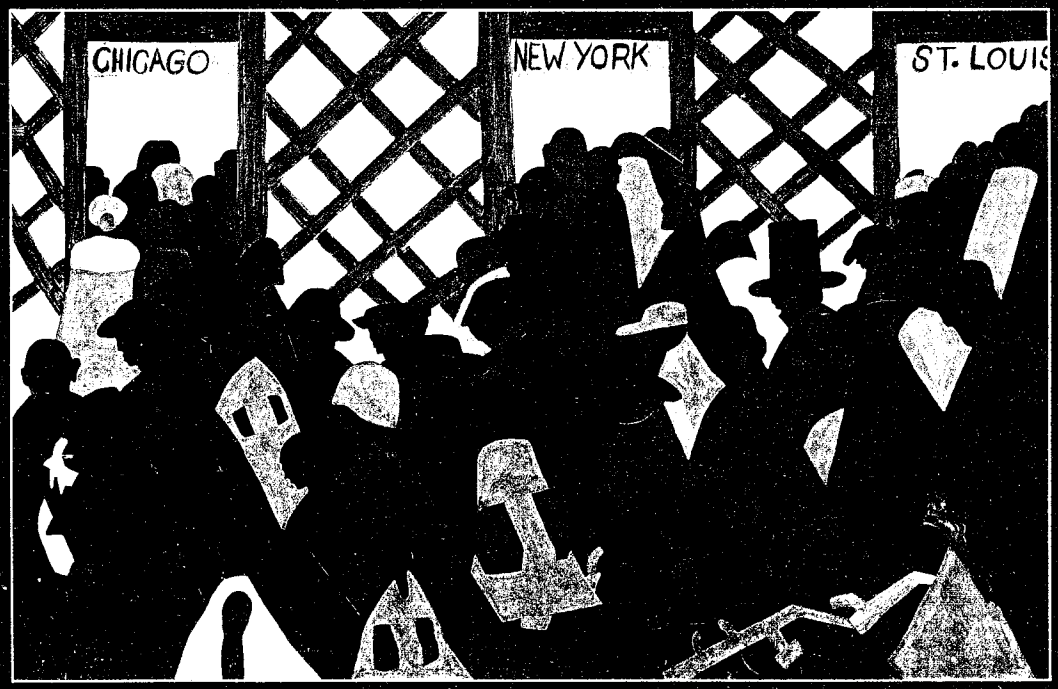
ROGER WALDINGER

STILL THE PROMISED CITY?

AFRICAN-AMERICANS AND NEW IMMIGRANTS IN POSTINDUSTRIAL NEW YORK



for Max

Printed in the United States of America
Second printing, 1999

First Harvard University Press paperback edition, 1999

Library of Congress Cataloging-in-Publication Data

Waldinger, Roger David.
Still the promised city? : African-Americans and new immigrants in postindustrial New York / Roger Waldinger.
p. cm.
Includes bibliographical references and index.
ISBN 0-674-83861-0 (cloth)
ISBN 0-674-00072-2 (pbk.)
1. Afro-Americans—New York (N.Y.)—Economic conditions. 2. Afro-Americans—Employment—New York (N.Y.) 3. Immigrants—Employment—New York (N.Y.) 4. New York (N.Y.)—Economic conditions.
I. Title.
F128.9.N3W32 1996
330.9747'1'00896073—dc20

95-43335
Rev.

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Acknowledgments

Few books begin with a bow to municipal bureaucrats, but that's where first thanks for this book belong, since the ideas that appear in the following pages derive from a report I wrote over a decade ago, with my friend and colleague Thomas Bailey, for a then obscure, now defunct branch of New York City's government. At the time, Tom and I were just emerging from that ritual known as the dissertation; coming up for air, we stumbled on the debate about cities' changing economies and their minority population base. We were taken aback to learn that most scholars saw the roots of minority economic distress in the disappearance of low-skilled jobs, since the immigrants whom we had been studying were converging on New York in growing numbers and seemed to have no trouble finding work, low skills and other handicaps notwithstanding. New York's economy, we concluded after some review of the relevant statistics and studies, retained plenty of entry-level jobs; the problem was that too few of them went to native-born, black Americans.

For the next several years, we contented ourselves with punching holes in the conventional wisdom, using new sources of data and more elaborate techniques. Much to our surprise, those efforts met with some success; eventually, we concluded that we might indeed have the making of a book, realizing full well that a successful book would have to do more than say that the other guy is wrong. This book represents the culmination of our early attempts to describe the new urban reality and explain its unexpected shape.

As matters turned out, I ended up writing that book alone. Though

we had great fun working together, Tom's interests in technological change and educational reform led him elsewhere before we had a chance to make substantial progress. Chapter 7 is largely drawn from a paper that we coauthored; early drafts of the second and third sections of Chapter 1 were also written in tandem. For better or (more likely) worse, responsibility for the rest of the book lies in my hands alone. Fortunately, I have been able to count on Tom's continuing interest in this project and on his wise and skeptical reactions to my ideas. For that, and for his continuing friendship, I am deeply grateful.

I began work on this book while on the faculty of the City College of the City University of New York. The proletarian Harvard of yore has taken a considerable beating in recent years, and I am glad to say that CCNY deserves a far better reputation and fate. I found it to be a stimulating environment and an exciting place in which to teach. It was also a school that supported its junior faculty, without which help I would never have gotten started on a project such as this. Special thanks are due to Steven Goldberg, my former chairman; Arline McCord, then dean of the Division of Social Sciences; and Jeffrey Rosen, her successor; they allowed me to leverage a grant from the Robert Wagner Institute of Public Policy, then headed by Professor Asher Arian of the CUNY Graduate Center, so that I could gain a semester's release from teaching. They also permitted me to take a year's sabbatical leave, during which time I conducted most of the field research on which I report in the pages to follow.

I had the good fortune to spend the academic years of 1989–1991 at Columbia University's Eisenhower Center for the Conservation of Human Resources, directed by Eli Ginzberg. A leader in research on health and employment policy for five decades and more, Eli is also an expert on New York and its ever-changing people; his confidence in me and his support of this project were a source of great encouragement, and I am delighted to be able to thank him in public. Thanks also are due to the staff of the center, in particular Charles Frederick, and to Meg Koppell and Rob Smith, who provided invaluable research assistance. My colleague Greta Gilbertson worked with me on a number of projects, one of which, never completed, nonetheless provided data on which I report in Chapter 8.

I completed this book three thousand miles away from New York, on the sociology faculty at UCLA. The move to UCLA had many benefits, fringe and otherwise: it forced me to stop researching and start writing; more important, it allowed me to join a community of like-

minded scholars. I am especially grateful to my colleagues Mehdi Bozorgmehr, Rogers Brubaker, Ivan Light, David Lopez, Ruth Milkman, and Jeffrey Prager, who too often found themselves importuned to read part of this book and always answered yes. UCLA also attracts a group of extraordinarily talented graduate students, and it is my good luck that some of them were interested in this project. I thank Michael Lichter, with whom I have worked closely for the past few years and to whom much of the credit for the techniques used in the analysis of niches belongs. Michael did a heroic job in preparing the runs from the Censuses of Population; Hiromi Ono was kind enough to take over from Michael when he got busy with another project. When the book was completed, Nelson Lim took on the responsibility of preparing a final manuscript; in addition to his superb technical work, he also gave me a searching critique of Chapter 1, which I have tried my best to answer. Deborah Ho, an outstanding UCLA undergraduate, has somehow had the patience to put up with me, taking care of sundry bibliographic questions and making sure that my office didn't come to a crashing halt.

Many friends and colleagues read portions of this book; unfortunately space precludes my mentioning all their names here. But since they know who they are, I am delighted to acknowledge their help and to tell them that community does indeed exist in the academic world and that it has made a great difference in this case. Thanks also go to Michael Aronson, my editor at Harvard University Press, who saw merit in this book and quickly shepherded it along; to the three anonymous readers who assessed the manuscript for the press and gave it careful, helpful reviews; and to Elizabeth Hurwit, to whom I am in great debt for her meticulous copyediting.

I also wish to express my gratitude to a number of institutions for their financial help: I was supported by several PSC-CUNY Faculty Research Grants; by grants from the UCLA Academic Senate; and by grants from the Ford Foundation and the U.S. Department of Labor to the Eisenhower Center for the Conservation of Human Resources.

Portions of Chapter 6 appeared originally as "The Continuing Significance of Race: Racial Conflict and Racial Discrimination in Construction," *Politics & Society* 19, no. 3: 291–324, copyright © 1991 by Sage Publications. Reprinted by permission of Sage Publications, Inc.

My deepest thanks go to the members of my family. My parents and my grandmother have always been a great source of encouragement. They have also helped by example. My father's unending

struggle to continue writing and researching, notwithstanding the ravages of Parkinson's Disease, represents a model of commitment to the scholarly enterprise to which I can only aspire and never expect to attain. My wife, Hilary, not only tolerated my years of nattering about this book and the time it consumed; she was also willing to lend her good grammatical and stylistic sense to helping improve the text. My daughter, Miriam, showed great timing by arriving just before I finished the manuscript; her sweet presence has been a source of great joy ever since. My son, Max, was often good enough to let his father write in peace. But he usually had a better idea in mind—like playing computer games, going swimming, or heading to the creek to catch crayfish—and of course he was right. For that reason, and for countless others, I dedicate this book to him with all my love.

1 The New Urban Reality

New York's brush with fiscal insolvency in the mid-1970s signaled the end for the old industrial cities of the United States. Its revival in the 1980s heralded the emergence of the nation's largest cities as world service centers. The smokestack cities of the industrial heartland unfortunately have no replacement for their run-of-the-mill production activities, steadily eroding under the twin impact of computerization and foreign competition. But in the largest urban agglomerations—Chicago, Los Angeles, Philadelphia, and, especially, New York—the advent of a postindustrial economy has triggered a new phase of growth. The key activities of the new economy—information processing, the coordination of large organizations, and the management of volatile financial markets—are overwhelmingly urban-based. And their dynamism has yanked these largest cities out of the economic torpor into which they had sunk.

The new urban vitality notwithstanding, cities remain deeply troubled—perhaps more so than before. The paradox of urban plenty is that comparatively few of the city's residents have been able to enjoy the fruits of growth. The number of poor people living in central cities has not fallen but risen, and dramatically so. Instead of arresting social dislocation, the economic turnaround has exacerbated the urban social problems identified thirty years ago. Though right and left differ on social policy responses, both camps agree that a sizable segment of the poor has been lopped off into an "urban underclass"—persistently poor and with no connection to legitimate ways of making a living.[1]

Demography is the subtext to the contemporary tale of urban woe.

"Back to the city" has been the catchword of the new urban professionals—today's huddled masses, piled up in neighborhoods in and around the downtown business centers. But the influx of this much maligned gentry never matched the attention it received in the press. The tide of people flowing cityward remains what it has been for the past forty years: America's big cities attract mainly nonwhites. First came blacks, displaced from the technological backwaters of the agrarian South. Then came a wave of immigrants from the labor-surplus areas of the developing world: today's urban newcomers are arriving in numbers that rival the great migrations of a century ago.[2]

Thus the city of services is also a "majority minority" city. But how does this population base fit into the urban economy of today?

The received academic wisdom maintains that there is no fit at all. The industrial city grew because it possessed labor, and what it demanded of its labor was willing hands and strong muscles—not diplomas or technical expertise. But in the city of information processing and the transaction of high-level business deals, these qualities count no more. The equation between the city's economic function and its population base has no place for the unlettered, no matter how willing. The decline of the industrial city has left minorities high and dry.[3]

But a dissenting interpretation, now sufficiently repeated to have become a conventional wisdom, tells a different tale. Modern urban development simultaneously generates high-level professional and managerial jobs and a proliferation of low-skilled, low-income "service" jobs. The polarized metropolis leaves minorities far from useless; instead, they serve as the new drawers of water and hewers of wood. In this version, it is not the poor who depend on the rich for their beneficence or for jobs and income to trickle down. Rather, 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.[4]

In this book I argue that both stories—however intuitively appealing they may be separately or together—have it wrong. Neither metaphor, of polarization or of dislocation, captures the impact of the postindustrial urban transformation.[5] At root, both depict faceless, impersonal structures inexorably performing their actions on an inert urban mass. Not subjected to analysis, the structures are instead taken for granted, abstracted from any historical context, and divorced from the specific interests and forces that might have given them shape. Conflict and politics do not enter into these accounts of the making of the postindustrial economic world. Passing over dominant groups and their interests, these rival stories treat the new polyglot working and middle classes as an undifferentiated mass, helplessly playing out the scripts written for them by history.

But no *deus ex machina* determines which people get jobs, how they do so, and whether they then move ahead. The mechanisms of matching and mobility are social arrangements, shaped by the historical contexts in which they have grown up and subject to change—not simply as a result of pressures from the impersonal forces of the world economy, but in response to the actions of contending parties in specific societies and places. This book places the people and groups that have made, maintained, and changed the structures of today's postindustrial urban economy at the very center of the discussion.

My interpretation of the new urban reality will be developed in a single, sustained argument in the pages that follow. In briefest compass, the argument reads like this: The story of ethnics in America's cities is a collective search for mobility, in which the succession of one migrant wave after another alternatively stabilizes and disrupts the labor queue. In a market economy, employers allocate jobs to the most desirable workers they can recruit; but each market economy bears the imprint of the social structure in which it is embedded. In a race-conscious society like the United States, employers rank entire groups of people in terms of their ethnic and racial characteristics. All things being equal, members of the core cultural group stand at the top, followed by others.

The instability of America's capitalist economy subjects the labor queue's ordering to change. Growth pulls the topmost group up the totem pole; lower-ranking groups then seize the chance to move up the pecking order; in their wake, they leave behind vacancies at the bottom, which employers fill by recruiting workers from outside the economy—namely, migrants. The structure of the labor queue goes unchallenged as long as these newest arrivals are content to work in the bottom-level jobs for which they were initially recruited. But the economic orientations of the newcomers inevitably change, and when they do, complementarity is likely to be replaced by competition—which fans continuing ethnic strife over access to good jobs.

Competition between newcomers and insiders takes the form of conflict over the ethnic niche. Although migrants start at the bottom, they enter the economy under the auspices of friends or kin, which

means that they begin with connections. Networks funnel the newcomers into specialized economic activities: as newcomers flow into the workplaces where earlier settlers have already gotten established, ethnic concentrations, or niches, gradually develop. The path up from the bottom involves finding a good niche and dominating it—which means that good jobs are reserved for insiders, leaving the next wave of outsiders excluded. Thus, the search by an earlier migrant group for labor market shelters eventuates in barriers that the next round of arrivals must confront.

Of course, economic life in America's cities is not all conflict. In some cases, the queue process simply pulls insider groups up the totem pole, leading them to abandon niches that a new group of outsiders can take over. In other instances, conditions in the niche undergo relative deterioration, in which case the barriers to outsiders get relaxed. These conditions ensure that ethnics in the labor market are sometimes noncompeting, segmented groups. But the scarcity of good jobs relative to the surplus of job seekers guarantees that competition never disappears.

Thus, the structures that African-Americans and new immigrants confront result from America's serial incorporation of outsider groups and from those groups' attempts to create protective economic shelters. The continuous recourse to migration as a source of low-level labor, so characteristic of the United States, has made ethnicity the crucial and enduring mechanism that sorts groups of categorically different workers into an identifiably distinct set of jobs. For this reason, the ethnic division of labor stands as the central division of labor in the cities of twentieth-century America; the fates of new immigrants and African-Americans are bound up in its making and remaking.

New York City is the prism through which I develop this argument in full. As America's first postindustrial place, New York is a critical case for any explanation of urban change and its impact. I mean "first" in the sense of arriving at postindustrialism before its urban rivals and in the sense of having moved further toward the advanced service economy than any other principal urban center. New York also exemplifies the new melting pot—heated to full boil. New York is not only a minority majority city. It is also the Mecca for the newest immigrants, just as it has been throughout the history of the United States. Nowhere else does one find quite so complex an ethnic mosaic. Consequently, no other city provides as good a platform for studying how ethnic group resources and strategies interact with structural changes to shape ethnic group fates.

This book recounts the transformation of New York's ethnic division of labor since midcentury, a story I tell in two parts. One details how the very instability of the labor queue and the ethnic division of labor it engenders create opportunities for outsiders and newcomers. The second shows how these pieces of the pie have been divided up.

The conventional wisdom attributes urban disaster to the loss of white city residents. In fact, the outflow of white New Yorkers is what has given newcomers their chance. During economic downturns, whites fled the city faster than the rate of decline. And when the economy reheated, the outward seepage of whites slowed down but never stopped.

Over the years, the disproportionately declining white presence produced a ladder effect, creating empty spaces for newcomers up and down—though mainly down—the economic totem pole. Reflecting the influence of *prior* migration histories, the impact of white population decline rippled through New York's diversified economic complex in an uneven way. With the exception of those in construction and a few other skilled trades, New York's white ethnic proletariat disappeared after 1970, though a myriad of blue-collar jobs remained. Consequently, ethnic succession generated opportunities both in declining industries, where the rate of white outflows often outpaced the rate of job erosion, and in growth industries, where whites poured out of bottom-level positions even as demand for low-skilled workers increased. New York's small-business sector experienced the same round of musical chairs: newcomers moved in as white ethnics abandoned petty retailing, garment contracting, and other less remunerative business lines. A similar sequence of events occurred in many parts of the public sector, especially after 1975, when whites left municipal service for better opportunities elsewhere.

Since succession provides the backdrop for the economic stories of new immigrant and African-American New Yorkers, the central question concerns who got which jobs and why. In the 1970s and 1980s, black New Yorkers built up and consolidated the niche they had earlier established in government work. Public sector employment offered numerous advantages, including easier access to jobs and an employer that provided better, more equitable treatment. But convergence on government employment had the corollary effect of heightening the skill thresholds of the chief black economic base.

To be sure, connections helped in gaining access to municipal jobs; and my case studies show that black civil servants networked as much as anyone else. However, civil service positions held promise only to those members of the community with the skills, experience, and credentials that government required—qualities not shared by the many African-American New Yorkers who have found themselves at economic risk.

Of course, work in the bowels of New York's economy could have been a possibility. Yet the data and the case studies demonstrate a steady erosion of African-Americans' *share* of the large number of remaining, low-skilled jobs—even as the *number* of low-level jobs held by minorities, native and immigrant, steadily grew. The African-American concentrations of old, from the most menial occupations in domestic service to later clusters like garment or hotel work, largely faded away. And African-Americans simultaneously failed to make headway in those low-skilled sectors where competition with whites had previously kept them locked out.

The immigrants, by contrast, responded to ethnic succession in ways that expanded their economic base. Initially, the match between their aspirations and broader labor market dynamics created openings that the newcomers could fill. On the one hand, the immigrants' social origins predisposed them to embrace jobs that native New Yorkers would no longer accept; meager as they appeared to New Yorkers, the paychecks in the city's garment, restaurant, or retail sectors looked good in comparison to the going rate in Santo Domingo, Hong Kong, or Kingston. On the other hand, the city's factory sector was suffering a hemorrhage of older, native workers that outpaced the leakage of jobs, leading employers to take on new hands.

The initial portals into New York's economy channeled the newcomers into bottom-level jobs. The links between the workplace and the immigrant community helped convert these positions into platforms for upward movement. Immigrants were simply tied to others who would help them, right from the start. The connections among newcomers and settlers provided an informal structure to immigrant economic life; that structure, in turn, furnished explicit and implicit signposts of economic information and mechanisms of support that helped ethnics acquire skills and move ahead through business and other means.

In the end, new immigrant and African-American New Yorkers shaped their own fates by creating distinctive ethnic economic niches.

But history had much to do with where each group could find a place. Looking over their shoulders toward conditions in the societies from which they have just departed, migrants move into industrial economies at the very bottom, taking up the jobs that natives will no longer do. While today's immigrants follow this traditional pattern, African-Americans, by contrast, are the migrants of a generation ago. The earlier pattern of rejections and successes shapes their searches of today, foreclosing options that immigrants, with their very different experiences and orientations, will pursue. Unlike the immigrants, African-Americans aspire to the rewards and positions enjoyed by whites. But the niches that African-Americans have carved out require skills that the least-educated members of that community simply don't have; African-American networks no longer provide connections to these more accessible jobs; and relative to the newcomers, employers find unskilled African-Americans to be much less satisfactory recruits. As for better-skilled African-Americans, they often compete with whites on unequal terrain, since past and present discrimination in housing and schools makes African-American workers less well prepared than whites. In this way, the mismatch between the aspirations of the *partly* disadvantaged and the requirements of the jobs to which they aspire provides the spark for persistent economic racial conflict between blacks and whites.

By contrast, immigrants have moved into noncompeting positions, taking over jobs that whites have deserted in their move up the occupational pecking order. Once the immigrants gain a lock on low-level jobs, ethnic connections funnel a steady stream of newcomers, excluding black New Yorkers who are not members of the same ethnic club.

Thus, the advent of a majority minority economy marks the emergence of a new division of labor, in which the various groups of new New Yorkers play distinct economic roles. Niche creation by African-Americans and immigrants has evolved into a mutually exclusive carving up of the pie: in carving out a place in the ethnic division of labor, the two groups effectively open or foreclose opportunities for each other. As in the past, control over good jobs and desired resources is subject to contest. Thus, the various components of New York's polyglot working and middle classes follow the example of their predecessors, continuing in, and reinvigorating, the pattern of interethnic economic competition that long characterized the city's white ethnic groups.

I detail this story in the chapters to follow. The rest of this introductory chapter returns to the conventional accounts of urban economic change, before elaborating on the alternative perspective I briefly presented above. The next three chapters will trace out the argument in numbers. Chapter 2 tells the story of New York's economic and demographic transformations, examining its re-peopling, through vast internal and international migration flows, and its post-industrial transition. Chapters 3 and 4 explore the impact of these simultaneous shifts, revealing the birth of a new ethnic division of labor in the aftermath of New York's decisive economic change.

The remaining chapters consist of a series of case studies documenting the processes of ethnic niche creation and maintenance. Chapter 5 focuses on two entry-level industries, garments and hotels, that have provided mobility paths for immigrants but not for African-Americans. Chapter 6 examines the construction industry—an ethnic niche par excellence, but one from which African-Americans have been largely excluded despite their constant efforts to contest barriers to access. Chapter 7 moves on to the public sector, showing how and why African-Americans have penetrated so deeply into the state employment system. Chapter 8 discusses small business, a prime example of new immigrant mobilization of informal resources and African-American inability to successfully do the same. Chapter 9 then reviews the argument and sketches out its implications for the future.[6]

In this book I have been deliberately eclectic in choosing methodologies. Unlike most of my counterparts in the social sciences, I am not wedded to any methodological approach. Ultimately I plead pragmatism, in a quest for methodological strategies that work; my conclusion is that different methodologies are best for different questions.

Finally, a word on the sources on which this book is based. While Chapters 2 through 4 make much use of the public use samples from the 1940, 1950, 1970, 1980, and 1990 Censuses of Population, the entire book relies on a combination of material: in-depth interviews, extensive consultation of primary and secondary sources, as well as long-time, close-up observations of the industries and sectors I discuss.[7] Notes to specific chapters provide details on the sources, and I discuss the field work in an appendix to the book. But ultimately, and importantly, the book is the product of more than a decade's research on New York and its people and industries. It is the particular knowledge I have gained in the process, leavened with theory, that gives this book its strength.

A Skills Mismatch?

The mismatch thesis occupies the place of honor in the literature on urban poverty. The city was once a place where low-skilled newcomers could get a job and slowly start the climb up the occupational ladder. The advent of the postindustrial economy, argue mismatch proponents, undermined the city's historic role as staging ground of upward mobility.

The mismatch hypothesis first emerged as part of the structural unemployment controversy of the late 1950s and early 1960s. Analysts concerned by a then sluggish economy and fearful of an impending technological revolution fingered skill inadequacies as the source of employment dislocation. Whether the effects of the 1964 tax cut disproved the structural unemployment thesis, as some Keynesians argued, or not, the low unemployment rate of the late 1960s eclipsed the controversy as well as the fears of technological displacement. At the same time, the public policy agenda changed, with worries about the fate of blue-collar workers eclipsed by the preoccupation with race. In this context, the mismatch discussion took a new twist and began to focus on the problems of black workers.

More than two decades after this reformulation, the basics of the mismatch argument remain unchanged. It still emphasizes manufacturing's decline but now connects this shift to sinking black economic fortunes. As Frank Levy noted in his volume on income inequality in the 1980 Census Monograph series:

> Between 1950 and 1960 New York . . . had sustained its population through high birthrates and significant in-migration from rural areas. Many of the in-migrants were black, and over the decade the proportion of blacks in the city's population rose from 10 to 15 percent. The in-migrants were coming in search of higher incomes, and in these early postwar years the cities could accommodate them. Cities had both cheap housing, and most important, manufacturing jobs . . . Because of these jobs, cities could still serve as a place for rural migrants to get a start.[8]

But what was true in the late 1950s rapidly changed. Developments in technology and communications, argued John Kasarda, decimated the "traditional goods-processing industries that once constituted the economic backbone of cities, and provided entry-level employment for lesser-skilled African-Americans." In return for the eroding fac-

tory sector, cities gained a new economy dominated by "knowledge-intensive white-collar service industries that typically required education beyond high school and therefore precluded most poorly employed inner city minorities from obtaining employment."[9] Thus, on the demand side, the "very jobs that in the past attracted and socially upgraded waves of disadvantaged persons . . . were disappearing"; on the supply side, the number of "minority residents who lack the education for employment in the new information-processing industries [was] increasing."[10] In part, the burgeoning ranks of low-skilled workers reflected the advent of African-American baby boomers; in part, it resulted from the renewal of mass immigration and the arrival of poorly schooled newcomers. But whatever the precise source of demographic change, it boded ill for urban America and its future.

And so, over the past thirty years demand and supply factors fell out of sync; in Kasarda's words, the "conflicting residential and employment base changes . . . placed the demographics and economics of our cities on a collision course."[11] As we approach the year 2000, these woes take on a particularly aggravated form since the unfolding economic landscape will offer far fewer low-skilled opportunities than ever before. In the words of the scenario spinners at the Hudson Institute, "very few new jobs will be created for those who cannot read, follow directions, and use mathematics." Fast-track growth is predicted for jobs that require much higher education, although the bulk of employment will remain in less demanding positions like those filled by cooks, secretaries, and cashiers. But even these lower-level "workers will be expected to read and understand directions, add and subtract, and be able to speak and think clearly."[12]

Put demand and supply trends together and you have an "impending U.S. jobs 'disaster.' "[13] With the entire work force straining to keep up with enhanced job requirements, those minority workers who start out behind are unlikely to make up the gap. The Hudson Institute offers the following dim forecast:

> Given the historic patterns of behavior by employers, it is . . . reasonable to expect that they will bid up the wages of the relatively smaller numbers of white labor force entrants, seek to substitute capital for labor in many service occupations, and/or move job sites to the faster growing, more youthful parts of the country, or perhaps the world. Blacks, and particularly black men, are those most likely to be put at risk if such strategies dominate.[14]

That the mismatch hypothesis has survived a quarter-century of intellectual twists and turns is testimony to its intuitive appeal, as well as the impact of repetition and the prestige of its proponents. But the mismatch hypothesis offers a particular, if not to say curious, interpretation of minority employment problems. A close look at those particularities highlights its deficiencies.

First, the mismatch hypothesis has a definite political twist. It blames not discriminating whites but rather the loss of central city manufacturing jobs and the failures of the educational system. To be sure, mismatch proponents do not deny that discrimination persists, though they claim its main effect results from the continuing legacy of bad deeds done in the past. They assert, moreover, that the significance of discrimination, like that of race, is on the decline. Twenty-five years ago the Kerner Commission argued that "racial discrimination is undoubtedly the *second* major reason why the Negro has been unable to escape from poverty."[15] The contemporary literature is rarely so explicit in its causal ordering, but the failure of the literature on mismatch to more than mention discrimination speaks volumes.[16]

If discrimination has lost its force, what explains the peculiar industrial and occupational distribution of blacks? Blacks, as I shall note throughout this book, are concentrated in a handful of sectors, not dispersed throughout the economy. The puzzle, from the skills mismatch point of view, is that the African-American economic niches do not happen to coincide with the principal clusters of low-skilled jobs. Take the case of construction. Construction workers learn their skills on the job, as in the past; educational levels are very low, relative to the urban average; and these are jobs that men are particularly likely to seek. But construction is an industry from which blacks continue to be excluded. Nationwide, the proportion of blacks employed in the industry is well below parity. And construction is just a special case of skilled blue-collar work: here is a domain, relatively low educational levels notwithstanding, in which blacks have much less than a fair share.

While mismatch proponents have no doubt about the source of the problem, they are not so consistent about the population at risk. In its early formulations, the theory centered on black migrants from the South. But black migrants were not the most seriously troubled. Indeed, a number of studies using the 1970 census showed that even controlling for age and education, black migrants from the South

living in northern cities had higher incomes, lower incidence of poverty, lower unemployment, and less frequent reliance on welfare than northern-born blacks.[17]

Two decades after the great black migration north, one no longer hears about the specific disabilities of black newcomers. Instead, cities are home to a new cohort of arrivals, this time immigrants from overseas. This latest batch of newcomers fits awkwardly with the basic framework, but mismatch proponents do what they can with this inconvenient fact. As of now, the population mismatched with the urban economy has become an undifferentiated aggregate of everyone not classified by the government as white.

This approach simply will not do: the mismatch hypothesis stands at odds with the immigrant phenomenon itself. If indeed urban employers are hiring none but the highly educated, then why have the leading postindustrial centers also emerged as the principal settlements of the new immigrant population? The key problem, first highlighted by the comparisons among northern- and southern-born blacks, is that labor market outcomes vary in ways that are not explicable in terms of differences in schooling and educational skills. In the largest U.S. cities, the employment of immigrant Hispanics has grown while the employment of native blacks has declined. Yet schooling levels among immigrant Hispanics are most out of sync with those of the rest of the labor force and way below African-Americans', whose educational standing has steadily improved.[18]

A closer look at the employment patterns of immigrants raises even more questions about the basic mismatch assumption. Immigrants were far more dependent on manufacturing than were African-Americans in 1970—a time when the central city goods production base was almost intact. If the decline of manufacturing is to blame for the employment problems of African-Americans, then why has the economic base of immigrants not blown apart? And since no one argues that educational requirements are a barrier to African-American employment in manufacturing, why were immigrants and not African-Americans able to make substantial gains in factory jobs?

This line of questioning leads to another observation: manufacturing was not particularly important for the economic fate of blacks. Black New Yorkers were already underrepresented in manufacturing as of 1970, and in the years since then they have shifted even further away from goods production jobs. In fact, the move out of manufacturing is consistent with the overall evolution of African-American

employment, which, as I shall establish in Chapters 3 and 4, has changed in ways that reduce exposure to the job loss resulting from industrial decline. Consequently, the concentrations established by 1980 should have left African-Americans well positioned to experience the changes of the 1980s. That African-American economic opportunities have *not* substantially widened suggests that there is more to the game than being in the right industrial place at the right time.

As I noted earlier, the mismatch equation really has two sides: the supposedly fast-changing requirements of jobs and the slowly evolving schooling levels of blacks. Everyone "knows" that urban jobs demand more and more education; hence, mismatch proponents have not lingered overly long on establishing this fact. What everyone knows, however turns out to not quite be the case. Skill requirements have indeed gone up, but only to a modest degree. Consequently, people with modest levels of schooling have continued to fill a surprising number of jobs. In 1990, for example, persons with twelve years or less of schooling held close to half (44 percent) of all New York City jobs.[19] In general, the tendency toward skill deepening has also slowed substantially since 1960. Ever since then, however, the job picture for blacks has become increasingly grim.[20]

If mismatch proponents move quickly over the question of changing educational requirements, they never stop to examine their assumption about the schooling levels among blacks. Anyone familiar with the educational history of blacks will find irony in the argument that economic problems have been aggravated because schooling performance has gotten *worse*. The historical record, entirely obscured in contemporary debates, attests to tremendous progress against extraordinary obstacles: prohibitions against teaching reading and writing during slavery; not just separate, but woefully underfunded schools in the postbellum South; and the highly segregated, overcrowded systems that greeted the migrants when they came north. As bad as urban schools may be today, the educational environment of African-American schoolchildren never had any good old days.[21]

The crucial issue, therefore, involves the pace and extent of change. Have disparities between blacks and whites in educational attainment narrowed or increased? More important, have blacks kept up with the educational requirements of urban employers—whose work force, as I have noted, is hardly lily white?

Nationwide, over the past twenty years African-Americans have made substantial, if still incomplete, strides toward catching up with

whites. At least two indicators provide strong evidence of a diminishing gap. School enrollment rates among college-aged youth tell us about trends among those likely to acquire the up-to-date skills that employers supposedly want; on this count, the increase from 1970 to 1990 among blacks aged 18–24 was substantial and considerably greater than that among comparably aged whites. By contrast, high school dropout rates help identify the size of the population most likely to be hurt by heightened job requirements; here too, as Christopher Jencks has noted, with the dropout rate among blacks falling since 1970, the story is more encouraging among blacks than among whites.[22]

Thus, the skills mismatch rests on a series of widely accepted "facts" that closer examination reveals to be untrue. Blacks never made it into the factory sector in such numbers that manufacturing's later decline would be a disaster. And the schooling story is far more complicated than the simplistic mismatch contentions, with plenty of evidence that blacks are less behind than they were ten, not to speak of twenty, years ago.

A Dual City?

Inaccurate in depicting blacks, the mismatch theory also has nothing to say about the new immigrants who have flocked to the largest post-industrial cities. The puzzle is why the new immigrants converged on the largest urban centers at precisely the time when so many of the traditional routes of immigrant economic mobility have presumably been blocked.[23]

The best-known answer to this question contends that the growth of producer services—finance, insurance, engineering, law, management consulting—has polarized the cities of high finance. The shift to producer services does indeed breed new jobs requiring high levels of education, as the mismatch hypothesis asserts. But critics of the American economy maintain that the growth of services also involves a process of economic restructuring. Service growth at the top simultaneously generates jobs for chambermaids and waiters, investment bankers and lawyers, while positions in between these extremes are slowly but steadily reduced. Restructuring also results in a deployment of new labor force groups, attracting immigrants from overseas to fill the expanded bottom-level jobs.

The coming of the hourglass economy thus creates the demand for

immigrant labor. But the relationship between cities and immigrants works both ways: the arrival of the immigrants helps explain why the past two decades have seen an "urban renaissance." On the one hand, the influx of foreign-born workers has given the comatose manufacturing sector a new lease on life. Immigrants, so the story goes, have been a more pliable labor force, and so factory employers have not been obliged to keep wages at parity with national norms. In contrast to nationals, immigrant workers can also be deployed in more flexible ways, thereby giving urban manufacturers the scope to customize production and place greater reliance on subcontracting. As yet another plus, urban manufacturers can also draw on a large, vulnerable population of illegal immigrants. Their presence has given new meaning to the word exploitation, making "the new immigrant sweatshop . . . [a] major U.S. central city employment growth sector in the past decade."[24]

Immigration has also propelled the service economy along. According to Saskia Sassen, who has researched New York:

> Immigration can be seen as a significant labor supplier for the vast infrastructure of low-wage jobs underlying specialized services, and the high-income life-styles of its employees. Messenger services, French hand laundries, restaurants, gourmet food stores, repair and domestic services—these are just a few examples of the vast array of low-wage jobs needed for the operation of the specialized service sector and its employees. Immigrants represent a desirable labor supply because they are relatively cheap, reliable, willing to work on odd shifts, and safe.[25]

The immigrant presence also facilitates the continued expansion of the labor supply for newly created professional and managerial jobs. As Bennett Harrison and Barry Bluestone argue, "the provision of . . . services to the office workers becomes *the* major economic activity for the rest of the city." In their view, "the high cost of living in cities containing corporate headquarters requires that professional households include more than one wage earner in order to sustain a middle-class life style. This, in turn, forces this new aristocracy to consume more and more of the services that workers in an earlier generation would have produced for themselves."[26] By furnishing the "large cohort of restaurant workers, laundry workers, dog walkers, residential construction workers, and the like,"[27] immigrants lower the costs of keeping a high-skilled labor force in place. Were it not for the foreign-born, the advanced service sectors in New York or Los Angeles would

have to pay their highly skilled workers even more and thus lose out in the broader competitive game.

The contrast between restructuring and mismatch hypotheses shows that the virtues of one are the vices of the other. The restructuring hypothesis offers a plausible explanation of the immigrant arrival to the postindustrial city. Because proponents of the restructuring hypothesis do not even mention the economic problems of blacks, however, they beg the question of why all the new low-level jobs went to immigrants and not blacks. Amazingly enough, at a time when the specter of displaced, unemployed blacks looms so large in the mismatch hypothesis, the restructuring hypothesis has returned blacks to their old place as "invisible men."

Clearly any adequate account of the urban postindustrial change has to explain the new ethnic division of labor. But the restructuring hypothesis is not weak on this count alone; it also falls short on strictly factual grounds.

Consider the key contention about the changing *structure* of jobs and skills. Evidence that polarization is under way comes from Bureau of Labor Statistics projections of the absolute *number* of new jobs created between now and the turn of the century. Much has been made of the large number of jobs in low-skilled occupations that are expected to be added to the economy by the turn of the century. Of the ten occupations that will require the largest number of new workers, two—registered nurses and primary school teachers—necessitate college degrees. All of the others—janitors, cashiers, truck drivers, and the like—involve skills that can be picked up on the job with little, if any, schoolroom knowledge. But this pattern is largely an artifact of the occupational classification system itself. Low-skilled jobs tend to be less differentiated than higher-skilled jobs; one finds many highly discrete occupational categories at the top of the job hierarchy, in comparison to the situation at the bottom, where a relatively small group of categories lump together large groups of workers. Consequently, regrouping the occupational data presents a different picture of the trajectory of change. Once one reorganizes the occupations into broad categories (executive, administrative, managerial; professional; and so forth), it turns out that the occupations that grew at above-average rates between 1975 and 1990 were the broad occupational groups with above-average educational levels. Projections indicate that those same occupational categories are likely to grow fastest between 1990 and 2005, whereas jobs with generally low educational levels, while remaining quite numerous, will continue to decline.[28]

The figures just presented cover the U.S. economy as a whole. But what about the major urban centers? Occupational polarization mischaracterizes the job trajectory in New York. Although the number of jobs eroded during the bad days of the 1970s, some occupations did grow: professionals increased by 16.5 percent, managers were up 27 percent, and service workers gained an additional 5.8 percent. Meanwhile, all of the blue-collar occupations shrank. The growing tilt toward services explains part of this story, but only part. Within every sector—whether manufacturing or transport, retail or business services—the mix of occupations underwent considerable change, yielding a trend toward occupational upgrading, not polarization. The proportion of workers employed in all blue-collar occupations (craft, operative, laborer, and service) substantially declined in every sector except professional service. Good times in the 1980s breathed life back into some previously declining occupations, but the overall shape of change remained the same. Employment in professional, managerial, and sales jobs grew by about a third in each area in the course of the decade; together, the three occupations accounted for 95 percent of all the new jobs added during the 1980s.

Thus, despite tales of the growth in the number of janitors and fast-food workers, data on occupational change and projected occupational growth for the country as a whole and for New York fail to provide any support for the notion that low-skilled jobs are proliferating. Given this trend, how can the arrival of new immigrants be explained?

An immigrant-absorbing and generally growing service sector would be a possibility, but here again the polarization view leads us further off the track. Surprisingly, the traditional immigrant employing industries have continued as the shock absorbers for the latest immigrant inflow. Manufacturing and retail remain overwhelmingly the chief immigrant concentrations. As for the service side, there is only one sector in which the foreign-born are greatly overrepresented—that old immigrant standby, personal services. Those sectors comprising the "new" urban economy—finance, insurance, real estate, business services, professional services—rank below the average in their reliance on immigrant labor. Moreover, the trends since 1970 provide little evidence that the advanced service industries are becoming more immigrant-dependent.

Thus, the polarization hypothesis has the story about changing urban economies wrong. It also fails to account for the other side of the equation—immigrants. Though much is made of the exploitability of a large, illegal immigrant labor pool, this point cannot be

pushed too far. The illegal immigration numbers game has now been played out: we know that the guesstimates from the early days widely inflated the size of the undocumented population. The number of illegal immigrants—about 3.5 million as of the late 1980s—is greatly overshadowed by the number of new legal immigrant residents and citizens. Similarly, the view that illegal immigrants are significantly more vulnerable than their legal counterparts can no longer be sustained. A decade and a half of research on illegal aliens has shown that their economic, demographic, and human capital characteristics differ little from those of legal immigrants of similar ethnic backgrounds. According to a 1989 U.S. Department of Labor report, "in many instances, illegal status does not lead to significantly lower earnings, nor does it appear to impede mobility substantially."[29] In other words, there are fewer illegal immigrants than conventional accounts once suggested, and they are doing better—or not quite as badly—as one might have thought. Compared to Los Angeles, the destination overwhelmingly favored by illegal immigrants, New York has exercised a modest attraction for unauthorized migration—which makes it still more doubtful that the influx of an especially vulnerable labor force explains New York's rebound from economic collapse.

The Ethnic Division of Labor Transformed

If the prevailing accounts of the impact of the postindustrial urban economy do not hold up, what alternative might there be? The answer is an explanation that provides a single consistent story for African-Americans *and* for immigrants. I begin with a model of how jobs are allocated among ethnic groups.

THE ETHNIC QUEUE

The simplest model assumes that in a race-conscious society like ours, entire groups of people are *ordered* in terms of desirability for preferred jobs, with skill-relevant characteristics serving as additional weights. At each level of relevant skill, members of the core cultural group stand at the top of the ranking, followed by others. Under these conditions, job growth at the top of the hierarchy principally benefits the topmost ranked group; as members of this group ascend the totem pole and fill these new positions, jobs lower down the ladder open up for everyone else. Conversely, should the overall economy, or even

particular sectors, turn down, the average position of the core cultural group will drop, pushing all others still further down.

Access to jobs also depends on the shape of the queue—that is, the relative sizes of groups. For our purposes, the critical development occurs when the relative size of the core cultural group declines—either as a result of an economic expansion that absorbs the existing labor force or as a consequence of out-migration. Changes in the shape of the queue trigger upward movement for those with positions lower down. But these shifts also create shortages in low-paying, low-status jobs where former incumbents have seized the chance to move toward better-paying, more prestigious positions. With employers limited in their ability to raise wages or substitute capital for labor, groups external to the labor market—migrants, whether native or foreign—move into the economy, entering the queue at the very bottom.

Whereas employers rank groups of workers in terms of their desirability, groups of workers rank jobs in terms of the relevant resources that jobs can provide. Rankings are also subject to change: erosion in a job's relative pay, prestige, or security may trigger its abandonment by members of the core cultural group, which in turn creates opportunities for lower-down groups, whose opportunities are more constricted. Of greater importance to us are the changes that occur in the rankings of migrants and their children. Differences in origin between natives and migrants yield disparate rankings, with migrants accepting jobs that natives will reject. Since preferences evolve with exposure to prevailing wage and status norms, differences between migrant and native rankings diminish over time; the children of the migrants are likely to operate with the same ranking system as natives.[30]

This model of the ethnic queue moves us beyond mismatch and polarization hypotheses. First, it helps us identify the sources of opportunity within an otherwise unfavorable economic environment. Second, it allows us to link the process of serial migrant labor movements into the urban economy to a cycle of complementary and competitive relationships between old-timer and newcomer groups, and thus to place the changing ethnic division of labor in historical perspective.

OPPORTUNITY AND THE ETHNIC QUEUE

Because changes in the shape of the queue will reallocate jobs among ethnic groups, the crucial factor involves the pacing of demographic

relative to economic shifts. Although urban economies shifted steadily from goods to services throughout the postwar period, their demography changed at an even more rapid pace. Whites, who compose the preferred group, have been a steadily diminishing component of the population base. In cases of economic decline, as in New York in the 1970s, the white outflow greatly exceeded the erosion of jobs. And when economic growth turned New York around, as it did during the 1980s, the size of the white population did not keep pace with the increase in jobs.

Moreover, New York's economy has always been distinguished by its reliance on migrants, whether foreign or native, to fill low-level jobs. Industries in the "secondary sector," like retailing or restaurants, have traditionally been havens of employment for immigrants and their children. But that tradition has bred a chronic dependence on outside sources of new recruits, because workers' preferences have evolved with exposure to prevailing economic norms. Whereas migrants accept jobs that natives reject, the migrants' children share the natives' ranking system. Thus, as the second and later generations of European immigrants have entered the labor market, they have dropped out of the effective labor supply feeding into the secondary sector.[31] This process of cycling through industries and sectors has bred an additional demand for replacement labor—beyond that generated by compositional changes alone.

This model provides an adequate prediction of how changes in the number and characteristics of white workers will affect the gross opportunities for new immigrants and for African-Americans. It does not tell us how the jobs vacated by departing whites will be allocated among the contending, successor groups. Here, the queuing metaphor leads us awry, with its suggestion that both jobs and groups are ranked in a stable, orderly way, with top-ranked groups moving into higher-ranked jobs, and so on down the line.

This image of orderly succession stands at variance from reality because ethnic ties serve as a basic mechanism for sorting workers among jobs. Groups are funneled into special places in the labor market—which I shall call niches—and then maintain those specializations, albeit at varying rates of persistence, over time.[32] Thus, when ethnic succession occurs, it upsets an already established ethnic division of labor. And the fundamental *structuring* role of ethnicity means that compositional shifts simply create the circumstances under which the ethnic order in the labor market can be transformed.

How the ethnic division of labor arises and changes are the issues to which I turn below.

THE MAKING OF THE IMMIGRANT NICHE

We can think about the making of an immigrant niche as a two-stage process. First comes a phase of specialization in which placements are affected by skill, linguistic factors, or predispositions. Historians have argued that in the early to mid-nineteenth century migrants had far greater opportunities to transfer a skill directly into urban American economies than at any time since.[33] And yet premigration skills still affect the match between newcomers and employers. Greeks from the province of Kastoria, where a traditional apprenticeship in fur making is common, tend to enter the fur industry; Israelis move into diamonds, a traditional Jewish business centered in New York, Tel Aviv, and Brussels; Indians from Gujarat, previously traders, become small store owners; and West Indians, many of whom have had exposure to mechanical crafts in oil fields, sugar refineries, or shipyards, find work in construction.

Language facility may similarly be a barrier to, or a facilitator of, specialization. English-language ability has steered immigrants from the anglophone Caribbean into 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 and lack appropriate credentials or licenses, turn to retailing.

Groups may also be predisposed toward certain types of work; the fact that migrants are people in a stage of transition has an especially important influence on the types of jobs they pick up. Not yet certain whether they will settle down for good or return home, still evaluating conditions in terms of lower-quality employment back home, immigrants are likely to be favorably disposed toward low-level, low-status jobs. And that favorable evaluation extends even to jobs in declining industries where the prospects for long-term employment are poor.[34]

Whatever the precise mix of factors that determine the initial placements, occupational closure quickly sets in; this process represents the second stage. Networks of information and support are bounded by ethnic ties. Newcomers move and settle down under the auspices of friends, kin, and "friends of friends." When looking for work the new arrivals may prefer an environment in which at least some faces are familiar; they may feel uncomfortable with, or be ineligible for,

the institutionalized means of labor market support; and they are likely to find that personal contacts prove the most efficient way of finding a place to work. Thus, later arrivals pile up in those fields where the first settlers established an early beachhead.[35]

More important, the predilections of immigrants match the preferences of employers, who try to reproduce the characteristics of the workers they already have. Recruiting among the relatives and friends of incumbents is the cheapest way of finding help; it greatly increases the quantity and quality of information about the relevant characteristics of a prospective recruit; and since it brings new workers into an environment where they are surrounded by people who know them, network hiring provides an additional mechanism for maintaining control. Over time, hiring opportunities can become detached from the open market, being rationed instead to insiders' referrals as part of a quid pro quo between incumbents and employers.[36]

FROM IMMIGRANT TO ETHNIC NICHE

What happens after the initial immigrant niche is put in place? The answer depends, in part, on the nature of the niche itself. If the niche provides rewarding employment or mechanisms for expanding a group's economic base, specializations are likely to persist. Niches often vary by industry, with different industries holding out distinctive pathways for getting ahead. In a small-business industry, like retailing or construction, one succeeds by starting out on one's own. By contrast, where large organizations prevail, one moves up by getting more schooling, picking up a certification, acquiring seniority, or some combination of the three. Whatever the particulars of the employment context, acquiring industry-relevant contacts, information, and know-how can take place on the job in an almost costless way. By the same token, moving beyond the ethnic niche imposes considerable costs.

The structure of rewards among economic specializations varies, as does the potential for niche expansion. As already noted, time often changes the match between a group and its original niche. Immigrants, looking back at the conditions they left behind, are willing to start out at the bottom of the pecking ladder; their children, however, want a good deal more, looking askance at those very same jobs. The advent of the second generation, therefore, is a momentous event, though not so much, as some social scientists have suggested, because the second generation accepts the cultural patterns of natives. Far more important are the aspirations of the second generation, which

in contrast to their parents' now extend to the economic goals and standards of natives. Moreover, job predispositions are rarely abstract preferences; rather, they are informed by understandings about the probability that movement down one economic branch or the other will lead to failure or success. If group A experienced discrimination in industry B, and has reason to think that some level of discrimination there will persist, job seekers from group A have good reason to look for work in other fields. This same assessment of opportunities and constraints might create a preference for those types of work where exclusionary barriers exercise the least effect.

Thus, members of the second generation may move on to different jobs. Do they shift as a group? Or do they scatter, moving outward as they filter upward from the ethnic niche, as the conventional thinking suggests? The argument for the latter view rests on its assumptions about why the first generation concentrated in the first place. To the extent that concentration is explained by lack of skills and education, and seen as a source of disadvantage, then rising levels of education and growing similarity with the core cultural group imply that upward mobility goes hand in hand with dispersion out of the immigrant niche.

Skill deficiencies are only one of the factors in my account of the first-generation niche, however. I place much greater weight on the role of ethnic networks and their impact on the actions of both workers and employers. Consequently, my view suggests a different scenario, in which the continuing importance of ethnic networks shapes a group's employment distribution into the second, and later, generations. Just as with the first generation, the second generation's search for advancement takes on a *collective* form. Starting out from an immigrant niche, the second generation is already embedded in a cluster of interlocking organizations, networks, and activities. Not only do these commonalities shape aspirations, they also create the organizational framework for the rapid diffusion of information and innovations. Thus, the social organization of the second generation serves as a mechanism for channeling people into the labor market; once a favorable niche develops, informal recruitment patterns can quickly funnel in new hires.

THE ADVANTAGES OF THE ETHNIC NICHE

The process of niche formation turns ethnic disadvantage to good account, enabling social outsiders to compensate for the background deficits of their groups and the discrimination they encounter. The

networks that span ethnic communities constitute a source of "social capital," providing social structures that facilitate action, in this case, the search for jobs and the acquisition of skills and other resources needed to move up the economic ladder.[37] Networks among ethnic incumbents and job seekers allow for rapid transmission of information about openings from workplaces to the communities. And the networks provide better information within workplaces, reducing the risks associated with initial hiring. Once in place, ethnic hiring networks are self-reproducing, since each new employee recruits others from his or her own group.

While the development of an ethnic niche provides a group with privileged access to jobs, one classic example—that of small business—suggests that it can do far more. Ethnic businesses emerge as a consequence of the formation of ethnic communities, with their sheltered markets and networks of mutual support. Individual firms may die off at an appalling rate, but business activity offers a route to expansion into higher profit and more dynamic lines. Retailers evolve into wholesalers; construction firms learn how to develop real estate; garment contractors gain the capital, expertise, and contacts to design and merchandise their own clothing. As the ethnic niche expands and diversifies, the opportunities for related ethnic suppliers and customers also grow.

With an expanding business sector comes both a mechanism for the effective transmission of skill and a catalyst for the entrepreneurial drive. From the standpoint of ethnic workers, the opportunity to acquire managerial skills through a stint of employment in immigrant firms both compensates for low pay and provides a motivation to learn a variety of different jobs. Employers who hire co-ethnics gain a reliable work force with an interest in skill acquisition—attributes that diminish the total labor bill and make for greater flexibility. Thus, a growing ethnic economy creates a virtuous circle: business success gives rise to a distinctive motivational structure, breeding a community-wide orientation toward small business and encouraging the acquisition of skills within a stable, commonly accepted framework.[38]

Sociologist Suzanne Model coined the concept of "hierarchically organized niches" to denote ethnic economic concentrations in which employees not only work among their co-ethnics but are hired and overseen by co-ethnic owners and managers.[39] These characteristics usually define the ethnic economy; they can also be found in the public sector. Along with small business, the civil service forms the

other classic ethnic niche, even though it is governed by seemingly opposite principles. Moving into civil service has been an ethnic mobility strategy for over one hundred years, and not just because ethnic networks increase a group's access to jobs. Once in place, groups of ethnic workers repeatedly engage in bargaining games that shelter them from competition and exclude opportunities for promotion from all but insiders. Thus, the public sector comes under group pressures that make it a protected, self-regulating enclave. And that trait increases its attraction for stigmatized groups that fare poorly in the private market.

JOB COMPETITION

I have depicted niche formation as the unintended result of activities of which people are only partly aware. But once the niche is in place, different dynamics occur. The higher the level of concentration in the niche, the more frequent and more intense the interaction among group members. These interactions make them feel that they belong to a group. If the niche is one of the salient traits that group members share, it also helps define who they are. As a result, members pay greater attention to the boundaries of the niche and the characteristics of those who can and cannot cross those boundaries. As the niche strengthens group identity, it sharpens the distinction between insiders and outsiders.[40]

Once established, the niche also takes on properties that make it difficult for outsiders to get in the door. A variety of factors incline ethnics toward working with others of their own kind whenever they can. Fearful that outsiders might undercut wages, workers prefer to train co-ethnic neophytes whom they trust; anxious about the reliability and performance of job applicants who walk in off the street, employers prefer to hire the friends and relatives of their key workers; concerned that a vendor might not deliver on time, or that a customer might delay in paying the bill, business owners look for known entities with track records of successful dealings with others. In effect, membership in an ethnic community serves as an index of trust in an economic transaction, telling co-ethnic actors that one can rely on another. The web of contacts within a community works in the same direction; the history of prior exchanges with members of an ethnic network provides a baseline against which future behavior can be assessed. Since relations among co-ethnics are likely to be many-sided rather than specialized, community effects go beyond their informa-

tional value, engendering both codes of conduct and the mechanisms for sanctioning those who violate norms.

The trust extended from one member of a community to another, though both efficient and efficacious, is not available to everyone. Outsiders lack the traits, histories, and relational ties conducive to collaboration or trust; on these grounds alone, rational considerations lead insiders toward economic exchanges with their own.

Since employers and employees in the niche tend to arrive at agreement over hiring practices and promotional rules, past practices operate with a similar, exclusionary effect. To be sure, the parties often fight with one another over the content of the rules. But the quarrels rarely get out of hand: in hierarchically organized niches, such as the civil service, managers and workers often come from the same group and identify with one another. In other cases, where higher management and the rank and file have little in common, the line managers who make key personnel decisions generally share the views, and often the origins, of the important workers with whom they interact.[41]

Thus, over time, hiring practices and promotional rules get adapted to the needs of incumbent groups. Often, the entry criteria demand more exacting skills than the jobs require. As long as insiders and the members of their network furnish a steady stream of qualified applicants, however, employers have no incentive to relax their hiring criteria to ease the way in for outsiders. Once in place, the rules change slowly; the weight of tradition stands in their favor, sustaining incumbents' belief in the fairness of rules and the rule-making process.

All this is important because the labor market is not always home to a game of ethnic musical chairs, in which some groups move one rung up the ladder, allowing newcomers to take up the vacated rung. Although the queue metaphor suggests movement without friction, the structural properties of the labor queue can shift or stabilize in ways that either forestall or promote ethnic conflict over jobs.

Recall that outsider groups enter the economy in response to labor shortages and then gravitate toward the tier of labor-scarce jobs, remaining in that ambit as long as their (low) economic orientations match the (low) requirements and perquisites of the jobs. What happens next generally follows one of several scenarios. In the succession scenario, the shape of the labor queue can change if later economic expansion further tightens the supply of established groups, pulling the low-ranked group up the totem pole. In the leapfrogging scenario, the characteristics of the low-rank group—in particular, its schooling

levels—substantially improve, making the group more desirable to employers and thereby reordering its position in the labor queue. In the persistence scenario, the preferences of the low-rank group remain unchanged, in which case its tolerance for low-level work stays more or less the same.

But one can also imagine a sequence of events ending in conflict, in which the preferences of low-rank groups change more quickly and more extensively than either the order or the shape of the labor queue. In this case, the ambitions of outsiders extend to higher-level jobs to which established groups remain firmly attached. But the allocation procedures exclude all those who do not meet hiring criteria, which have previously evolved in ways that fit the preferences of incumbents. Under these circumstances, competition becomes overt and leads to ethnic conflict, as newcomers seek to alter hiring and promotion rules and incumbents try to maintain the structures that have protected their group's jobs.

As the advent of ethnic conflict threatens the order of the queue, outcomes will depend on the resource-mobilization capacity of outsider and insider groups and on their ability to use those resources to effect changes in recruitment and promotional structures. Power makes such a difference because niches are ultimately not that easy to control. Employers may have a preference for hiring one of their own or may yield to the "tastes" of their employees. They can never totally ignore, however, the potential cost savings made possible by recruiting outside the niche or the desirability of gaining skills that the in-group cannot provide. Similarly, unions might block the front door that gives access to a trade; but the presence of ethnic entrepreneurs, who hire and train their co-ethnics, provides a back door through which a corps of skilled workers can be built.[42] In the public sector, particular groups may control information about openings and exams but they cannot prevent the competitive exam process from allowing skilled outsiders to gain entrée.

There is more to job competition than the human or social capital of insider and outsider groups. Groups' resource-bearing capacities in the political realm often count for a great deal: shifts in the relative balance of *political* power between incumbents and outsiders can lead to policy changes that alter recruitment practices, opening up defended, previously closed ethnic niches. While political pressure can make a difference, the range of exposure to political forces varies with the characteristics of labor market arrangements. Government's in-

struments will be most effective in those segments of the economy where hiring and recruitment practices are most institutionalized, and thus most susceptible to internal and external monitoring. By contrast, political intervention will carry much less weight in small-firm sectors, which mainly rely on informal recruitment mechanisms.

DISCRIMINATION

This account of job competition provides an explanation of the activation, persistence, and possible decline of discrimination; because it stands at variance with established economic and sociological views, a comparison with the alternative, better-known accounts deserves attention. In economics, the most powerful statement explains the behavior of discriminators as a manifestation of their "tastes": thus, whites have a distaste for working with blacks.[43] The economists' assumptions about whites' preferences have been subject to criticism on several grounds—don't whites really want to maintain social distance? aren't they principally concerned with preserving status differences relative to blacks? But the most damaging criticism is simply that by assuming distinctive preferences, the economists beg the question at hand, namely, what causes whites' peculiar tastes?[44] As the ethnic order becomes more complex, the import of this failure becomes increasingly grave, since whites seem to have a much stronger distaste for blacks than they do for the various foreign-born groups who are just as visibly identifiable.

But let us assume that whites do indeed have such a strong distaste for working alongside blacks; what difference would it make? White employers with a "taste for discrimination" would pay a premium to hire mainly white crews, deducting the costs of the psychic discomforts they must endure from the wages of any blacks they engage. Like any other preference, the taste for discrimination is not equally shared by all white employers; those employers who experience less psychic pain from proximity to blacks should be happy to hire an entirely black crew at bargain rates. In a competitive market, the lowest-cost, nondiscriminating producer would inevitably compel the discriminators to either swallow their distastes and hire more blacks or else go out of business.

By definition, the economic model thus predicts declining discrimination. The problem, of course, is that persistent discrimination is what requires explanation. Moreover, the economists' approach focuses almost entirely on wages, whereas occupational segregation and access to employment lie at the heart of black-white disparities.

Sociologists, by contrast, are wont to explain discrimination as the reaction of "high-priced" labor to competition from "lower-priced" competitors, as can be seen in William J. Wilson's highly influential book *The Declining Significance of Race.*[45] In this account, black migrants entered the north as low-price labor: willing to work at rates below those acceptable to whites, blacks were used by employers in their efforts to "undercut the white labor force by hiring cheaper labor." These attempts fanned whites' antagonism toward blacks and efforts at either excluding African-Americans outright or else confining them to low-level jobs. As the American state expanded its role in regulating industrial and race relations from the New Deal on, the potential for wage competition between blacks and whites steadily diminished. With whites no longer having to fear displacement from low-priced blacks, they lost their motivation to discriminate.

The conventional economic approach predicts declining discrimination without, however, accounting for what activates discrimination in the first place. The conventional sociological framework goes one step better in addressing the question of motivation but, likewise, forecasts discrimination's decline. Unlike the economists' approach, the job-competition perspective provides an answer to the question of motivation; unlike the sociologists' approach, it also tells us why discrimination might persist.

The economists are certainly right in thinking that discrimination is in part a matter of tastes; as I contended above, however, those tastes are not exogenous but rather a consequence of the development of an ethnic niche. Moreover, the motivation to maintain boundaries around the niche does not just emanate from an abstract desire to be with others of one's own kind (or even to maintain social distance from some stigmatized other); rather, it derives from the process of serial migrant labor market incorporation, which in turn spurs the cycle of complementary and competitive relationships between old-timer and newcomer groups.

The instability of capitalist economies leads to a recurrent recourse to outsider groups, who enter the queue at the bottom, where they work in complementarity to higher-ranked insiders. But the initial situation of complementarity lasts only as long as the economic orientations of the two groups diverge; once the aspirations and orientations of the two groups converge, job competition ensues. Under

these circumstances, a combination of economic and noneconomic factors impel insider groups to prevent outsiders from gaining access to the niche. The influx of a stigmatized other threatens the overall standing of the group's niche—itself often recently won. More important, incumbents in a good niche have a scarce commodity to protect. Even in the best of times, good jobs attract a surplus of applicants, which tells us that there are never enough truly desirable positions. The exclusion of outsiders keeps competition in check, serving the needs of incumbents while also preserving a resource for future cohorts of insiders not yet admitted to the niche. Finally, competition activates cultural and ideological sources of group affinity and exclusiveness, since incumbents' sense of group identity is embedded in stable networks and patterns of hiring, recruitment, and mobility.

BLACK-WHITE ANTAGONISM

Thus, discrimination can be seen as the consequence of job competition, with the niche taking the form of a kind of group property. Though perhaps Balkanized, the labor market is not yet the Balkans, with each group pitted against the next. On the contrary, as one black skilled-trades worker pointed out to me: "When the white workers are in the room, it's fuckin' guinea this, stinking kike that, polack this. When I come into the room, they're all white."

This statement pungently crystallizes the intellectual puzzle of why so much more antagonism characterizes the encounters between whites and blacks than those among the plethora of culturally distinctive, visibly identifiable groups that joust with one another over economically desirable slots.

The answer to that puzzle, I suggest, has several parts. First, race is a particularly convenient marker, with slightly more subtle ethnic criteria providing more difficult, and therefore more costly, means around which to organize exclusion. Second, in the American context race is far more than a marker: it is a characteristic suffused with meaning, adding an extraeconomic dimension to the entry of blacks into a dominant white niche. Third, conflict has been crucial to blacks' efforts to move into dominant white niches, and far more so than has been true for other outsider groups.

The persistence and intensity of black-white conflict reflects, in part, the mismatch between black economic ambitions and the thresholds needed to enter the jobs to which blacks aspire. Whereas African-American migrants accepted jobs that whites would no longer

do, the migrants' children and grandchildren have sought positions in niches which whites have not left. In this quest, African-Americans resemble other outsider groups who began as migrants at the bottom. But earlier groups of outsiders like Italians or Jews, as well as contemporary counterparts like Chinese, Koreans, and even Jamaicans or Dominicans, have had access to resources—education, skills, capital, and most important, assistance from their co-ethnics—that have helped them find alternate routes into defended niches and improve their bargaining position with incumbent groups. Lacking these resources, African-Americans have been more likely than other outsider groups to pursue a directly competitive strategy for entering a niche. That strategy, in turn, has heightened the defensive orientations of whites, intensifying their concern with boundary maintenance and markers, and breeding a cycle of escalating conflict.

SLICING THE PIE

Thus far, I have tried to explain why ethnic groups develop economic specializations and how those specializations evolve. But the problem is still more complex, because I need to provide an account of how the same opportunity—the vacancies created by the diminishing presence of whites—has had such different effects on immigrants and on African-Americans.

The answer lies in the framework developed above. A group's *prior* place in the ethnic division of labor exercises a crucial influence on its chances of benefiting from the opportunities that arise from succession. To inherit the positions abandoned by departing whites, one needs a recruitment network already in place. Since hiring works with a built-in bias toward incumbents, recruitment into an industry can become a self-feeding process; consequently, replacement processes will work to the advantages of those groups that most easily and quickly produce new recruits.

Timing also influences the outcome. When ethnic succession stirred up New York's ethnic division of labor, history had put African-Americans and new immigrants in different places. At the high tide of black migration to New York, whites were still solidly entrenched in the city's working class; even low-level, traditionally immigrant industries retained whites within their effective labor supply; in more skilled, manual jobs, whites maintained virtually complete control. In contrast to the circumstances under which the post-1965 immigrants entered the economy, African-Americans encountered a

situation in which white ethnic incumbents held on to all but the bottom-most positions; the strength of these network-based tendencies toward social closure narrowed the scope of black employment and shaped their pattern of job concentration.

By the time compositional changes in the 1970s and 1980s produced widespread vacancies, African-Americans had developed alternative feeding points into the economy. These black niches were shaped by previous experience. Sectors that provided more and better opportunities gained a heavier flow of recruits. Where, by contrast, discrimination continued to prevail, the potential supply of African-American workers dwindled. Although the transitional nature of the migration experience had conditioned earlier cohorts of black workers to accept jobs in the traditional immigrant industries, the children and grandchildren of the southern migrants had taken on aspirations that precluded this type of work. Consequently, employers turned to immigrants to fill the vacancies created by the massive outflow of whites. Once a small cluster of "seedbed" immigrants implanted itself, networks among newcomers and settlers quickly directed new arrivals into the appropriate places in the job market. Given employers' preference for hiring through networks—and the ability of employees to pressure their bosses to do so—information about job openings rarely penetrated outside the groups that concentrated in a particular trade. As the newcomers built up their niches, they limited entry to members of the club. Thus, history became crucial in understanding who got which pieces of New York's pie and why.

2 People and Jobs

The huddled masses that moved through Ellis Island arrived at a thriving factory town. But industrial New York passed its zenith well before midcentury; by the postwar years, the shape of the city's economic future could already be discerned. Even as yesterday's industrial base ceded place to tomorrow's office complex, the city's role as a staging ground for legions of newcomers continued as before. This chapter traces New York's simultaneous economic and demographic transformations as a prelude to the studies of ethnic New Yorkers and their changing roles in the city's evolving economy that appear in the chapters to follow.

An Economy in Change

Though its export base was still heavily manufacturing-oriented in the 1950s, New York shifted from goods to services earlier than did the rest of the United States. Goods production activities warranted two volumes in the celebrated New York Metropolitan Region Study, with the title of one of the books, *One-tenth of a Nation*, succinctly expressing manufacturing's importance. The size of New York's factory sector may have impressed scholars, but as early as 1950 there were already proportionally fewer New Yorkers working in manufacturing than in the nation as a whole. The proportion then grew steadily smaller: whereas the local economy boomed in the 1950s and 1960s, manufacturing fared less well. The city's mix of manufacturing industries spelled problems for those manufacturers who were still