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The New Immigrants

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New York City's brush with fiscal insolvency in the mid-1970s signaled the end for the U.S. urban-industrial economies. Its revival in the 1980s heralded the emergence of the nation's largest cities as world service centers. For the smokestack cities of the industrial heartland there is unfortunately 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 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.

Growth makes news from the urban front not as grim as in urban crisis days of yore. But notwithstanding the new urban vitality, there is little question that the 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 has risen, and dramatically so. The economic turnaround has not arrested social dislocation in the poorest urban communities. On the contrary, the severe social problems first identified twenty-five years ago appear both exacerbated and more concentrated. Though differing on social policy responses, both right and left 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 these much maligned

gentry has never matched up to 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 is that there is no fit at all. This is a story about the passing of the city of production and its consequences for the urban poor. 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. In the equation between the city's economic function and its population base, the unlettered, no matter how willing, have irrevocably lost out. The decline of the industrial city has left minorities high and dry.³

There is also a dissenting interpretation, now sufficiently repeated, to be a conventional wisdom of its own. This rival story of the postindustrial city is a tale of occupational polarization amidst industrial transformation. Modern urban development generates growth of high-level professional and managerial jobs and a proliferation of low-skilled, low-income "service" jobs. In the polarized metropolis, minorities are far from useless: They are the new drawers of water and hewers of work. In this version, it is not the poor who depend on the rich for their beneficence and for a trickle-down of jobs and income. 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

The argument of this chapter is that both stories—however intuitively appealing they may be separately or together—have it all wrong.⁵ Neither metaphor of polarization or dislocation captures the impact of the postindustrial urban transformation. Both stories miss out on the new sources of opportunity and also obscure the barriers that keep groups from exploiting chances to get ahead. Both stories treat the people they are describing as an undifferentiated, passive mass. Neither considers the possibility that African-Americans and immigrants can call on strengths within their own communities to meet the challenges presented by the evolving urban economy. And each story skips over history, forgetting how disparate the past experiences of African-Americans and new immigrants are and how those differences in experience condition expectations and behavior.

Our 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 conventional perspectives lack a supply-side approach. The loss of white city residents is seen as the source of urban disaster. But in fact, the outflow of whites is what gives newcomers their chance. During economic downturns, whites have fled the city at rates that outpace the rate of decline. And when the economy has reheated, the outward seepage of whites has slowed down but has never stopped. Proportionately, whites have thus been in constant decline. This shift in ethnic proportions of a population is what we call "compositional change." That change generates opportunities for other groups up and down the hierarchy of jobs—but particularly where employer requirements are not too high.⁶

Compositional change, resulting from the outflow of whites, in turn creates what we shall call "replacement demand." In a race-conscious society like ours, workers are ordered by ethnic and racial characteristics in a hiring queue. All things being equal, white persons of European ancestry rank at the top. But when the top group is no longer available—or can be recruited only in greatly diminished numbers—then employers hire workers whom they previously would have rejected.⁷

As we shall show in the remainder of this chapter, replacement demand is a powerful source of urban labor market change—and one that conventional interpretations have ignored to their peril. But if there are opportunities to be exploited, to whom and under what circumstances do these spoils go?

These are questions that the conventional stories cannot begin to answer. At a conceptual level, the stories mistake the category "minority" for something more than an invention of official statistics.⁸ African-Americans and third world immigrants may constitute an acceptable aggregate for counting who's who and how many are who. But the underlying social reality is one of sharp group boundaries and distinctions: African-Americans and third world immigrants occupy very different places in the urban economy.⁹

Once one moves beyond the all-purpose concept of "minority," the contradictions between the prevailing stories of urban change come fully into view. To account for rising levels of unemployment and poverty among African-Americans one points to the decline of low-level jobs. But the supposed proliferation of these very same jobs is used to explain why *immigrants*, many with educational levels well below those of blacks, continue to arrive in large numbers in the "postindustrial" city. Clearly, the two cannot both be true.

Though the distinction between African-Americans and immigrants is forgotten in the discussion of the changing urban economies, it conveniently appears in arguments that make the case for the declining significance of discrimination against blacks. If new immigrants, who are unlike

whites in recognizable cultural or physical traits, have higher employment rates and faster earnings growth than African-Americans, does this not show that blacks, and *not* the broader society, are to blame for their economic problems?¹⁰ But this assumes that blacks and immigrants are alike simply because they are somehow different from whites. The reality, however, is that the labor market differences between new immigrants and African-Americans are both real and profound.

Why should that be? Here again, the prevailing stories have too simplistic a view—as if individual workers were simply sorted into jobs or industries in accordance with the skills that they somehow acquired. In fact there is no mechanism that puts some individuals here and others there. Immigrants and African-Americans are not simply collections of persons that differ in individual characteristics. They are groups with collective resources such as access to social networks based on family and ethnic ties that can be used to get jobs, information, labor supplies, and capital. And as groups they also have shared experiences that shape their economic orientations, predisposing them toward some lines of work, diverting them from others. Sorting in the labor market involves the mobilization of these group resources, in directions influenced by underlying job orientations, and their deployment in struggles to break down discriminatory barriers and to capture the best pieces of the pie.

African-Americans and third world immigrants are sharply disparate in the discriminatory barriers that they face, in job orientations, in group resources, and in the ability to mobilize those resources competitively. For these reasons, they have responded to the opportunities and constraints of the postindustrial urban transition in very unlike ways. The key points are these: African-Americans and third world immigrants actively shape their own fates by creating distinctive ethnic economic niches. But history affects where those niches are to be carved out. A crucial fact is that African-Americans are the migrants of a generation ago. The earlier pattern of rejections and successes shapes the searches of today, closing off options that immigrants, with their very different experiences and orientations, might pursue. Moreover, both immigrants and African-Americans have limited discretion as to where viable niches can be found. Social and institutional barriers to good jobs are often stoutly defended. These discriminatory efforts are more likely to be directed at African-Americans than at immigrants, and African-Americans are also more vulnerable to strategies of economic exclusion. Finally, niche creation by African-Americans and immigrants involves 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 one another.

Thus ethnic employment concentrations or niches are a result of differences in the barriers that immigrant and native-born minorities face, in

the group resources that they can mobilize, and in the job orientations that influence the opportunities they pursue. At the same time, niches can be traps that confine groups to backwaters of the urban economy or launching pads that can be used to gain access to mainstream employment.

New York City is the prism through which we develop this argument in full. New York is a critical case for any explanation of urban change and its impact, as the city is America's first postindustrial place. It is first in the sense of arriving at postindustrialism before its urban rivals and first 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 at 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 can interact with structural changes to shape ethnic group fates.

This chapter is organized into three parts. In the next two parts we return to the conventional stories about urban economic change, showing the intellectual development of these perspectives and providing a more detailed critique. In the last part, we elaborate on the stylized alternative presented just above and then illustrate this new perspective with examples from our case study research.

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 this historic role of city 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 sharply shifted, 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 now focused on the problems of

black workers. More than two decades after this reformulation, the basics of the mismatch argument have remained unchanged.

This revised mismatch explanation was essentially a story about black men and how they have been harmed by the decline of manufacturing. As Frank Levy notes in his recent 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.¹¹

But what was true in the late 1950s rapidly changed. As manufacturing declined, the central cities—and in particular, the older urban centers—lost their absorptive capacities. Whereas manufacturing jobs had long permitted “immigrants access into the mainstream economy (albeit to the bottom rungs of the socioeconomic ladder),”¹² the growth of employment in services changed all that. The new economy typically generated two types of jobs—high-level managerial or professional occupations requiring college degrees or more and low-skilled positions in highly feminized fields. Both developments did little to widen the chances for black males. On the contrary, as Levy argues, “for poorly educated black men from rural areas, things were getting worse.”¹³ One generation after these mass migrations there are even more unskilled minority men chasing after fewer jobs. As William Wilson, another mismatch proponent argues, “much of what has gone awry in the inner city is due in part to the sheer increase in the number of young people, especially young minorities.”¹⁴

Those young people are in so much trouble because they are failed by urban public schools. Here the criticism of urban education joins the crescendoing chorus of complaints about American education. But proponents of the mismatch hypothesis go beyond the argument that American schools are graduating students who lack the skills needed to fill sophisticated new jobs. The problems of minority students are far more severe: “A great many black students, and a growing number of Hispanic students, are trapped in schools where more than half drop out, where the average achievement level of those who remain is so low that there is little serious pre-collegiate instruction, where pre-collegiate courses and counselors are much less available, and which only prepare students for the least competitive colleges.”¹⁵

Thus, on the supply side there are two problems: too many minorities and stagnant or slowly rising educational levels. But 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.”¹⁶ Fast-track growth is predicted for those jobs that require much higher education than current jobs. Though the bulk of employment will still remain in medium- to low-skilled jobs like cooks, secretaries, and cashiers, “workers will be expected to read and understand directions, add and subtract, and be able to speak and think clearly.”¹⁷

Put demand and supply-side trends together and the recipe is for an “impending U.S. jobs ‘disaster.’”¹⁸ 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.¹⁹

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. And a close look at those particularities highlight its deficiencies.

First, the mismatch hypothesis has a definite political twist. The culprits are no longer 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 its main effect results from the continuing legacy of bad deeds done in the past. And the significance of discrimination, like that of race, is on the decline. Twenty-five years ago the Kerner Commission could still argue that “racial discrimination is undoubtedly the second major reason why the Negro has been unable to escape from poverty.”²⁰ Though the contemporary literature is rarely so explicit in its causal ordering, the fact that one reads the literature on the mismatch with barely a mention of discrimination speaks volumes.

But if discrimination has lost its force, what explains the peculiar industrial and occupational distribution of blacks? Blacks, in a theme that we shall sound throughout this chapter, are not dispersed throughout the economy but rather are concentrated in a handful of sectors. The puzzle, from the skills mismatch point of view, is that the black economic niches do not happen to coincide with the principal clusters of low-skilled jobs. Take the case of construction. Here are positions for which one trains 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 largely excluded and it 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. Bad as the racial practices of construction employers and unions are, they actually offer an open door to blacks when compared to skilled blue-collar jobs in manufacturing. When one moves outside the goods production sector, the asymmetry between black concentrations and low skill clusters remains.

Although mismatch proponents have no doubt about what the source of the problem is, they are not so consistent about the population at risk. In the early formulations, the mismatch was essentially a story about black migrants from the South. But the hidden history of the mismatch controversy is that black migrants were not the most seriously troubled. Indeed, a number of studies using the 1970s 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.²¹

Two decades after the end of the great black migration north, there is no longer any talk about the specific disabilities of black newcomers. But there is a cohort of new urban arrivals, this time immigrants from overseas. Although the immigrant phenomenon is intuitively difficult to assimilate into the mismatch framework, the attempt is made nonetheless. Thus, the population mismatched with the urban economy is now an undifferentiated aggregate of everyone not classified by the government as white.

This approach simply will not do: The mismatch hypothesis is fundamentally 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 cities with which we are con-

cerned, the employment of immigrant Hispanics has grown while the employment of native blacks has declined. And yet, it is the immigrants—not the blacks—whose educational levels are out of sync with that of the rest of the labor force. In Chicago, for example, the Mexican-born population increased by 83,000 between 1970 and 1980, despite Chicago's loss of 115,000 manufacturing jobs over the decade. In fact, the newcomers had low educational levels—just over six years, on average.²² By contrast, schooling among native blacks compared closely with that of native whites, yet the employment situation of the former suffered sharp erosion.

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 blacks in 1970—a time when the central city goods production base was still intact. If the decline of manufacturing is to blame for the employment problems of blacks, then why has the economic base of immigrants not blown apart? And since no one argues that educational requirements are a barrier to black employment in manufacturing, why were immigrants and not blacks able to make substantial gains in factory jobs?

This line of questioning leads to another observation: that manufacturing was not particularly important for the economic fate of blacks. Blacks were already underrepresented in New York's manufacturing sector as of 1970 and in the years since then they have shifted even further away from goods production jobs. In fact, by 1980, the chief black employment concentrations were in sectors that would expand in the succeeding years. Whatever the factors impeding employment, those blacks already employed should have been well positioned to have experienced the changes of the 1980s. That black 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 we noted earlier, there are really two sides to the mismatch equation: the supposedly fast-changing requirements of jobs and the sluggishly moving schooling levels of blacks. Of course, everyone "knows" that more and more education is needed for urban jobs; hence mismatch proponents have not lingered overly long on establishing this fact. But what everyone knows turns out to not quite be the case. Though we do not disagree that educational requirements are rising, people with modest levels of schooling still fill a surprising number of jobs. In 1987, persons with twelve years or less of schooling held just over one half of all New York City jobs.

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. This issue speaks to both the em-

pirical and theoretical basis of the mismatch hypothesis. We will return to the empirical matter in a moment. The theoretical question is how to explain the lag in black educational attainment. Poor school performance is of course one possibility. But that argument leads directly to the issue of inequality between urban and suburban school systems, the consequences of continued educational segregation. But why are black children confined to inferior inner-city schools? The answer is that the housing market, as the very latest research shows, is not just segregated, but "hyper-segregated," with white communities remaining as closed to blacks as before. Hypersegregation in housing markets is certainly a curious contrast to the supposedly diminishing significance of race at work—one imagines that racial prejudice must be turned off the second one crosses the office or factory door and turned back on the second one walks back out.²³

Of course the educational problems of blacks may not be due to the actions of misbehaving whites. Perhaps there is something about the characteristics of blacks themselves, or of their communities, that impedes them from realizing that employers want workers with more schooling and then responding in the appropriate way. This reasoning flows logically from the mismatch argument but violates its overall conceptual thrust. The point of the mismatch is to locate the causes of black economic distress in the root changes of the postindustrial society. And thus neither possible explanation of blacks' educational problems—residential segregation or some unspecified characteristic of blacks—is consistent with the basic mismatch claim.

What about the empirical side? Here arguments in favor of a skills mismatch engage in a bit of slight of hand. 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, is one of 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 up north. Bad as urban schools may be today, the educational environment of black schoolchildren never had any "good old days."

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

These questions about change are not raised by mismatch proponents at all. We do know, from studies using national data, that educational

gaps between blacks and whites have narrowed considerably. The long-term increase in enrollment rates has been greater for blacks than for whites. By 1980 blacks at most ages were just as likely to be enrolled as whites, and the racial gap in attainment among those in their twenties was very small. Relative to older cohorts, young blacks have an educational profile that much more closely mirrors that of similarly aged whites.

The same story can be told for the cities with which we are concerned. In New York, in 1970, only 14 percent of the city's 16 and older black residents had some college education, but that number had risen to 30 percent by 1987. The trends are similar for narrower age ranges. The share of all 20- to 24-year-old black male residents in the city with some college education rose from 16 percent in 1970 to 32 percent in 1980. The college-attendance rate for black women in this age group increased even faster during the decade. Similarly, in 1970 only about 40 percent of all black New Yorkers 25 years of age and older had graduated from high school, but in 1980 fully 58 percent had high school diplomas.²⁴

Thus, the skills mismatch rests on a series of "facts" that everybody knows but which on closer examination turn out not to be the case. Blacks never made it to manufacturing 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 with respect to schooling than they were ten, not to speak of twenty years ago.

A Dual City?

If the mismatch is off target in its story about blacks, it has nothing to say about the new immigrants who have flocked to the largest postindustrial cities. The puzzle is why the new immigrants have 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.

The best known answer to this question is that the growth of services has polarized the cities of high finance. The shift to services does indeed breed new jobs requiring high levels of education, as the mismatch hypothesis asserts. But critics of the American economy contend that the growth of services also involves a process of economic restructuring. The idea of restructuring means that service growth at the top simultaneously generates jobs for chambermaids and waiters, investment bankers and lawyers, while positions in between these extremes are being slowly but steadily reduced. Restructuring also results in a deployment of new labor force groups. Immigrants from overseas have come 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 is a main reason why the past fifteen years have seen a new "urban renaissance." 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, so factory employers have not been obliged to keep wages at parity with national norms. In contrast to nationals, immigrant labor 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, thus making the new immigrant sweatshop "a significant U.S. central city employment growth sector in the past decade."²⁵

Immigration has also propelled the service economy along. Saskia Sassen-Koob, who has researched New York, argues that immigrants can be seen as "contributing to the *operation* (of the advanced service firm) itself ... (e.g., by working on the night shift as a janitor in an office, or as a night-time elevator operator in a residential unit).²⁶ Immigrants are also a permissive factor in the continued expansion of the labor supply for newly created professional and managerial jobs. As Harrison and 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."²⁷ By furnishing the "large cohort of restaurant workers, laundry workers, dog walkers, residential construction workers, and the like,"²⁸ immigrants lower the costs of keeping a high-skilled labor force in place. Thus 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 in the postindustrial city. But it entirely begs the question of why all the new low-level jobs went to immigrants and not to blacks. Indeed the issue of the economic problems of blacks does not even merit mention. 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 just 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 to be 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, one, primary school teaching, necessitates a baccalaureate degree. Most registered nurses (RNs) are licensed with an associate degree. 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; thus there are relatively few detailed occupational categories containing many workers at the lower end of the job hierarchy. When one regroups the occupations into broad categories (executive, administrative, managerial, professional, and so forth), the broad occupational groups with above-average education are those that grew at above-average rates between 1976 and 1988 and those that are projected to grow fastest between 1988 and 2000.²⁹ Thus whereas the projections suggest that by the turn of the century there will continue to be workers in occupations that generally have low educational levels, the data also suggest that there will be a steady decline of such jobs. The figures just presented cover the U.S. economy as a whole. But what about the major urban centers? Occupational polarization is clearly not the right way to characterize the job trajectory in New York. Though the number of jobs eroded during the bad days of the 1970s, some occupations did grow. The number of professionals increased by 16.5 percent, managers were up 27 percent, and service workers gained an additional 5.8 percent. 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. Overall, the trend was 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.³⁰

Although changes in occupational classifications prevent a direct comparison to the data from the 1970s, available data do suggest that the same pattern holds true for the 1980s. For example, in New York City, professional and managerial jobs grew by almost 24 percent between 1983 and 1986 whereas operator jobs continued to decline.³¹

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 there is a relative proliferation of low-skilled jobs. Given this trend, how can the arrival of new immigrants be explained?

Not only does the argument about polarizing urban economies move us no further in answering this question; the contentions about immigrant dependence on services lead us further off the track. Surprisingly, the traditional immigrant-absorbing industries have continued as the shock absorbers for the latest immigrant inflow. Manufacturing remains overwhelmingly the chief immigrant employer in the major urban concentrations of the foreign-born. And it has also been the industry where immigrants have made their largest job gains. The contrast with polarization claims is even more glaring when one looks at the service side. There is indeed one service sector in which immigrants are greatly overrepresented—that old immigrant standby, personal services. Those sectors composing the “new” urban economy—finance, insurance, real estate, business services, professional services—rank below the average in their reliance on immigrant labor. And there is no evidence to suggest that these industries have significantly changed in this regard.

Thus the polarization hypothesis has the story about changing urban economies wrong. It also missteps in treating 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 immigrant legal residents and citizens. Similarly, the view that illegal immigrants constitute a group that is more vulnerable to exploitation 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 recent 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.”³²

Absent the masses of exploitable illegal immigrants, support for the contention about burgeoning sweatshops also collapses. Official statistics

show that immigrants are overrepresented in certain key industries. Chinese in New York’s apparel industry, for example, are overrepresented by a factor of almost seven, and Dominicans by a factor almost five. And the new immigrants also participate in the labor force at rates that equal, if not exceed, the level for native whites. Thus, the idea that there is a massive shadow labor force toiling in underground factories simply has no support.³³

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 can provide a single consistent story for blacks *and* for immigrants. To do so, we begin with a model of how jobs are allocated among ethnic groups.

The simplest model assumes that in a race-conscious society like ours, entire groups of people are ranked in terms of desirability for preferred jobs. Whites stand at the top of this ranking, and 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 principally benefits whites; as they ascend the totem pole and fill up these new positions, jobs lower down the ladder will open up for everyone else. Conversely, should the overall economy, or even particular sectors, turn down, whites’ average position might be depressed. But whites would still hold on to their jobs on the first-in, last-out principle, pushing non-whites further down or possibly even off the hiring queue.

Thus far we are treading familiar ground, and there is little here to which proponents of mismatch or polarization theses would object. Now let us keep the aggregate size of the economy stable and vary a different condition: the relative size of the preferred group, that is to say, whites. If their proportion in the labor market declines, then there are relatively more jobs for everyone else. Moreover, a relative decline in the number of whites is good for those whites who remain. Since there are now fewer competitors among the preferred group for the more desirable jobs, many persons among the thinned ranks of white workers can push on up toward the top. Thus a vacancy chain is created: Whites who have moved on to greener pastures must be replaced by nonwhite workers who had previously been confined to depressed and undesirable jobs. And as these positions are vacated, additional slots are opened up for those who must start at the very bottom.

This model, with its assumption that the needs for replacement labor

will be directly proportional to the shifting supply of whites, needs further correction. American industry has always been distinguished by its reliance on migrants to fill low-level jobs. Industries in the "secondary sector," like clothing or restaurants, have traditionally been havens of employment for immigrants and their children. But that same dependence breeds a chronic dependence on outside sources of new recruits. As the children of earlier migrants enter into the labor market, fewer of them feed into the secondary sector. This process of cycling through industries and sectors breeds an additional demand for replacement labor—beyond that generated by compositional changes alone.

These propositions move us beyond either mismatch or polarization hypotheses because they identify the sources of opportunity within an otherwise unfavorable economic environment. During the same time when urban economies shifted from goods to services, their demography changed at an even more rapid pace. Whites, who make up 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 has greatly exceeded the erosion of jobs, although many suburbanites commute to the city to work. And in cases of economic growth, as when New York turned around in the 1980s, the white population has not kept pace with the increase in jobs. Generational change within the white population has further amplified the need for replacement labor. European immigrants and their immediate descendants have cycled out of industries like apparel or retailing in which they long provided the bulk of entrepreneurs and workers alike. Thus, compositional change has given rise to a sustained demand for replacements—supplied by groups that had previously been at the bottom of the queue. This revised queueing 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 blacks. What it does not tell us is how the jobs vacated by departing whites will be allocated among the contending successor groups. The queueing metaphor suggests 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. But this image of orderly succession is far removed from reality. First of all, not every group shares the same ranking system. Second, access is not a matter of qualifications alone. Rather than climbing straight up the totem pole, groups instead branch off into particular fields where they try to close off entry to outsiders and monopolize jobs for members of their club. Thus, as whites have become a diminishing presence in New York's labor market, a new ethnic division of labor emerged, with blacks and new immigrants carving out distinctive niches of their own.

Garments and Hotels: Through the Revolving Door

Though the shift from goods to services in New York has driven the number of easy-entry jobs down, recent immigrants still start where their predecessors began: at the bottom. They inherit the low-status, insecure jobs that native New Yorkers are no longer willing to do. Nowhere is this transition clearer than in the city's quintessential trade: the garment industry.

When the bottom fell out of the market for New York's garment industry in the 1970s, hourly earnings dropped relative to those in the rest of the city's already depressed manufacturing sector; working conditions—never good to begin with—got worse; and seasonality became more pronounced, producing a small weekly paycheck. Consequently, native workers realized, as one employer put it, "that they can get more doing something else" and they dropped out of the industry's labor supply. By 1980, just over a third of the industry's production workers were white—a drop of almost 50 percent since 1970—and most of these workers were on the far side of their careers.

Replacements came from a familiar source: immigration from abroad. In contrast to the natives, to whom a garment shop is far worse than an office or hospital job, the immigrants came "hoping to find any job, it didn't matter ... as long as it was a job." The turnover of workers—high even in bad times—meant that employers were always looking to add a new hand. The industry had already adapted to Puerto Rican workers with supervisors who were bilingual or could at least mediate between Spanish-speaking workers and non-Hispanic employers; hence there was an infrastructure ready to absorb new cohorts of Latino immigrants, the largest group of whom came from the Dominican Republic.

Informal networks helped newcomers find jobs where other immigrants were already employed: Three-quarters of a group of Hispanic immigrants interviewed for an earlier study found their first job through connections with relatives or friends. Some arrivals started out by working in a factory owned by a fellow (or sister) immigrant garment capitalist. Thus, by 1980, newcomers from the third world made up almost half of New York's needle trades proletariat. The consensus among garment employers: "If there were no immigrants, the needle trades would be out of New York."³⁴

But why did immigrants—and not native blacks—take over these entry-level jobs? The case of the hotel industry—where immigrants and blacks have long labored—suggests that two common explanations, immigrants' supposed predisposition for wages and susceptibility to exploitation, do *not* provide the answers. An immigrant-dominated occupation like housekeeping, for example, is paid above the rate for front-desk occu-

pations, where the immigrant penetration is much lower. Still higher wages are to be found in the kitchen, where the disparity between immigrant and black employment levels is the greatest. Nor can a strong case be made for employers' preference for immigrants on the grounds of the latter's greater vulnerability, as pay rates in the nonunion hotels equal, when not surpassing, union rates and their benefit packages are often better.

Instead there appear to be a complex of interacting sociological and psychological factors that have led blacks to move out of the industry's effective labor supply. Whereas hotels have been a traditional employer of blacks, they have employed them in the traditional service jobs to which African-Americans had long been confined. Today's generation, as employers and union officials perceive, no longer accept these conditions.

Whereas entry-level jobs are of diminishing attractiveness to blacks, movement into better positions is problematic. For example, food service occupations contain a range of opportunities for upward mobility through on-the-job training for workers with manual skills, yet relatively few blacks are to be found in these jobs. The problem is that blacks are poorly represented among the sources from which hotels get their skilled kitchen help: restaurant cooks and culinary graduates. Blacks are particularly disadvantaged in comparison to immigrants, who may come with cooking skills or have opportunities to obtain them in the burgeoning sector of immigrant restaurants.

Finally, the natural starting point for movement into hotel management lies in the front of the house, but it is here where the brunt of discrimination has been felt. To be sure, the blatant discriminatory practices that previously kept blacks out operate with much less force than before, but the basic pattern remains in place. Moreover, other factors—limited skill backgrounds, problems in communicating, lack of facility with computers—impede access to those front-of-the-house positions that are directly linked to managerial tracks. In the words of one personnel official, minority workers who want to move up to front-desk jobs "must be trained explicitly for middle-class norms." And here, blacks suffer from competition with hotels' preferred source of labor: white, largely college-educated workers who come equipped with the "middle-class" norms that management seeks.³⁵

Enterprising Immigrants

The changing social structure of New York's traditional ethnic entrepreneurs has opened the door to new immigrant capitalists—who have rushed in to fill the breach. The case of the garment industry can be drawn on to show how the stage has been set for change. For most of the indus-

try's history in New York there was an ample supply of Jewish and Italian sewing-machine operators, cutters, salespeople, and patternmakers eager to move ahead by starting up a business of their own. But both groups are now largely middle class, and though a predilection for self-employment persists, it takes the form of being a professional, not a factory owner. Of course, the high-profit, higher-status worlds of garment designing and manufacturing still draw in plenty of ethnics who have grown up in, or have connections to, the garment trade. But new blood has deserted the business of garment contracting. Although there remain many Jewish and Italian-owned garment factories, they are almost all long lived; their owners are aging, with little hope for the future of the industry ("Going into the industry? I wouldn't wish this business on a dog"). And successors eager to keep the family firm alive are few and far between.

Why do the newcomers gravitate toward business? In some cases, they bring traditions of self-employment of skills that give them an edge in some particular business line: Greeks from the province of Kastoria, where a traditional apprenticeship in fur making is common; Israelis, who go into diamonds, a traditional Jewish business centered in New York, Tel Aviv, and Antwerp; and Indians from Gujarat, renowned for their prowess in trading, arrive to extend the family business. But for many immigrants, it is neither a love affair with business nor a preference for being one's own boss that leads them into the petite bourgeoisie. More compelling is the quest for profit as a compensation for professional frustration: Though highly educated, many immigrants arrive speaking little English and lacking the licenses and certifications needed to enter the fields for which they have trained. "This kind of hardship is for the first generation only," said a Korean fishstore owner who had been a teacher in Seoul.

But the crucial factor is that opportunity beckons: There is considerable demand for the particular services that immigrant owners offer. Immigrants have their own special consumer tastes, not just the old staples like foodstuffs or newspaper, but also foreign language videos and electrical goods with current adapters for use back home. The business of adaptation is also a thriving one: The immigrant travel agent, accountant, and lawyer trades on the offer of confidentiality, trust, and a more personal way of doing business. And finally, the immigrant network serves as a conduit to lower-cost, reliable labor in the broader community.

Working for the State

The mythology of ethnic business is that immigrants do well because they have a special knack for turning a dollar. The reality is that immigrants are more willing to take their chances on what are often bad bets. In the small-business field, where the mortality of new firms is appallingly high, the

key is the *rate* at which new businesses start up. And the immigrant self-employment rate is high: In 1980, almost 13 percent of foreign-born male adults were working for themselves, and among groups like Koreans, Chinese, Indians, or Greeks, the proportion was considerably higher. By contrast, just over 3.5 percent of native black males were self-employed in 1980 and among native Hispanics the self-employment rate was almost as low.

Instead of business, native blacks have concentrated in the public sector, where by the late 1980s almost two of every five employed African-Americans were to be found. This, too, is a story of ethnic succession, though one with a more conflictual twist. Although blacks began getting municipal jobs in the 1930s and 1940s, the jobs they found were at the very bottom of the civil service system—and exams and educational requirements made it very hard to move up. In the 1960s, the civil rights explosion pushed local officials to open access to the higher civil service. But the system proved resistant to reform. And efforts to increase access to blacks and other minorities led to explosive conflicts—of which the most notorious was the 1968 teachers' strike.

The crucial change came with the fiscal crisis of the 1970s. Fiscal stringency forced the city to pare down payrolls, but jobs were shed mainly through attrition, not layoffs. Most of those who retired were civil servants high in seniority, who, as it happened, were mainly white. Empty municipal coffers also led to lower wages and reduced fringes, which in turn lowered the public sector's attractiveness to whites.

Black workers thus increased their share of public jobs when the municipal sector was shrinking. They did even better when it later began to replenish its ranks—in burgeoning numbers—as it did when good times returned in the 1980s. In a situation where “the city was hiring a great deal and not turning away anyone who was qualified,” as one deputy commissioner explained in an interview, disparities in the availability of minority and white workers led to rapid recruitment of minority workers. And notwithstanding the civil service system, with its emphasis on exams and formal procedures, informal networks steered prospective black workers into the civil service, as a union official representing the heavily black clerical workers' local explained: “My people have an excellent communications system: They know that jobs are available; they refer cousins, sons, daughters. People walk into personnel and drop off resumes like there's no tomorrow.” Thus, by 1990, blacks made up 36 percent of the city's total work force, 40 percent of its administrators, and 36 percent of its professionals. Though unevenly represented among the city's many agencies, blacks were often a dominant presence, accounting for more than 40 percent of employment in six of the ten largest agencies, and more than 50 percent of employment in three of the largest ten.

Conclusion: Beyond the Ethnic Niche

And so, the conventional stories of postindustrial New York—whether in mismatch or “tale of two cities” version—can be misleading. What we have witnessed is an extended game of musical chairs, in which positions as well as players have changed and in which differences among minorities stand out almost as sharply as those between whites and nonwhites. Immigrants have settled into small business, especially retailing and manufacturing, whereas native blacks have lost ground there. But the latter are gaining in the public sector, which does not loom large in the immigrant employment picture.

But if the case studies illustrate the making and remaking of the ethnic niche in late twentieth-century New York, the question remains of where these ethnic specializations lead. Broadening the economic base is imperative. Only small groups, or large groups ensconced in a large growing area of specialization, can rest assured that the employment needs of the group can be satisfied within the niche. The best specializations, therefore, are those in which the resources and skills developed within the initial niche can be used to move backward, forward, or sideways into related economic sectors.

Business and government are the strategic platforms for niche-expansion strategies. Though small businesses die off at an appalling rate, they also offer a route for expansion into higher-profit, 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.

For blacks especially, public-sector employment offered opportunities for stable employment and more. Government was a place where blacks could move ahead when other sectors of the economy were considerably less hospitable. And better opportunities for job mobility also made government the arena where movement into the middle class was particularly likely to occur. Although these factors tell us much about why the public sector has become the black concentration that it is, the problem is that government, though rewarding, is a limited ethnic niche. The historical problem for blacks has been how to extend its advantages to the private sector.

The Irish experience shows just what the consequences of this problem can be. Reformers railed against the corrupt ties between Irish machine politicians and the businesses they supported. But those connections never translated into substantial business opportunities for Irish immi-

grants and their descendants—who to this day display very low self-employment rates.

If concentration in government produced mixed dividends for the Irish, consider the implications for blacks—against whom the level of prejudice is so much higher. Moreover, blacks are like the Irish in still another respect: They have yet to produce a substantial business class. The black business sector is still a cluster of small and marginal businesses in the personal service and petty retail lines with virtually no employment-expanding potential.

The dismal state of black business means heightened black vulnerability to discrimination on two fronts. First, 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 impact of those exclusionary mechanisms is particularly great in industries where the prevalence of small firms and informal training practices impedes the task of government regulation.

Second, the growth of immigrant economic enclaves is a source of potential displacement from easy-entry jobs. Ethnic succession in small business has provided new immigrants with a chance to emerge as replacement entrepreneurs. This niche for business owners has led to the deployment of immigrant workers as well. Thus the growth of immigrant business, it is believed by many, has threatened to close off sectors that had previously been open to blacks.

Two caveats need be added to this observation about competition. First, competition is more indirect than direct. It is not so much a matter of existing employers firing their black workers and replacing them with immigrants as of immigrant businesses gradually replacing the white businesses that previously employed blacks. And even if some displacement of natives occurs, the ramifications of the immigrant presence redound, in part, to the benefit of native workers, white and black alike. Were there not so many immigrants in cities like New York or Los Angeles there would be much less demand for many activities that employ natives as well as the foreign-born.³⁶

Second, competition is an after-product of the process of niche selection. But niche specialization itself complements a group's own characteristics and the resources it can mobilize to infiltrate and maintain an economic niche. Thus, prior to immigrant-black competition, there must be differences that produce the pattern of specialization that in turn allows displacement. There is also reason to think that the classical immigrant industries would not become black concentrations, even if there were no immigrants with whom to compete.

In the end, our perspective locates the urban fates of African-Americans and new immigrants on two axes: the obstacles, in particular the dis-

criminatory barriers, that impede their progress, and the group and community resources that can be mobilized to surmount these barriers. This diagnosis suggests policies that focus on manipulating these same two axes. To barriers, we propose a strategy of strengthening the economic protection of minorities. To enhance group resources, we propose measures directed toward economic empowerment. In the economic context, we suggest, empowerment means the creation and development of economic niches. By analyzing the variety of niche-creation and niche-development strategies, we will show how successful strategies could be promoted by public policy.

In making these proposals we diverge from the conventional view that emphasizes strengthening education as the solution to minority employment problems. Better education is indeed crucial. But educational changes must be part of a broader strategy. And any fundamental improvement in urban education will also require a strategy designed to facilitate the mobilization of group resources. Thus more and better education belongs to a comprehensive strategy that seeks to make progress on both the schooling and employment fronts.

Immigration legislation is another potential area of policy innovation. To the extent that immigrants weaken the economic opportunity of native minorities, then immigration restriction should at least be considered. But our argument suggests that, given the differences between immigrants and native blacks, at this time any realistic changes in immigration legislation would have little effect on black employment. But if the type of policies that we advocate were to be effective, then the current differences between the groups might weaken and at that time, immigration reform might become more effective.

Notes

1. Terry K. Adams, Greg J. Duncan, and Willard L. Rodgers, "The Persistence of Urban Poverty," pp. 78–99 in Fred R. Harris and Roger Wilkins, eds., *Quiet Riots: Race and Poverty in the United States* (New York: Pantheon, 1988); Walter Stafford, "Political Dimensions of the Underclass Concept," forthcoming in Herbert Gans, ed., *American Sociological Association Presidential Series*.

2. Sharon Zukin, "Gentrification," *Annual Review of Sociology* 13(1987):129–147; William Frey and Alden Speare, *Regional and Metropolitan Growth and Decline in the United States* (New York: Russell Sage Foundation, 1988).

3. George Sternlieb and James Hughes, "The Uncertain Future of the Central City," *Urban Affairs Quarterly* 18(4)(1983):455–472; John Kasarda, "Jobs, Mismatches, and Emerging Urban Mismatches," pp. 148–198 in M.G.H. Geary and L. Lynn, eds., *Urban Change and Poverty* (Washington, D.C.: National Academy Press, 1988).

4. Saskia Sassen, *The Mobility of Capital and Labor* (New York: Cambridge University Press, 1988); Bennett Harrison and Barry Bluestone, *The Great U-Turn* (New York: Basic Books, 1988).

5. The two perspectives also contradict one another on the issue of the direction of job change: Is the problem the disappearance or the proliferation of low-level jobs? The answer is that neither mismatch nor polarization proponents are sure. Thus, the most recent writings of William Wilson and his collaborators continue to emphasize the decline of manufacturing but then point out the "explosion of low-pay, part-time work" (L. J. Wacquant and W. J. Wilson, "The Cost of Racial and Class Exclusion in the Inner City," *Annals* 501[January 1989]:11), the growth of sweatshops, and the "peripheralization and recomposition of the core," code words for economic polarization (L. J. Wacquant, "The Ghetto, the State, and the New Capitalist Economy," *Dissent* 36[4][1989]:512). As we point out later in this chapter, a further contradiction has to do with the implications of job change for blacks and for new immigrants.

6. For declines in the white central-city population from 1970 to the mid-1980s, see Kasarda, "Jobs, Mismatches, and Emerging Urban Mismatches." The concept of compositional change is borrowed from Stanley Lieberman, *A Piece of the Pie* (Berkeley: University of California Press, 1980), pp. 294-298. Our earlier efforts to apply the argument outlined here to New York include R. Waldinger, "Changing Ladders and Musical Chairs: Ethnicity and Opportunity in Post-Industrial New York," *Politics and Society* 15(4)(1986-1987); and T. Bailey and R. Waldinger, "The Ethnic Division of Labor," paper presented at the "Dual City Workshop," SSRC Committee on New York City, 1988.

7. Although the concept of "replacement labor" has more often been applied to European, rather than American, discussions of labor migration (see, for example, W. R. Bohning, *The Effects of the Employment of Foreign Workers* [Paris: St. Martin's Press, 1974]), the scholarly literature on U.S. immigration has often highlighted the recruitment of new immigration populations as older streams have dwindled or cut off. See, for example, Michael Piore, *Birds of Passage* (New York: Cambridge University Press, 1979), chapter 6. Our earlier work on ethnic business has also emphasized the importance of replacement demand for ethnic entrepreneurs: See Roger Waldinger et al., *Immigrant Entrepreneurs: Minority Business in Europe and the United States* (Newbury Park, Calif.: Sage, 1990).

8. William Wilson and his collaborators, for example, refer to Hispanics and blacks jointly for the purposes of describing changes in the size and distribution of the poverty population in Chicago. But when analyzing the impact of economic change, their discussion focuses solely on blacks; that Hispanics suffer lower unemployment and poverty rates is simply noted in passing. Why this should be so, especially since the educational level of Hispanics is so much lower than that of blacks, is an issue that they never raise. See, for example, W. J. Wilson et al., "The Ghetto Underclass and the Changing Structure of Poverty," in Harris and Wilkins, *Quiet Riots*, especially pp. 125-131 and 134-135.

9. These points are emphasized in our earlier work. See Thomas Bailey, *Immigrant and Native Workers: Contrasts and Competition* (Boulder: Westview, 1987); Roger Waldinger, "Race and Ethnicity in New York," chapter 2 in C. Brecher and

R. Horton, eds., *Setting Municipal Priorities 1990* (New York: New York University Press, 1989).

10. See, for example, Lawrence Mead, "Social Responsibility and Minority Poverty: A Response to William Wilson," pp. 253-263 in Gary D. Sandefur and Marta Tienda, eds., *Divided Opportunities: Minorities, Poverty, and Social Policy* (New York: Plenum, 1988).

11. Frank Levy, *Dollars and Dreams: The Changing American Income Distribution* (New York: Russell Sage Foundation, 1987), p. 112.

12. John Kasarda, "Entry-level Jobs, Mobility, and Urban Minority Employment," *Urban Affairs Quarterly* 19(1)(1984):21-40.

13. Levy, *Dollars and Dreams*, p. 113.

14. William J. Wilson, "The Urban Underclass in Advanced Industrial Society," in Paul Peterson, ed., *The New Urban Reality* (Washington, D.C.: Brookings Institution, 1985), p. 150.

15. Gary Orfield, "Separate Societies: Have the Kerner Warnings Come True?" in Harris and Wilkins, *Quiet Riots*, p. 118.

16. Hudson Institute, *Workforce 2000: Work and Workers for the 20th Century* (Indianapolis, Ind.: Hudson Institute, 1987), p. 100.

17. *Ibid.*, p. 100.

18. Edward Fiske, "Impending Jobs 'Disaster': Work Force Unqualified to Work," *New York Times*, September 21, 1989, p. 1.

19. Hudson Institute, *Workforce 2000*, p. 91.

20. National Advisory Commission on Civil Disorders, *Report* (New York: Bantam, 1968), p. 278.

21. Stanley Lieberman, "A Reconsideration of Income Differences Found Between Migrants and Northern-born Blacks," *American Journal of Sociology* 83 (January 1978):940-966; and Larry Long, "Poverty Status and Receipt of Welfare Among Migrants and Nonmigrants in Large Cities," *American Sociological Review* 39(February 1974):44-56.

22. Calculated from the Census of Population, 5 Percent Public Use Microdata Sample.

23. Of course, if one believes that educational levels have risen so high that employers screen solely on the basis of schooling, leaving race aside, then one need not linger on the troubling matter of whether employment discrimination persists. The problem is that this belief, though commonsensical, does not have empirical support. Hence, one can't dismiss discrimination as mismatch proponents do.

24. Thomas Bailey, "Black Employment Opportunities," in Charles Brecher and Raymond Horton, eds., *Setting Municipal Priorities* (New York: New York University Press, 1989).

25. Michael P. Smith, *City, State, and Market* (New York: Basil Blackwell, 1988), p. 200.

26. Saskia Sassen-Koob, *Exporting Capital and Importing Labor: The Role of Caribbean Migration to New York City*, Occasional Papers, Center for Latin American and Caribbean Studies, New York University, 1981.

27. Bennett Harrison and Barry Bluestone, *The Great U-Turn: Corporate Restructuring and the Polarizing of America* (New York: Basic Books, 1988), p. 70.

28. Joe Feagin and Michael P. Smith, "Cities and the New International Division of Labor: An Overview," in Joe Feagin and Michael P. Smith, eds., *The Capitalist City* (New York: Basil Blackwell, 1987), p. 15.

29. For a detailed analysis of the relationship between occupational growth rates and occupational educational levels, see Thomas Bailey, "Changes in the Nature and Structure of Work: Implications for Skills and Skill Formation," technical report (New York: National Center on Education and Employment, Teachers College, Columbia University, 1989), appendix.

30. These data are from the Public Use Samples of the 1970 and 1980 U.S. Censuses of Population.

31. Bailey and Waldinger, "The Ethnic Division of Labor."

32. U.S. Department of Labor, *The Effects of Immigration on the Economy and Labor Market* (Washington, D.C.: Government Printing Office, 1989), p. 158.

33. Roger Waldinger and Michael Lapp, "Back to the Sweatshop or Ahead to the Informal Sector," *International Journal of Urban and Regional Research*, forthcoming.

34. For a fuller exposition, see Roger Waldinger, *Through the Eye of the Needle: Immigrants and Enterprise in New York's Garment Trades* (New York: New York University Press, 1986).

35. For a fuller treatment of the hotel industry, see Roger Waldinger, "Taking Care of the Guests: The Impact of Immigrants on Services—An Industry Case Study," *International Journal of Urban and Regional Research* 16(1)(March 1992).

36. For a review of the theoretical arguments about the impact of immigration on the employment of natives, see Bailey, *Immigrant and Native Workers*, chapter 1.

7

School to Work: The Integration Principle

Thomas Bailey

Anxieties about national productivity growth and international competitiveness have sustained interest in educational reform for over a decade. One purpose of this chapter is to strengthen the reform movement by developing an educational model that draws on knowledge and analyses from three broad areas—current thinking about teaching and schools, research on the educational implications of the changing economy, and analyses of the contemporary efforts to restructure the organization of work. I refer to the approach developed in this chapter as the *integration strategy*. A central component of the strategy involves strengthened links, along several dimensions, between education and work.

The current educational reform movement can be dated from the early 1980s. Over the same period, there has also been an active movement to reform work. Managers, academics, consultants, and various reformers have called for significant changes in the way in which work is organized in the country's offices and factories, arguing that organizational performance will rise and that our economy will be more competitive if work is more decentralized, if lower-level workers have more responsibility, if jobs are more broadly defined, and if organizations break down traditional boundaries and functions.

This chapter draws heavily on the parallels between the current educational reform movement and contemporary efforts to reform work. Indeed, as I shall show, there are many parallels as well as points of contact between the two reform movements. First, many analysts argue that the "transformed" or "high-performance" workplace requires higher levels of education and different types of skills—ends that will be achieved only through significant educational reform. Second, schools are also organizations and their performance may also be improved through the types of reforms being developed in the workplace. Third, there are close parallels