

Contributors

Norman Fainstein is Professor of Urban Affairs in the Graduate School of Management at the New School for Social Research. His interests include urban political economy, social movements, city planning, and public policy.

Diana R. Gordon is associate professor of political science at the City College of New York. She is writing a book on the punitive trend in criminal justice. Before going into teaching, she worked in organizations concerned with crime policy; her last position was as president of the National Council on Crime and delinquency in 1982-1983. She is the author of *City Limits: Barriers to Change in Urban Government*.

James L. Greer is assistant professor of political science, University of Massachusetts, Boston. He is currently writing a book on the politics of planning and economic development in older U.S. cities, and directing a study on public resources and private investments in Chicago's neighborhoods at the Center for Urban Research and Policy Studies at the University of Chicago.

Philippe Van Parijs is a research fellow at the Belgian National Science Foundation and lectures on philosophy and economics at the University of Louvain-la-Neuve (Belgium). He is the author of *Evolutionary Explanation in the Social Sciences: An Emerging Paradigm* (1981) and of many articles in, among others, the *New Left Review*, *Review of Radical Political Economics*, *Journal for the Theory of Social Behaviour*, and *British Journal of Sociology*. He is currently writing a book entitled *What (If Anything) Is Wrong with Capitalism?* and directing an interdisciplinary research project on the theoretical foundations of political ecology.

Roger Waldinger is Assistant Professor of Sociology, The City College and Graduate School, City University of New York. He is the author of *Through the Eye of the Needle: Immigrants and Enterprise in New York's Garment Trades* (New York University Press, 1986) and numerous articles on immigration, labor markets, and urban change.

Changing Ladders and Musical Chairs: Ethnicity and Opportunity in Post-Industrial New York

ROGER WALDINGER

IF New York City's brush with fiscal insolvency in the mid-1970s signaled the end for the United States' urban-industrial economies, its revival in the 1980s heralds the emergence of the nation's largest cities as world service centers. For the smokestack cities of the industrial heartland, with their specialized concentrations of industrial capital and labor, there is seemingly no replacement for the run-of-the-mill production activities that are steadily eroding under the twin impact of technological change and international competition. But in the largest urban agglomerations—Chicago, Los Angeles, and most important, New York—the advent of a post-industrial economy, centered around information processing, the coordination of large organizations, and the management of volatile financial markets, has triggered a new phase of growth.

In the course of this transition from goods to services, the demographic base of the United States' largest urban places has been transformed. The era of the post-industrial transformation brought the city two distinctive, largely nonwhite inflows: a movement of displaced blacks from the technological backwaters of the agrarian South; and more recently, a wave of newcomers from the labor-surplus areas of the developing world, in numbers that rival the great immigrations at the turn of the twentieth century.

Thus the city of services is also an increasingly nonwhite city; the central question in urban research is consequently the relationship of the city's new population base to its present economic functions. How do the new, minority population groups fit into the new urban economy? One story holds

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essentially that they don't. This is the tale of "two cities," of the "new urban reality" of elites and of largely minority poor, in which the city's advanced service base has rendered useless those low-skill residents who earlier had been recruited for those inner-city manufacturing jobs now irrevocably gone.¹ Another story holds that, far from being useless, the minority population are the new drawers of water and hewers of wood. The large urban economy, as this story has it, has not only been transformed, it has been polarized. In this version, the rich need the poor to provide low-cost services, to maintain the city's underbelly, and to prop up what remains of the depressed manufacturing sector.²

This paper offers an alternative view. The prism is that of New York City, where the economic sea change is most in evidence and the era of a "majority minority" city, split almost evenly between whites and native and foreign nonwhites, seems close at hand.³ The main argument is inspired by a point developed by Stanley Lieberson in his book, *A Piece of the Pie*; namely, if nonwhites are low in the hiring queue, their access to good jobs is greater where the size of the preferred, white group is smaller. Reformulated to account for change over time, this proposition suggests that compositional changes in which the proportion of whites declines set in motion a vacancy chain, allowing nonwhites to move up the job hierarchy as replacements for whites.⁴ What I will show is that in New York the massive succession of new populations—occurring simultaneously with the structural transformations noted above—mediated the impact of the shift from goods to services in precisely this way. The driving force for change was a decline in the size of the white population and an upward shift in the social structure of those whites who remained. In the course of occupational change, however, a pattern more complex than a simple one-for-one replacement transpired; after reviewing empirical data from the 1970 and 1980 Censuses of Population, I will develop an explanation for the new ethnic division of labor that emerged from this process.

ECONOMIC AND DEMOGRAPHIC TRANSFORMATIONS

New York shifted from goods to services earlier than did the rest of the United States. In 1950, proportionally fewer New Yorkers worked in manufacturing than was true for the nation as a whole, and thereafter goods-production employment swiftly declined. Although the 1950s and 1960s were boom times for the local economy, these two decades saw a steady decline of New York's manufacturing sector; this erosion slowed only in the late 1960s,

when the nation's superheated economic environment kept New York's old and obsolescent plant in demand. However, the falloff in goods production was more than compensated by two other developments. The more important one was the continued buildup 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 work for New York's corporate offices; and the burst of economic growth in the 1960s spurred a buildup 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, public employment burgeoned in the 1960s, thus further offsetting any losses in the manufacturing sector.

The apogee of New York's growth was reached in 1969; thereafter the decline was brutal and swift. Nixon's attempt to curb inflation sparked off a minor recession in 1969; for New York City, however, the downswing produced major job losses. Although the rest of the nation soon pulled out of the doldrums, jobs continued to seep out of New York. The root problems were twofold. The 1970s marked the passage to a new stage of intensified interregional and international competition in which capital became increasingly footloose and a revolution in communications and transportation technology accelerated 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 labor—could no longer compete. Moreover, 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 reflected the weakening U.S. economy and the squeeze on large corporate profits. To cut costs, 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 hastened the winnowing-out process. Further job losses occurred as large corporations moved their headquarters to the suburbs—an increasingly frequent event in the 1970s. The weakening of export sectors brought inevitable decline to local-economy industries: the city's very large wholesaling/retailing complex was particularly hard hit.⁵

Then, in 1977, the 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 centered on the processing of information and the transaction of high-level business deals, 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 specialization in legal, financial, consulting, and other services and attracts the massive corps of highly trained talent on which an international post-industrial business depends. For a variety of reasons—the volatility of financial markets, the importance of discretion, the absence of routinization—many of these 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 now show renewed vigor. Manufacturing remains the weak reed, however, although even in this sector the pace of decline has slowed a bit.⁶

Table 1 traces the changes in the city's economy for the 1970-1980 period. By stopping in 1980, which I do in order to obtain the detailed data on ethnic characteristics available only from the decennial censuses, I capture little of New York's post-1977 growth. Yet the table does highlight most of the trends discussed above, including the disastrous plunge in manufacturing and retailing (the historical loci of low-level jobs), the sizable upswing in private-sector professional and business services, and the slight increase in financial jobs (later to become a torrent), all of which now constitute the heart of the city's advanced sector.

Thus, New York City's economy has gone from boom to bust to better times. It would be churlish to quarrel with the city's recent success in generating new jobs. Yet the worry is that the demographic changes in New York over the past three decades have been equally as transforming as the economic shifts, and it is not at all clear how the city's new population groups fit into this new economic base.

The demographic transformation of New York can be divided into two phases. Phase 1, which began with the end of World War II and lasted to the end of the 1960s, involved the exodus of the city's white population and the massive in-migration of displaced black sharecroppers from the South and of Puerto Ricans uprooted by that island's modernization. In Phase 2, the white exodus continued, but the black and Puerto Rican inflows halted, to be replaced by a vast influx of newcomers from abroad. The starting point for this change was the liberalization of U.S. immigration laws in 1965; as Table 2 shows, New York has since been a mecca for 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

Table 1
New York City Employment, 1970-1980
(in thousands)

Sector	1970	1980	Change	Percentage change
Construction	105,500	74,080	-31,420	-29.8
Manufacturing	608,500	490,760	-117,740	-19.3
TCU	264,100	197,360	-66,740	-25.3
Wholesale	158,400	136,800	-21,600	-13.6
Retail	444,400	376,580	-67,820	-15.3
FIRE	320,000	321,520	1,520	0.4
Business svces	171,400	185,000	13,600	7.9
Personal svces	140,800	98,300	-42,500	-30.2
Professional svces	370,800	434,820	64,020	17.3
Miscellaneous	48,300	52,080	3,780	7.8
Public sector	518,300	508,000	-10,300	-2.0
TOTAL	3,150,500	2,875,300	-275,200	-8.7%

NOTE: TCU, transportation, communications, and utilities; FIRE, finance, insurance, and real estate.

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

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	323.0	61.2	18.9
1967	362.0	66.0	18.2
1968	454.4	75.4	16.6
1969	358.6	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
1966-79	5,834.0	1,053.6	18.1%

SOURCES: 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, and
Living in New York City, 1980

Country of origin	No. in NYC
Dominican Republic	98,410
Jamaica	76,280
China	62,420
Haiti	43,780
Italy	42,000
Trinidad/Tobago	34,300
Colombia	33,200
Ecuador	32,960
USSR	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.

1,670,000 foreign-born New Yorkers, of whom 928,000 had come to New York City 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 postwar migrants arrived with low levels of schooling, and the Puerto Ricans among them were further handicapped by a lack of English-language facility. Yet because they arrived at an opportune time, they found a place in New York's then-thriving economy. But many of those initial entry-level jobs have since been lost. Although the skill and education levels of black and Puerto Rican New Yorkers have been upgraded in the interim, it is not clear that these levels have risen as quickly as job requirements. The same questions apply to the immigrants. Although some component of the new immigration consists of a "brain drain," the majority of newcomers arrive with low- or mid-level skills. The proportion of all immigrants 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.

Thus, the characteristics of New York's new demographic base seem compatible with either of the two stories of the urban post-industrial transformation mentioned in the introduction. On the one hand, the low skill and educational levels of the minority populations should make them poorly matched with the rising job requirements of post-industrial employers. On the other hand, the substantial and constant flow of recent immigrants suggests that the problem is not so much a paucity of entry-level jobs as an absence of opportunities to move from bottom to top.

ETHNIC SUCCESSION AND EMPLOYMENT CHANGE: ANOTHER VIEW

There is, however, another possible interpretation of the fit between New York's economic functions and its demographic base. Table 4 presents data from the Public Use Microdata Samples of the 1970 and 1980 Censuses of population (the first was a 1 percent sample; the second a 5 percent sample). Although the decennial censuses are somewhat dated for my purposes, they are unique, and hence indispensable, for the detailed data on ethnic and occupational characteristics that they provide.

Table 4
Changes in Employment for Ethnic Groups, New York City, 1970-1980

Group	Employment		Job Change				A - E/ 1970 Empt
	1970	1980	Expected	Actual	Actual - expected		
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.

*Data in this and all following tables for employed New York City residents, age 16 and over.

SOURCES: See Table 1.

Table 4 organizes the population according to eight synthetic ethnic groups, classified by ethnicity (white, black, Hispanic, Asian) and nativity (native- or foreign-born), and shows the number of jobs held by each group in New York City in 1970 and 1980. The fourth column in the table shows the number of jobs each group would have lost had its losses been proportional to the decline suffered by the overall economy during this period, when employment fell by 8.56 percent, from 3,191,370 jobs in 1970 to 2,918,183 in 1980. The table then indicates how many jobs the group actually lost and the difference between expected and actual employment losses.

Here is where 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 whites! In fact, native and foreign-born whites together lost almost twice as many jobs as the total job loss for all New Yorkers.⁸

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 headed to the Sunbelt; some simply left the labor force (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 nearly as interesting as its possible effects: my basic hypothesis, as noted in the introduction, is that the position of nonwhites depends on the proportion of the preferred group—whites—in the labor force. Where the white proportion declines as radically as it did in New York, we can expect ethnic realignment as opportunities open up for nonwhites to take over better jobs.⁹

To what extent did compositional changes produce such effects? I attempt to answer this question by focusing on four ethnic groups: native whites, native blacks, foreign Hispanics, and foreign Asians. The choice of the four was made partially for reasons of expediency; that is, to avoid a blizzard of tables and numbers. More important, each group's fate is important in and of itself. In both 1970 and 1980, native whites were the dominant and most numerous group in the labor market; hence any change, not only in their number but in their position, would be of consequence to all others. The progress of native blacks is a question of obvious concern; it is this group, above all, that has been the main focus of affirmative action and equal opportunity programs over the past two decades. Foreign-born Hispanics are of interest because they have apparently moved into the lower rungs of the city's economy and exemplify, if any group does, the situation of newcomers

confined to the bottom stratum of the labor force. Finally, Asians have played a distinctive and more specialized economic role than the other groups and seem akin to the earlier European immigrants in their predilection for small business and entrepreneurship.

To assess the impact of compositional change, I have used a technique known as "shift-share" analysis. The virtue of the procedure is that it decomposes the effects attributable to the factors of particular interest here: composition (or "group size" in Tables 5-8), industry change, and "share," a residual term that reflects the shifts in the ethnic division of labor. Each of the following tables shows an ethnic group's employment in 1970 and 1980 in columns 1 and 2 and the group's employment change over the course of the decade in column 3. The next four columns detail the components of job change.

Column 4 shows "group size," the possibility that change in an industry is due to changes in a group's relative size (after adjustments have been made for the impact of the local economy's decline). In calculating this effect, I assume that job change in each industry is proportional to the change in relative size for the group (as shown in the last column of Table 4).

Column 5 indicates "industry change," the possibility that groups gained or lost jobs because the industries on which they had been dependent in 1970 waxed or waned over the course of the decade. In calculating this effect, I assume that a group's gain or loss in an industry is proportional to total employment change in the industry (given in Table 1, column 4).

Column 6 reveals the interactive effect of "industry change" and "group size," which shows whether the two factors worked in opposing or reinforcing directions. This effect is calculated by adding group size effects (col. 4) and industry effects (col. 5).

Column 7 indicates "share," the possibility that a group's employment in an industry increased or declined, net of "group size" and "industry change." This component is calculated by subtracting the "interactive effect" (col. 6) for an industry from the net change in that industry (col. 3).

Finally I sum the industry calculations in each component to produce a total figure for the group.

Table 5 presents data on job change for native whites. Total employment among this group declined by almost one-fourth (col. 3), and whites lost employment in every sector with the exception of professional services and miscellaneous (the latter consists mainly of entertainment), and they sustained sizable losses in the financial (FIRE) and business service sectors. The main source of these losses (col. 4) was the decline in the size of the native white

Table 5
Components of Job Change: Native Whites, 1970-1980

Sector	Employment		Change due to				(7) Share
	(1) 1970	(2) 1980	(3) Change	(4) Group size	(5) Industry change	(6) Interactive effect	
Const	57,400	34,620	-22,780	-7,918	-17,095	-25,014	2,233
Mfg	304,800	189,620	-115,180	-42,049	-58,976	-101,026	-14,154
Trans	156,400	104,800	-51,600	-21,576	-39,523	-61,100	9,499
Whole	99,100	74,200	-24,900	-13,672	-13,514	-27,185	2,285
Retail	245,900	173,480	-72,420	-33,924	-37,527	-71,450	-969
FIRE	209,900	181,200	-28,700	-28,957	997	-27,960	-739
Busserv	108,200	98,660	-9,540	-14,927	8,585	-6,345	-3,198
Persserv	43,400	24,440	-18,960	-5,987	-13,100	-19,087	127
Profserv	222,700	236,680	13,980	-30,723	38,450	7,727	6,253
Misc	33,300	36,120	2,820	-4,594	2,606	-1,987	4,808
PubSec	304,100	229,160	-74,940	-41,953	-6,043	-47,996	-26,944
TOTAL	1,785,200	1,382,980	-402,220	-246,281	-135,140	-381,421	-20,799

NOTE: 1970/1980 index of dissimilarity: 7.8. Const, construction; Mfg, manufacturing; Trans, transportation, communications, utilities; Whole, wholesale; FIRE, finance, insurance, and real estate; Busserv, business services; Persserv, personal services; Profserv, professional services; Misc, miscellaneous (agriculture, mining, entertainment); PubSec, public sector.

SOURCES: See Table 1.

Table 6

Components of Job Change: Native Blacks, 1970-1980

Sector	Employment		Change due to				(7) Share
	(1) 1970	(2) 1980	(3) Change	(4) Group size	(5) Industry change	(6) Interactive effect	
Const	12,900	8,100	-4,800	499	-3,842	-3,343	-1,457
Mfg	59,900	51,920	-7,980	2,316	-11,590	-9,273	1,293
Trans	45,800	32,580	-13,220	1,772	-11,574	-9,802	-3,417
Whole	13,500	13,120	-380	522	-1,840	-1,319	939
Retail	51,600	41,660	-9,940	1,996	-7,874	-5,879	-4,061
FIRE	34,100	36,580	2,480	1,319	162	1,480	999
Busserv	22,900	25,840	2,940	886	1,817	2,703	237
Persserv	41,100	20,560	-20,540	1,590	-12,406	-10,816	-9,724
Profserv	46,700	56,440	9,740	1,806	8,063	9,869	-129
Misc	6,400	4,300	-2,100	248	501	748	-2,848
PubSec	127,800	149,080	21,280	4,943	-2,540	2,403	18,876
TOTAL	462,700	440,180	-22,520	17,897	-37,443	-19,545	-2,975

NOTE: 1970/1980 index of dissimilarity: 10.9. Const, construction; Mfg, manufacturing; Trans, transportation, communications, utilities; Whole, wholesale; FIRE, finance, insurance, and real estate; Busserv, business services; Persserv, personal services; Profserv, professional services; Misc, miscellaneous (agriculture, mining, entertainment); PubSec, public sector.

SOURCES: See Table 1.

labor force. White also lost substantial numbers of jobs due to industry change (col. 5), but fewer than would have been expected had white job loss been proportionate to the decline in the total economy. Additional jobs were lost because native whites suffered a net loss in their share of particular industries; not only did white shares fall in declining industries like manufacturing and the public sector, but they also slipped in the expanding business service and FIRE components of the advanced service sector. As indicated by the 1970/1980 index of dissimilarity—which measures the net 1970-1980 change in native whites' distribution among the various industries—this group's position at the end of the decade differed considerably from its position at the beginning.

Table 6 presents the data on job change for native blacks. Overall, native black employment declined over the decade; the sharpest falloffs were registered in personal services; retailing; transportation, communications, and utilities; repair services; and manufacturing; however, employment increased in the public sector and in the three advanced service sectors—professional services, FIRE, and business services. Because blacks had started the period in industries that were to decline severely as a result of the city's economic crisis, the main source of native black job loss was industry change. Blacks experienced a net loss in share, mainly due to erosion in older, blue-collar sectors like manufacturing, transport, retailing, and personal services. By contrast, the shift to services was not inimical to blacks' access to employment: the black share increased in both business services and FIRE and declined only marginally in professional services (a sector in which blacks did register a net increase in jobs). More important than services was the public sector, where a very sizable increase in share almost offset the losses suffered in other sectors. Overall, considerable reshuffling in black employment among industries transpired, as indicated by the 1970/1980 index of dissimilarity of 10.9.

Table 7 shows the data for the Hispanic foreign-born. This group experienced increases in every industry, including advanced services. In contrast to blacks, the foreign-born Hispanics' greatest gains came in two sectors where native black employment suffered considerable erosion over the same period: manufacturing and retailing. Like native blacks, foreign Hispanics began this period in industries that were to perform poorly over the next ten years: hence, the net job losses attributable to industry change, but, in contrast to blacks, Hispanics replaced whites in the industries from which the latter withdrew. Virtually all of the gain in foreign Hispanic employment was due to a change in the group's size. Column 7 is once again a source of

Table 7
Components of Job Change: Foreign Hispanics, 1970-1980

Sector	Employment		Change due to					(7) Share
	(1) 1970	(2) 1980	(3) Change	(4) Group size	(5) Industry change	(6) Interactive effect		
Const	3,900	4,040	140	2,481	-341	2,140	-2,000	
Mfg	44,200	70,720	26,520	28,116	-13,164	14,952	11,568	
Trans	7,200	10,860	3,660	4,580	-1,393	3,187	473	
Whole	5,700	8,480	2,780	3,626	-777	2,849	-69	
Retail	19,500	29,880	10,380	12,404	-2,976	9,428	952	
FIRE	12,300	18,680	6,380	7,824	58	7,883	-1502	
Busserv	7,200	13,000	5,800	4,580	5,718	5,151	649	
Perpersv	8,500	13,340	4,840	5,407	-2,566	2,841	1,999	
Profpersv	16,000	17,860	1,860	10,178	2,763	12,940	-11,080	
Misc	800	2,560	1,760	509	63	571	1,189	
PubSec	7,400	16,100	8,700	4,707	-147	4,560	4,140	
TOTAL	132,700	205,520	72,820	84,412	-17,909	66,503	6,317	

NOTE: 1970/1980 index of dissimilarity: 5.0 Const, construction; Mfg, manufacturing; Trans, transportation, communications, utilities; Whole, wholesale; FIRE, finance, insurance, and real estate; Busserv, business services; Perpersv, personal services; Profpersv, professional services; Misc, miscellaneous (agriculture, mining, entertainment); PubSec, public sector.

SOURCES: See Table 1.

considerable interest. Foreign Hispanics gained in their net share of individual industries only to a very limited extent. Only in manufacturing, a sector in which they were already concentrated, did foreign Hispanics make a sizable increase in share. The end result was that foreign Hispanics ended the decade in much the same industries as they began, as the very low 1970/1980 index of dissimilarity shows.

Table 8, which contains the data for the Asian foreign-born, presents still another picture. As with the Hispanics, Asians gained jobs in every industry; similarly, change in group size was the engine of their increase in employment. Foreign Asians' net change increased over the period, but only slightly. Column 7 points to significant shifts in Asian's share of individual industries. On the one hand, those sectors that contain a preponderance of low-level jobs and that have historically been an important source of Asian employment—personal service, manufacturing, and retailing—show either a loss in share (retailing and personal services) or a slight gain (manufacturing). On the other hand, sizable gains in share were made in two of three advanced service sectors—FIRE and professional services. Thus, although change in group size accounted for the bulk of net job change, Asians also repositioned themselves significantly—as indicated by the high 1970/1980 index of dissimilarity.

OCCUPATIONAL REPOSITIONING

Of course, it is one thing to gain access to the growth sectors of the economy; quite another, to get employed in those same industries in higher-level jobs. The shift in economic function from goods to services altered the occupational profile of New York's economy, further swelling the white-collar component. The net white-collar gain, from 59 percent employed in white-collar jobs in 1970 to 62.5 percent in 1980, was relatively slight because quite sizable gains in professional and managerial employment were offset by still heavier losses in clerical and sales jobs. Still, the overall increase in white-collar jobs means that some minority and immigrant gain in white-collar employment could be expected simply on the basis of their shift into service industries. Yet the sectoral shifts analyzed above might also be compatible with the "hewer of wood" story; namely, that the gains registered by native blacks, foreign Hispanics, and foreign Asians in the advanced service sectors reflected nothing more than their hiring as cleaners, janitors, and so on.

Table 9 shows the changes in white-collar employment for the total labor force and for the four ethnic groups at issue in this paper. As the third

Table 8
Components of Job Change: Foreign Asians, 1970-1980

Sector	Employment		Change due to				(7) Share
	(1) 1970	(2) 1980	(3) Change	(4) Group size	(5) Industry change	(6) Interactive effect	
Const	100	1,160	1,060	257	-30	227	833
Mfg	7,200	25,920	18,720	18,522	-1,393	17,130	1,590
Trans	800	4,520	3,720	2,058	-202	1,856	1,864
Whole	1,400	6,160	4,760	3,602	-191	3,411	1,349
Retail	10,100	27,060	16,960	25,983	-1,541	24,442	-7,482
FIRE	1,200	9,000	7,800	3,087	6	3,093	4,707
Busserv	1,400	3,920	2,520	3,602	111	3,713	-1,193
Persserv	2,100	4,340	2,240	5,402	-634	4,769	-2,529
Profserv	3,700	16,680	12,980	9,519	639	10,158	2,823
Misc	400	580	180	1,029	31	1,060	-880
PubSec	2,800	9,300	6,500	7,203	-56	7,148	-648
TOTAL	31,200	108,740	77,540	80,265	-3,260	77,005	435

NOTE: 1970/1980 index of dissimilarity: 12.2 Const, construction; Mfg, manufacturing; Trans, transportation, communications, utilities; Whole, wholesale; FIRE, finance, insurance, and real estate; Busserv, business services; Persserv, personal services; Profserv, professional services; Misc, miscellaneous (agriculture, mining, entertainment); PubSec, public sector.

SOURCES: See Table 1.

Table 9
White-collar Occupational Shifts, 1970-1980

	Employment			Expected Change	Actual - expected	A - E/1970 Employment
	1970	1980	Change			
Employment, all demographic groups						
White-collar	1,860,300	1,792,340	-67,960	-162,499	94,539	5.1%
PTK	500,600	533,560	32,960	-43,728	76,688	15.3
Managerial	250,100	314,960	64,860	-21,846	86,706	34.6
Sales	226,200	177,920	-48,280	-19,759	-28,521	12.6
Clerical	883,400	765,900	-117,500	-77,166	-40,334	-4.6
White, native-born						
White-collar	1,248,800	1,044,020	-204,780	-281,364	76,585	6.1
PTK	355,000	335,380	-19,620	-79,984	60,364	17.0
Managerial	172,100	196,740	24,640	-38,776	63,416	36.8
Sales	159,400	112,880	-46,520	-35,914	-10,606	-6.7
Clerical	562,300	399,020	-163,280	-126,691	-36,589	-6.5
Black, native-born						
White-collar	206,400	242,320	35,920	-10,046	45,966	22.3
PTK	43,100	56,460	13,360	-2,098	15,458	35.9
Managerial	14,100	25,960	11,860	-686	12,546	89.0
Sales	14,900	13,840	-1,060	-725	-335	-2.2
Clerical	134,300	146,060	11,760	-6,537	18,297	13.6
Hispanic, foreign-born						
White-collar	52,700	72,520	19,820	28,919	-9,099	-1.7
PTK	11,900	15,700	3,800	6,530	-2,730	-22.9
Managerial	5,900	13,980	8,080	3,238	4,842	82.1
Sales	5,100	7,680	2,580	2,799	-219	-4.3
Clerical	29,800	36,160	6,360	16,353	-9,993	-33.5
Asian, foreign-born						
White-collar	15,300	61,320	4,602	38,024	7,996	52.3
PTK	7,600	25,400	17,800	18,888	-1,088	-14.3
Managerial	3,000	12,400	9,400	7,456	1,944	64.8
Sales	400	5,180	4,780	994	3,786	946.4
Clerical	4,300	18,340	14,040	10,687	3,353	77.9

NOTE: PTK, professional, technical, and kindred.
SOURCE: See Table 1.

column shows, the total number of white-collar jobs declined by almost 68,000, but far steeper declines were experienced by native whites. The white-collar job loss for this group was three times the decline for the total economy; it lost jobs in three of the four white-collar categories; only in the managerial category was there a net white gain, and in this instance, native whites obtained just over a third of the new managerial jobs created over the course of the decade. By contrast, native blacks, foreign Asians, and foreign Hispanics made very substantial gains in every white-collar category, with the exception of sales jobs for native blacks.

To what extent changes in occupational position can be linked to shifts in group size can be grasped by examining the last three columns of Table 9. The fourth column tells us how many jobs a group would have lost or gained had its employment in an occupation changed in proportion to its total employment; the fifth column shows the difference between actual and expected employment; and the sixth shows this difference as a percentage of 1970 employment. One conclusion is that in addition to the replacement demand arising from the disproportionate white decline, native whites created further vacancies by repositioning themselves within the white-collar hierarchy. A second conclusion, however, is that the nonwhite population became further differentiated in the process of moving into the white-collar jobs left vacant by whites. Foreign Asians were the greatest beneficiaries of succession, both in numbers and in proportion. Although gains in professional employment were less than expected on the basis of total employment growth, the disproportionately large gains in managerial and, especially, sales employment suggest that job growth for Asians was linked to the strength of the Asian American subeconomy. Although black gains were not as great as those of Asians, blacks' increase in white-collar jobs was still substantially greater than expected, with the result that by 1980 more than half of all native blacks were employed in white-collar jobs. As noted above, only in sales was there any black loss in employment, suggesting that employers continue to assume aversion by whites to face-to-face contact with blacks in selling jobs and/or competition with immigrants, whose gains in retailing have already been observed. Although native blacks and foreign Hispanics further penetrated the white-collar sector, foreign Hispanics lost ground. Net white-collar job gains for this group were slight; because total foreign Hispanic employment increased substantially during this period (see Table 4), the proportion of this group working in white-collar jobs actually declined between 1970 and 1980.

EXPLAINING OCCUPATIONAL CHANGE

How is one to understand the pattern of job change that emerged over the course of the 1970s? To answer this question, the accounting scheme used thus far will not suffice since what it tells us—to what extent job change was proportional or not to some other quantity (for example, the change in a group's size or in an industry's size)—is precisely what needs to be explained. The puzzle is why, for example, foreign Hispanics gained more jobs than expected in a declining sector like manufacturing, even when an adjustment is made for the increase in group size, or why gains for native blacks in the public sector similarly outweighed the shift attributable to their relative increase in group size.

To develop such an explanation, we need some model of job change. The simplest model assumes that groups are ranked in a more or less stable order in which whites are at the top, and the other nonwhite groups follow, with their positions determined in part by skill, in part by employers' preferences. Under these conditions, job growth at the top of the hierarchy would benefit whites, whose march up the totem pole would in turn open up positions for everyone else. Conversely, should the overall economy, or even particular sectors, turn down, whites' average position might be depressed, but they would still hold on to their jobs on the first-in, last-out principle; nonwhites would be pushed further down or possibly off the queue. What we've seen so far, of course, shows that both the cyclical and structural changes of the 1970s produced little such effect. With the exception of blacks, industry change proved not to be the most important contributor to job gain or loss; and at a more disaggregated level, whites lost jobs in growing industries (FIRE, business services), whereas nonwhites gained jobs in declining industries (manufacturing and retailing for Asians and Hispanics, the public sector for all three nonwhite groups).¹⁰

This model falls short in assuming that population composition remains constant. But in this case, compositional change was far-reaching, with the preferred group (whites) shrinking in size; what the queue model would then suggest is that the average position of whites improves (as competition among whites for more favorable positions lessens) and that nonwhites in turn move up the pecking order as replacements for whites who have either moved up or moved out. When compositional change is far-reaching—as in this case—it also alters gatekeeping mechanisms. 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. Similarly, there is a high level of arbitrariness in entry-level requirements. It is well documented that the majority of blue-collar employers do most of their skill training on the job floor and that their hiring criteria are designed mainly to screen out "bad prospects," not unskilled workers. By contrast, office employers often prefer that "pink-collar" workers obtain their clerical skills before 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 labor force groups be recruited.¹¹

Just how the process of replacement worked itself out in New York—and its implications for nonwhite employment—is illustrated by the cases of the two sectors in which white losses in total employment and in share were most severe: the public sector and manufacturing.

Total employment in the public sector declined after 1974 under the impact of New York City's fiscal crisis; the number of workers on local government payrolls did not begin to rise until 1981; and as of late 1985, the size of the local-government sector was 91 percent of its 1974 peak. However, jobs were shed mainly through attrition, not layoffs, which meant that the bulk of withdrawals from the public sector were made by civil servants high in seniority, who also happened to be overwhelmingly white. Thus, although municipal employment fell from 285,856 in 1975 to 236,596 in 1979, the nonwhite share of employment in this sector actually climbed from 32.5 percent to 36.8 percent. A further consequence of the fiscal crisis was that the real earnings of municipal employees plummeted, reducing the available supply of white labor, who had access to better-paying jobs. Once hiring resumed and municipal payrolls began to swell, the bulk of the jobs went to nonwhites; by 1985, 42 percent of New York City's employees were nonwhite, as were 52 percent of the workers hired that year. These jobs were mainly allocated to blacks. In 1985, blacks made up four-fifths of the city's nonwhite employees; although up-to-date data on the nativity of city workers is not available, the 1980 pattern, in which 85 percent of black public employees were native-born, is unlikely to have changed.¹²

Similar conditions apply in the case of manufacturing, for which the best illustration is probably the garment industry, the most important component of New York's industrial base. A shortage of labor has been a recurring problem for this industry since World War II, and it has cycled through a series of different migrant and immigrant groups in its search for an appropriate labor supply. Several factors—declining relative hourly wages; seasonal swings in

employment, which added a large gap in fulltime, full-year earning power to the differential in hourly wages; and the industry's low prestige, itself a product of its image as an immigrant enclave—led the industry to recruit first blacks and then Puerto Ricans to replace whites, who either left for other employment or no longer sought work in the industry. Nonetheless, as late as 1970, 59 percent of the city's blue-collar garment workers were white. In the following decade, the bottom of the market fell out; those firms that hung on did so at the price of workers' wages—which fell relative to wages in the rest of New York's already depressed manufacturing sector—and deteriorating working conditions. Seasonality became even more pronounced, producing diminishing weekly wages. Consequently, whites dropped out of the industry's effective labor supply: by 1980, less than 35 percent of the industry's blue-collar workers were white, and the high median age of those who remained suggested that few replacements were forthcoming. Similar deterrents affected native black and native Hispanics, for whom the opening of opportunities in offices and services provided preferable alternatives. Hence, compositional changes led to recruitment of new, mainly Asian and Hispanic immigrants. As of the early 1980s, the consensus among garment employers was that "if there were no immigrants, the needle trades would be out of New York." ¹³

But if these cases illustrate the ways in which replacement demand arose, they also suggest that the queue model of occupational change remains simplistic in terms of its understanding of the process of nonwhite for white succession. Instead of moving up the ladder in an orderly and steady way, the different groups appear to have concentrated in distinctive economic niches. Thus, the public sector, a declining industry, became a stronghold of blacks, but an employer of little importance for either foreign Asians or Hispanics. By contrast, these two groups piled up in retailing and manufacturing, industries in which blacks lost out severely.

What impedes orderly succession up the queue is the tendency of groups to branch off into particular fields and then to monopolize particular jobs through a process of occupational closure. A variety of actors determines the branching pattern. Groups may enter the labor market with skills that influence their initial placement: Greeks from the province of Kastoria, where a traditional apprenticeship in furmaking is common, tend to enter the fur industry; Israelis move into diamonds, a traditional Jewish business centered in New York, Tel Aviv, and Antwerp; Indians from Gujarat, previously traders, become small storeowners. Language facility may similarly be a barrier to, or a facilitator of, specialization. English-language ability has

steered West Indians into a heavy concentration in health care, where the importance of interpersonal communication has been an impediment to immigrants that are not native speakers. By contrast, Koreans arrive with professional degrees, but because they are poor English speakers—according to the 1980 census, 40 percent of adult Koreans in New York said that they spoke English poorly or not at all—and lack the appropriate licenses, they turn to retailing. Alternatively, specializations may arise in those fields where exclusionary barriers are weakest. Thus, the continuing attraction of public-sector jobs to native blacks is a reflection of past and present discrimination: opportunities for black upward mobility in large, private organizations have consistently lagged behind the public sector, which has proved more susceptible to pressure for affirmative action. A final influence stems from differences in predisposition: an important consideration here, congruent with the garment industry case reviewed above, is that immigrants tend to be more favorably disposed toward low-level, low-status jobs than natives, in part because they come as temporary migrants, in part because they continue to evaluate jobs, even after settlement, in terms of still lower-quality employment back home.¹⁴

Once these patterns are established, however, the tendency toward occupational closure is strong because networks of information and support are often ethnically bounded. Thus, newcomers move and settle down under the auspices of co-ethnics; due to a preference for familiarity, the efficiency of personal contacts, and social distance from the host society's institutions of assistance, they then pile up in fields where settlers have made an early beachhead. Thus, in the garment industry, for example, Dominicans became pleaters, Chinese from Hong Kong went into sewing and stitching, and immigrants from Taiwan concentrated in knitting. Ties between immigrants and co-ethnic employers are an important part of this process: many ethnic firms serve as way stations for newly arrived immigrants looking for jobs or recruit workers primarily among immigrants from a common hometown.¹⁵ Alternatively, institutional processes of job placement may be organized around ethnic lines. Thus, in New York, the black quest for political equality has not produced much power, but it has at least yielded training programs, community agencies, and "captive" departments of city and, to a lesser extent, state government where the bulk of personnel, from agency chief to file clerk, is black.

Such positional advantages often cumulate over time, leading the circle to close. Different industries hold out different pathways for getting ahead: in a small-business industry, like retailing or construction, the key is to start out on

one's own; in an industry where large organizations predominate, like hospitals, mobility takes place through the acquisition of credentials, seniority, or a combination of the two. Consequently, initial placement is a crucial condition of subsequent movement: the immigrant garment cutter, the salesman, or the waiter is more likely to have the necessary ingredients of business success—contacts, information, knowhow—than is the hospital worker or government employee, who by contrast knows more about how to move up in the organizational hierarchy than how a small firm might be run. A further factor is that ethnic-network recruiting has a strong exclusionary bias: if you're not a member of the club, you may not be welcomed. In some instances, this is because ethnic group membership is the source of job-relevant knowledge, such as in the case of the ethnic restaurant. More commonly, group membership is valued because it is a source of trust and a promise of "good behavior": for this reason, Korean greengrocers serving minority neighborhoods hire other Koreans rather than black youths.¹⁶ Finally, ethnic boundaries are closed in order to maintain valued resources, the pattern one observes in the construction industry, where persistently high levels of white employment are maintained because fathers recruit and train sons.¹⁷ Similarly, the Hispanic charge that blacks have gained public-sector jobs at their expense suggests that similar processes may be at work in this case.¹⁸

PATTERNS OF DISPLACEMENT

The emergence of a new ethnic division of labor suggests the possibility of displacement, and hence a dynamic that may not simply complicate but blunt the impact of compositional change. The first hint of displacement is visible in Table 4: although native blacks 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 nonetheless declined. Further evidence of competition appears in Tables 5-8. Whereas immigrants gained jobs in every industry and did particularly well in declining sectors like manufacturing and retailing, blacks lost jobs in every instance, with the exception of the public sector and the three branches of the advanced service sector—FIRE, business services, and professional services. Furthermore, blacks suffered a net loss in share, making their most substantial gain in the public sector—an industry of diminishing attractiveness for whites.

More compelling still is that immigrants retained strong job attachments, despite the decline of New York's economy, but native black and native

Hispanic ties to the labor market weakened. The basic pattern, as shown in Table 10, which disaggregates employment-population, labor force participation, and unemployment rates by sex for 25-65 year olds, finds immigrants doing better than native minorities on all three indicators. Evidence of displacement is strongest for men: witness especially the sharp falloff in native black and Hispanic employment-to-population rates and the growing foreign black/native black and foreign Hispanic/native Hispanic disparities on all the indicators. Because the shift from goods to services brought greater job opportunities for females, all women gained in employment and in access to the labor force, regardless of nativity and ethnicity. Still, immigrant women appeared to enjoy significant competitive advantages over their native counterparts since the native-foreign gap in employment and labor force participation was actually greater among black and Hispanic women than among males.

Native blacks are thus the big losers in the new ethnic division of labor; their vulnerability is rooted in their reliance on public-sector employment on the one hand and the persistence of low self-employment rates, on the other hand. Blacks have concentrated in government because they have found public jobs more accessible than private employment and more likely to offer far better opportunities for internal promotion. Not only are native blacks overrepresented in government, but they are also overrepresented in public-sector managerial and professional ranks. In 1980, when native blacks made up just under 10 percent of all professionals and managers in the private and public sectors, they comprised 21 percent of government employees in these same two occupations.¹⁹ Moreover, opportunities for public-sector employment extend to the highest levels. Data for 1986 show that 16 percent of the top managers in New York City government were black.²⁰

These positions are also effective vehicles for movement into higher social class: Peter Eisinger's recent study of high-level black civil servants in New York's Human Resources Administration showed that "high-level black civil servants are far more likely to have grown up in working- and lower-class families than in solidly middle-class families" and were also more likely to be of lower-class origin than were their white counterparts.²¹ Regardless of position in civil service ranks, public employment offers a key component of middle-class status: stability. As noted earlier, the falloff in public-sector employment resulting from New York's fiscal crisis took place through accelerated retirements, rather than layoffs of recently hired staff. Indeed, throughout the 1975-83 period, when New York City's budget remained under tight constraints, 100 percent of the changes in New York City labor costs came from compensation, rather than employment.²²

Table 10
Labor Force Activity Rates, 25-65-year-old adults, 1970-1980

	WhFb	WhNb	BlFb	BlNb	AsFb	AsNb	HisFb	HisNb
	Employment to population rates (percent population employed)							
Males, 1970	86.7%	88.0%	89.6%	80.9%	84.3%	69.1%	89.6%	80.0%
Males, 1980	83.0	82.6	81.0	66.9	86.9	88.1	82.0	71.3
Females, 1970	47.8	51.0	68.4	50.2	56.6	67.6	57.6	29.6
Females, 1980	52.8	58.9	76.5	58.2	67.9	71.6	57.3	37.9
	Labor force participation rates (percent population in labor force)							
Males, 1970	89.8%	90.4%	92.0%	84.0%	85.2%	73.8%	91.9%	83.2%
Males, 1980	87.4	86.4	88.1	74.5	90.5	92.2	88.2	78.1
Females, 1970	44.8	49.2	67.0	48.3	55.0	61.8	53.4	28.0
Females, 1980	48.9	58.1	71.0	54.0	65.6	67.5	51.5	34.0
	Unemployment rates (percent labor force unemployed)							
Males, 1970	3.5%	2.7%	2.6%	3.6%	1.1%	6.4%	2.5%	3.8%
Males, 1980	5.0	4.4	8.1	10.2	4.0	4.5	7.0	8.7
Females, 1970	6.3	3.7	2.0	3.9	2.9	8.7	7.3	5.4
Females, 1980	7.4	4.8	7.2	7.3	3.4	5.7	10.1	10.2

NOTE: Wh, white; Bl, black; As, Asian; His, Hispanic; Fb, foreign-born; Nb, native-born.
SOURCES: See Table 1.

Although the public sector is not an unrewarding niche, the evidence of declining black job attachment suggests the difficulties in extending those advantages to the private sector. Blacks' underrepresentation among the ranks of entrepreneurs, both petty and large, has left blacks vulnerable to the exclusionary mechanisms that characterize the small-business sector and have led to substantial displacement of blacks, especially from lower-level positions. Moreover, government efforts and instruments designed to achieve equal opportunity have been ineffective in altering those exclusionary mechanisms, especially in sectors where more desirable positions are to be found.

In contrast to blacks, immigrants are prevalent among the ranks of New York's petty entrepreneurs: in 1980, the self-employment rate for foreign-born males was 12.7 percent, compared with 3.3 percent for native black males. Going into business appears to be an important component of the immigrant settlement process: only the most recent newcomers are self-employed at a rate below that of the native-born; after ten years in the United States, self-employment rates exceed those for the native-born and continue to climb with length of stay. The reasons for immigrants' drift into self-employment are various: in part, the buildup of immigration populations creates demand for special products and services that other immigrants are best suited to provide; in part, immigrants have benefited from opportunities for succession in small-business industries like retailing, garment manufacturing, or taxis, which no longer recruit entrepreneurs from the traditional ethnic sources of supply; in part, there is a predisposition toward starting out on one's own precisely because exclusion from jobs on the grounds of language problems, skill inadequacies, or discrimination leaves self-employment the best source of reward in light of the restricted opportunities at hand.²³

Whatever the precise sources of immigrants' thrust into business, the emergence of immigrant economic enclaves closes off sectors that had previously been open to blacks. One case in point is that of food retailing, where supermarkets, employing large numbers of blacks in both fulltime, high-paying, and parttime, minimum-wage jobs, compete with small, immigrant-owned firms. For the immigrant firms, the importance of maintaining control over the labor force and the preference for employing trusted insiders serve to strengthen the tie to family or ethnic labor and deter them from employing Americans, as the following quote from the president of the Korean Produce Retailers Association suggests: "We should be especially cautious in employing Americans because union officials may encourage them to become union members. Once they belong to the union, extra expenses

such as overtime payments, the hourly minimum wage, and social security taxes follow. . . . Small Korean fruit and vegetable stores cannot afford to pay all these extra costs."²⁴ This pattern of competition may well explain why the black losses in the retailing sector overall exceeded the shift attributable to either population change or industry decline.²⁵

There is also a line between immigrant business success and the growth of opportunities for the broader ethnic community that is dynamic in a way that has no parallel in the relationship between blacks and the public sector; this linkage is actually a further source of black displacement. The failure rate among small businesses is appallingly high, and immigrant businesses go under even more frequently than do white-owned businesses. The crucial difference, however, is that immigrants are far more likely than whites to start up new businesses in low-status, high-risk lines like garments or retailing. And because it is immigrants, not native blacks, who provide the replacements to existing white entrepreneurs, it is immigrant labor that is used to staff the new businesses—not the native blacks who might have been employed in the earlier white-owned concern.²⁶ In addition, the ties between immigrant consumers and merchants ensure that resources remain encapsulated within the ethnic economy, thus producing multiplier effects. The multiplier effects are greatest when resources are generated by the "export activities" of ethnic businesses—that is, the revenues produced through transactions with nonimmigrant customers; but the likelihood that immigrants, whatever their source of income, make substantial purchases of services or products supplied by co-ethnics means an increase in expenditures for local ethnic suppliers and services. By contrast, the potential multiplier effects generated by public-sector employment among native blacks are largely lost. Due to the low self-employment rates among blacks, resources are siphoned out of the community and captured by immigrants, who are overrepresented as "middleman" entrepreneurs in black communities.²⁷

The low self-employment rate among blacks has negative consequences in and of itself since it means that there is no private-sector industry to which blacks have privileged access. As a result, traditional exclusionary mechanisms that have barred black entry into preferred jobs continue to operate. The best example is construction, where whites actually *increased* their share of jobs between 1970 and 1980 and blacks suffered a decline both in employment and in share. The same trends extend into the present, a period of vigorous activity in the industry. The 40 percent increase in construction employment registered since 1980 has led the construction unions to double enrollment in their apprenticeship programs (some of which had folded during

the mid-1970s); however, black enrollment has remained virtually stagnant and has actually declined in the more desirable, so-called mechanical trades (carpentering, plumbing, electrical work).²⁸

The obstacles to minority gains in construction lie in the marriage between the family and union systems of training and in the weakness of those government instruments designed to uncouple these systems. Although the construction unions play crucial roles in mobilizing and training the skilled labor force through apprenticeship programs and hiring halls, these activities are congruent with the workings of informal social networks. Thus, most training is done on-the-job through informal instruction by journeymen; the most crucial components of the learning process take place on small jobs where the apprentice works on a one-to-one basis with a journeyman; contractors often rely on the hiring hall only to supplement the pool of workers with whom they have established attachments; and close personal ties to contractors are important in breaking into the various construction trades and staying employed. For these reasons, outsiders have experienced severe difficulties in gaining entry.

Government efforts have enlarged access to apprentice programs, but black apprentices appear to receive inferior training, suffer higher dropout rates than do whites, and receive fewer regular job placements once journeyman status is obtained. Indeed, the entire formal component of the training system can be bypassed if need be, as illustrated by the following quote from a court-appointed administrator for one New York construction local that had failed for several years to comply with an earlier consent decree:

Contractors would delegate the hiring of many workers to a maintenance foreman who was a member of the same union. So they just bypassed the hiring hall. While the union business agent was sitting there in the hall saying "I don't understand why nobody calls me anymore," workers who were part of the buddy system were being hired directly by the contractor. We found that 80 percent of the hires were made outside of the hiring hall.²⁹

Union resistance to attempts at integration has led the government to establish alternative training programs, in which contractors doing government work must hire a certain proportion of "trainees." Since the "trainees" lack apprenticeship status, they have no guarantee of continued activity in the trade once a government project is over, and thus the proportion of trainees graduating into journeyman status is low. Similar requirements oblige contractors to hire minority journeymen on public projects. These stipulations are equally ineffective in upping the proportion of minorities doing private-sector work because contractors respond by "checkerboarding," circulating

minority craftworkers among their public projects while keeping a high ratio of whites employed on private work.³⁰

CONCLUSION

What place is there for minorities in the post-industrial economies of U.S. cities? As this paper suggests, the conventional answers to the question do not provide a reliable guide to the trends in the premier post-industrial urban center—New York. The most widespread interpretation—that the shift from goods to services has engendered a skills mismatch in which minorities have lost economic function—receives no backing at all. Despite major structural changes, nonwhite employment increased substantially; the local economy absorbed large numbers of newcomers characterized by precisely those attributes presumably not in demand and concentrated in those sectors most sharply affected by industrial decline. Nor is there much support for the thesis of polarization. Rather than being confined to the depressed sectors of the economy, all nonwhite groups gained jobs in the growth industries of the advanced service sectors; all groups gained in white-collar employment in every category (with the exception of native blacks in sales jobs); among blacks and Asians, the increase in white-collar employment considerably exceeded the gain predicted on the basis of population change alone; even Hispanics, whose situation most closely approximates the predictions of the polarization thesis, showed only the slightest slippage in their share of white-collar jobs.

Rather, the data in this paper confirmed the basic argument delineated in the introduction and adumbrated in latter sections: that composition is a crucial factor in the occupational position of nonwhites and that changes in the size of the white population set the stage for an upward realignment of nonwhite workers. In New York, the shift from goods to services went hand-in-glove with a decline in the availability of white workers, creating a replacement demand for nonwhite workers. Overall, the falloff 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 nonwhite workers could step. Although the size of the white labor force diminished, it also repositioned itself over the course of the 1970s: shifts in the distribution of whites, out of clerical and sales jobs and out of public-sector jobs in particular, created further opportunities for nonwhite succession.

Replacement is only part of the story. As nonwhites succeeded whites, they came to specialize in distinct economic niches—a pattern arising from

diverse sources, but self-reinforcing over time as a result of occupational closure. Consequently, the impact of compositional change was blunted by a trend toward ethnic competition, reflected in a declining employment total and share for native blacks.

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

NOTES

1. George Sternlieb and James Hughes, "The Uncertain Future of the Central City," *Urban Affairs Quarterly*, 18, no. 4 (1983): 455-72; John Kasarda, "Entry-level Jobs, Mobility, and Urban Minority Employment," *Urban Affairs Quarterly* 19, no. 1 (1983): 21-40; idem, "Urban Change and Minority Opportunities," in *The New Urban Reality*, ed. Paul Peterson (Washington, D.C.: Brookings Institution, 1984), 33-67.
2. Bennett Harrison, "Rationalization, Restructuring and Industrial Reorganization in Older Regions: The Economic Transformation of New England Since World War II," Working Paper no. 72, Joint Center for Urban Studies of MIT and Harvard University (Cambridge, Mass., 1982); Saskia Sassen-Koob, "The New Labor Demand in Global Cities," in *Cities in Transformation*, ed. Michael Smith (Beverly Hills, Calif.: Sage Publications, 1984).
3. Calculations based on Bureau of Labor Statistics data show that New York ranks first among major U.S. cities in its share of private-sector employment in services and next-to-last, after government-dominated Washington, D.C., in share provided by goods production (Bureau of Labor Statistics, *Geographic Profile of Employment and Unemployment, 1983*, Bulletin 2216 [Washington, D.C.: GPO, 1984], table 27). The 1980 Census of Population found that 48 percent of New Yorkers were nonwhite.
4. In *A Piece of the Pie* (Berkeley: University of California Press, 1980), Lieberman argues that "the occupational composition of a given ethnic or racial group will vary between communities in accordance with the group's proportion of the population and in accordance with the racial-ethnic composition of the city" (p. 297).
5. For further discussion of New York City's economy, with reference to the problems of the industrial regions of the Northeast, see the essays in *Post-industrial America: Metropolitan Decline and Inter-regional Jobs Shifts*, ed. George Sternlieb and James Hughes (New Brunswick, N.J.: Center for Urban Policy Research, 1976).
6. Important accounts of New York's economic revival, within the context of the changing economic functions of U.S. cities, are Robert Cohen, "The New International Division of Labor, Multinational Corporations, and Urban Hierarchy," in *Urbanization and Urban Planning in Capitalist Societies*, ed. Michael Dear and Allen Scott (New York: Methuen, 1981), 287-315; and Thierry Noyelle and Thomas Stanback, *The Transformation of American Cities* (Totowa, N.J., Rowan & Allenheld, 1984).

7. Details on these demographic changes can be found in Emanuel Tobier, "Population," in *Setting Municipal Priorities: American Cities and the New York Experience*, ed. Charles Brecher and Raymond Horton (New York: New York University Press, 1984), 19-42; and "Foreign Immigration," in *Setting Municipal Priorities, 1983*, ed. Brecher and Horton (New York: New York University Press, 1982), 154-201.

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 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. However, commuters gained almost 50,000 jobs between 1970 and 1980, with the result that the commuter share of employment rose from 18 to 21 percent. Since the bulk of this increase was due to the rise in the number of nonwhite commuters, the job patterns of New York City residents should resemble the job patterns of all workers with jobs located in New York City (calculated from Bureau of the Census, *Census of Population, 1970*, Subject Reports PC [2]-CD, Journey to Work, table 2; Bureau of the Census, *Census of Population, 1980*, Subject Reports, PC80-2-6D, Journey to Work, table 2). Another source of possible distortion would be undercounting of New York's illegal immigrant population. However, due to special efforts to improve coverage of immigrants and other groups, the Census Bureau appears to have significantly improved its coverage. The bureau's own estimates are that less than 1 percent of the total residential population was missed in its enumeration. Indeed, the census was quite successful in counting illegal immigrants: it is estimated that slightly over 2 million of the 7.5 million foreign-born persons counted in the 1980 census were illegal. Moreover, even if the undercount of immigrants were equal to the undercount of the most difficult to count groups—35-45-year-old black men—this would increase the immigrant population by only 6 percent. For further discussion, see R. Warren and J. Passell, "A Count of the Uncountable: Estimates of Undocumented Aliens Counted in the 1980 Census" (Unpublished paper, Bureau of the Census, 1983).

9. Strictly speaking, several factors account for the decline of New York's white population between 1970 and 1980. Since whites had an older age structure than nonwhite groups, the death rate was higher for whites; similarly, the white birthrate was lower and actually slowed between 1970 and 1980; finally, there was substantial out-migration of whites during this period. Of the three factors, out-migration provided the most substantial contribution to population loss. Where whites migrated to—whether to the suburbs or to other regions of the United States—is difficult to determine. However, the decline in the population of the entire New York Metropolitan Region by over one million during this same period suggests that there was substantial movement to other regions. For further details, see Tobier, "Population."

10. For fuller elaboration of the queuing model, see Lieberman, *A Piece of the Pie*, 296-99; and Lester Thurow, *Generating Inequality* (New York: Basic Books, 1975), chap. 4.

11. Peter Doeringer and Michael Piore, *Internal Labor Markets and Manpower Analysis* (Lexington, Mass.: Lexington Books, 1971); Paul Osterman, "The Mismatch Hypothesis and Internal Labor Markets," *Proceedings of the 36th Annual*

Meeting of the Industrial Relations Research Association, 1982 (Madison, Wisc.: Industrial Relations Research Association, 1983).

12. Data on public employment from Mary McCormick, "Labor Relations," in *Setting Municipal Priorities: American Cities and the New York Experience*, ed. Charles Brecher and Raymond Horton (New York: New York University Press, 1984), 301-2; Raymond Horton, "Human Resources," in Charles Brecher and Raymond Horton, *Setting Municipal Priorities, 1986* (New York: New York University Press, 1985), 170-203; Press Release, Office of the Mayor, Jan. 2, 1986.

13. A fuller discussion is presented in chap. 3 of my book, *Through the Eye of the Needle: Immigrants and Enterprise in New York's Garment Trades* (New York: New York University Press, 1986).

14. This draws on material discussed in *ibid.*, chap. 2; for more material on Israelis, see Josef Korazim and Marcia Freedman, "Self-employment and the Decision to Emigrate: Israelis in New York City," *Contemporary Jewry* (forthcoming); labor force patterns in the fur industry are discussed in a study I prepared, with Thomas Bailey, for the New York Office of Economic Development, "Displacement Pressures on Manhattan Manufacturing Industries and Job Retention Strategies" (1983); the observation about Gujarati merchants is based on a study I am presently conducting on white, Indian, Korean, and Hispanic business owners.

15. Several studies, in addition to my own, underline the importance of network recruiting among a number of different groups in a variety of industries; see, e.g., Thomas Bailey, *Immigrant and Native Workers: Contrasts and Competition* (Boulder, Colo.: Westview, 1987), chaps. 2-3; Bernard Wong, *A Chinese-American Community* (Singapore: Chopmen, 1980); and Harry Herman, "Dishwashers and Proprietors: Macedonians in Toronto's Restaurant Trade," in *Ethnicity at Work*, ed. Sandra Wallman (London: Macmillan, 1979).

16. See Ilsoo Kim, *The New Urban Immigrants: The Korean Community in New York* (Princeton: Princeton University Press, 1981), 112.

17. Thus, Bailey points out that in construction, "the union structure based on informal ties . . . perpetuates the barriers to outsiders that are inherent in the industry's informal structure. For example, membership in the operating engineers locals—the possession of a union book—has traditionally passed from father to son. Training for this trade was mostly informal. In fact, until a recent court order required that the two operating engineers locals in New York establish a training program, there was no formal training for this trade in the city." A fuller discussion is reported in chap. 6 of his *Immigrant and Native Workers*.

18. Thus, Angelo Falcon points out in "Black and Latino Politics in New York City: Race and Ethnicity in a Changing Urban Context" (*New Community*, forthcoming) that "many Latinos complain that blacks use the term 'minority' to increase their political leverage, while excluding Latinos from the benefits that ensue from this strategy." He goes on to show that Latinos are far less well represented than blacks in New York City and New York State employment at all levels of work.

19. Data calculated from Public Use Microdata Sample, 1980 Census of Population.

20. See Lydia Chavez, "Koch and Hispanic-Issue Panel Differ," *New York Times*, Aug. 3, 1986, 28.

21. Peter Eisinger, "Local Civil Service Employment and Black Socio-economic Mobility," *Social Science Quarterly*, 67, no. 2 (1986): 171.

22. Raymond Horton, "Fiscal Stress and Labor Power," *Proceedings of the 38th Annual Meeting of the Industrial Relations Research Association* (1985), 304-15.

23. For a fuller explanation of the development of ethnic business, see chap. 2 in Waldinger, *Through the Eye of the Needle*.

24. Quoted in Kim, *The New Urban Immigrants*, 115.

25. This discussion of blacks and immigrants in food retailing is based on a study of youth employment that I conducted with Thomas Bailey for the New York City Office of Economic Development, "Marginal and Out of Work: The Youth Employment Problem in New York City" (1984); the findings from the retail food case study appear in chap. 5 of Bailey's *Immigrant and Native Workers*; other conclusions have been reported in Waldinger and Bailey, "The Youth Employment Problem in the World City," *Social Policy*, 16, no. 1 (1986) 55-59.

26. For further elaboration, see Waldinger, *Through the Eye of the Needle*, chap. 5.

27. For a discussion of the role of Koreans as middleman merchants in black communities and the conflicts that this has precipitated, see Kim, *The New Urban Immigrants*, 257-59; and Jin H. Yu, *The Korean Merchants in the Black Community* (Philadelphia: Philip Jaison Memorial Foundation, 1980).

28. Thomas Bailey and Roger Waldinger, "Labor Force Adjustments in a Growing Construction Industry" (Report prepared for the Port Authority of New York and New Jersey, Feb. 1987). The following paragraphs draw on this report (and the fieldwork done for it) as well as the material found in Bailey, *Immigrant and Native Workers*; and Marc Silver's *Under Construction: Work and Alienation in the Building Trades* (Albany: SUNY Press, 1986), esp. chap. 3.

29. Quoted in Bailey, *Immigrant and Native Workers*, chap. 6.

30. For further discussion of the continuing disparities in the on-the-job experience of apprentices and "trainees" employed on government projects, as well as the legal history of this issue, see *Problems of Discrimination and Extortion in the Building Trades* (Report prepared by the Mayor's Office of Construction Industry Relations, City of New York, 1982).