Hispanics: thus, the growth of immigrant-owned grocery stores has cut into supermarket sales, while the presence of many immigrant-owned restaurants has curbed the growth of fast-food chains. Thirdly, while immigrant firms do not always enjoy competitive advantages over existing white-owned firms, immigrant owners are still more likely to replace white owners who go out of business than are blacks or Hispanics. The consequence can be seen in the garment industry, for example, where the failure rate for immigrant firms is higher than the white failure rate, but start-ups are almost entirely monopolised by the foreign born. Thus, when a Jewish-owned factory employing blacks and Hispanics goes out of business, whether because the owner decides to retire and move to Florida or because the competition with imports is too intense, the replacement is most likely to be a Chinese-owned factory where the probability of black employment is almost nil.

Finally, the changing opportunity structure for native minorities may also be linked to a rightward shift in their supply curve that removed them from competition for low-level jobs. On the one hand, the expectations among native blacks and Hispanics probably increased as these groups moved into better paid, higher status, and more stable jobs in the advanced services and in the public sector. On the other hand, the relative material and psychological rewards to employment in low-wage retailing and manufacturing jobs may have simultaneously diminished – both because real earnings in these industries dropped, and because their growing reliance on foreign-born workers stamped them as 'immigrant work'.

Conclusion

What place is there for minorities in the post-industrial economies of the nation's cities? In New York, as this paper has shown, the shift from goods to services has gone hand in glove with a decline in the availability of white workers, creating a replacement demand for non-whites. Overall, the fall-off in white employment greatly exceeded the shrinkage in the local economy: the simple outflow of whites from the New York economy left vacancies into which non-white workers could step. While the size of the white labour force diminished, whites also repositioned themselves over the course of the 1970s: shifts in the distribution of whites, out of lower-level white-collar jobs, and out of public sector jobs, in particular, created further opportunities for non-white succession.

The decline in the number of whites thus moved non-whites up the hiring queue. But the ways in which non-whites moved up the queue were mediated by the simultaneous influx of immmigrants and the interaction between the opportunity structure and the characteristics of immigrants and native minorities alike. The crucial factor was that the two groups differed, not only in skill and language ability, but in predisposition and networks of information and support. These disparities led to sharp differentiation between immigrants and native blacks, exemplified by black concentration in the public sector and immigrant specialisation in small business. Furthermore, patterns of white to non-white succession more frequently worked to the benefit of immigrants than to native blacks and Hispanics, in part because immigrants may have been more willing to take over vacancies in menial jobs, in part because the distinctive pattern of ethnic niching produced competition between immigrants and their minority counterparts.

In conclusion, these findings suggest that research on the post-industrial transformation of American cities and its impact be redirected. Rather than another paper emphasising the mismatch between urban employers and the urban, non-white population, what is needed is a closer look at the interaction between population dynamics and labour demand, and more attention to the complex processes by which groups are sorted among jobs and labour markets.

Notes

[1] National Advisory Commission on Civil Disorders, *Report*, Bantam, New York, 1968, p.278.

[2] William J. Wilson, *The Declining Significance of Race*, University of Chicago Press, Chicago, 1978; 'The Black Community in the 1980s: Questions of Race, Class, and Public Policy', *Annals of the American Academy of Political and Social Science*, Vol. 454 (1981), pp.26–41; 'The Urban Underclass in Advanced Industrial Society', pp.129–160 in Paul Peterson (ed.), *The New Urban Reality*, Brookings, Washington, D.C., 1985.

[3] For a highly competent review of recent immigration trends and policies, with emphasis on the competition between immigrants and native low-skilled workers, see Vernon Briggs, Jr., *Immigration Policy and the American Labor Force*, Johns Hopkins, Baltimore, 1985.

[4] Data on industry rank calculated from United States, Bureau of Labor Statistics, *Geographic Profile of Employment and Unemployment, 1983*, Bulletin 2216, Government Printing Office, Washington, D.C., 1984, Table 27, 'Selected metropolitan areas and cities: employed civilians in nonagricultural industries by sex, race, Hispanic origin, and industry, 1983 annual averages'.

[5] For further discussion of New York City's economy, with reference to the problems of the industrial regions of the northeastern USA, see the essays in George Sternlieb and James W. Hughes (eds.), *Post-Industrial America: Metropolitan Decline and Inter-regional Jobs Shifts*, Center for Urban Policy Research, New Brunswick, N.J., 1976.

[6] Important accounts of New York's economic revival, within the context of the changing economic functions of American cities, are given by Robert Cohen, 'The New International Division of Labor, Multinational Corporations, and Urban Hierarchy', pp.287–315, in Michael Dear and Allen Scott (eds.), *Urbanization and Urban Planning in Capitalist Societies*, Methuen, New York, 1981; and Thierry Noyelle and Thomas Stanback, *The Transformation of American Cities*, Rowman and Allenheld, Totowa, N.J., 1984.

[7] Details of these demographic changes can be found in Emanual Tobier, 'Population', pp.19–42 in Charles Brecher and Raymond Horton (eds.), *Setting Municipal Priorities: American Cities and the New York Experience*, New York University Press, New York, 1984; 'Foreign Immigration', in Brecher and Horton (eds.), *Setting Municipal Priorities, 1983*, New York University Press, New York, 1982.

[8] Data from the Censuses report employment for New York City residents only; this raises the possibility that the disproportionate decline in white employment represents a shift in residence from city to suburb and not a drop in the white share. Commuting is not especially prevalent in the New York City area, especially in comparison with other major U.S. cities, and the proportion of New York City residents who commute out to the suburbs is very low. Commuters gained almost 50,000 jobs between 1970 and 1980, however, with the result that the commuter share of employment rose from 18 to 21 per cent. Since the great bulk of this increase was due to the rise in the number of non-white commuters, the job patterns of New York City residents should resemble the job patterns of all workers with jobs located in New York City.

[9] Peter Doeringer and Michael Piore, *Internal Labor Markets and Manpower Analysis*, Lexington, Lexington, Ma., 1971; Paul Osterman, 'The Mismatch Hypothesis and Internal Labor Markets', *Proceedings of the 36th Annual Meeting of the Industrial Relations Research Association, 1982*, Industrial Relations Research Association, Madison, Wis., 1983.

[10] C. Rosenfeld, 'Job-seeking methods of American workers', *Monthly Labor Review*, Vol. 98 (August), pp.39–42; Mark Granovetter, *Getting a Job*, Harvard University Press, Cambridge, Ma., 1975.

[11] Michael Piore, *Birds of Passage*, Cambridge University Press, New York, 1979; Chad Richardson and Joe R. Feagin, 'The Legalization of Illegal Aliens', Paper presented at the annual meetings of the American Sociological Association, Boston, Ma., 1979; Marta Tienda, 'Familism and Structural Assimilation of Mexican Immigrants in the United States', *International Migration Review*, Vol. 14, 1980.

[12] Cylde Kiser, *From Sea Island to City: A Study of the St. Helena Islanders in Harlem and Other Harlem Communities*, Columbia University Press, New York, 1932; Ulf Hannerz, *Soulside*, Columbia University Press, New York, 1969, pp.42–46; Ivan Light, *Ethnic Enterprise in America*, University of California Press, Berkeley, Ca., 1972, pp. 101–107; Paul Osterman, *Getting a Job*, MIT Press, Cambridge, Ma., 1980, pp.143–4.

[13] For further discussion of the relationship between ethnic networks and job-matching processes, see Thomas Bailey and Marcia Freedman, 'Immigrant Economic Mobility in an Era of Weakening Employment Relationships: The Role of Social Networks', *Proceedings of the 37th Annual Meetings of the Industrial Relations Research Association, 1983,* Industrial Relations Research Association, Madison, Wis., 1984; Marcia Freedman, 'Urban Labor Markets and Ethnicity: Segments and Shelters Reexamined', (pp.145–167) in Lionel Maldonado and Joan Moore (eds.), *Urban Ethnicity in the United States,* Urban Affairs Annual Reviews, Vol. 29, 1985.

[14] Data on public employment from Mary McCormick, 'Labor Relations' (pp.301–302) in Brecher and Horton, *Setting Municipal Priorities: American Cities and the New York Experience*; Raymond Horton, (pp.170–203), in Brecher and Horton, *Setting Municipal Priorities, 1986,* New York University Press, New York, 1985; New York City, Office of the Mayor, Press Release, January 2, 1986.

[15] Based on tabulations made by me from the 1981 New York Area Jewish Population Survey; I am grateful to my colleague, Paul Ritterband, for making these data available to me.

[16] Roger Waldinger, *Through the Eye of the Needle: Immigrants and Enterprise in New York's Garment Trades,* New York University Press, New York, 1986.

[17] Illsoo Kim, *The New Urban Immigrants: The Korean Community in New York,* Princeton University Press, Princeton, N.J., 1982, p.111.

[18] These and other examples are discussed in Waldinger, *Through the Eye of the Needle.*

[19] Thomas Bailey, 'A Case Study of Immigrants in the Restaurant Industry', *Industrial Relations,* Vol. 24, 2 (1985), pp.215–217.

[20] Ilsoo Kim, op. cit., pp. 112, 115.

Chris Hamnett
Bill Randolph

Ethnic minorities in the London labour market: a longitudinal analysis, 1971–81

Introduction: Race, recession and the British labour market

The effects of the current recession on both British industry and employment are well known. Since 1979 manufacturing employment has fallen by over 30 per cent and the number of unemployed has almost tripled to stand at over 13 per cent of the economically active population even on conservative official statistics. The de-industrialisation of Britain is not merely a product of the last six years, however. On the contrary, although it has increased dramatically over this period, the decline in manufacturing employment has been well established for 20 years or more (Singh 1977; Blackaby 1979; Thirwall 1982). It has also been particularly marked in the inner areas of our largest cities (Massey and Meegan 1982; Danson, Lever and Malcolm 1980; Anderson *et al.* 1983; Martin and Rowthorne 1985). But the last 20 years have also witnessed a marked relative increase in the importance of non-manufacturing or 'service' employment, as the importance of employment associated with material goods production has declined. This restructuring process has had its greatest impact on inner city labour markets and it is in precisely these areas that the great majority of the ethnic minorities from the New Commonwealth are concentrated (OPCS 1982). The generally disadvantaged position of these groups in the labour market is already well known (Smith 1977, 1984) and the level of unemployment among young blacks is known to have reached major proportions in recent years.

Given the degree of disadvantage in the position of NCWP minorities in the British labour market and the concentration of such minorities in metropolitan areas, it might be expected that the collapse of metropolitan employment would have hit the minorities particularly badly. As Cross (1983) has argued:

> The great processes of technological change that initiated the demand for less skilled labour have now guaranteed its redundancy as production shifts out of the large conurbations to the small towns, suburbs and overseas. There are twin transformations at work as industrial processes dictate a newly segmented labour force and then leave it high and dry on the grey sands of the inner city. (p. 6)

This quotation reflects the widely held view that the recent process of labour market restructuring has had an almost wholely negative impact on the employment opportunities of Afro-Caribbeans and South Asians in Britain. But how far does this view accord with actual experience of these minorities in London? In the following analysis we attempt an empirical assessment of this and related propositions concerning the changing position of racial minorities in the London labour market between 1971 and 1981. First, however, it is necessary to say a little more about the nature of immigration to Britain and the changing structure of the metropolitan labour market.

New Community, Vol.XIV, No.3, Spring 1988
© CRE 1988
0047-9586