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The Changing Ethnic/Racial Division of Labor

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Economic Change and the Employment of Minorities

The impact of the postindustrial transformation of the nation's cities on their minority populations is a central issue in urban research. The general consensus holds that the shift from goods to services has undermined the historic role that cities have played as staging grounds for the integration of unskilled, newcomer groups. But just why the service economy has this effect remains a matter of considerable debate. One view contends that the root problem is a skills mismatch; that the flight of manufacturing has left low-skill minorities stranded, shut out of the burgeoning service sector because they lack the educational proficiencies that this new growth pole demands. The alternative view emphasizes instead the polarization of the urban economy. Here the argument is that the replacement of manufacturing by services has actually increased the number of low-level jobs in which minority workers are employed while also generating jobs at the top. From this perspective, the problem is that job loss is concentrated in the middle tier of the job hierarchy, leaving more low-paid jobs at the bottom and fewer opportunities to get ahead.

New York represents an extreme case of the changes that have altered urban economies in the United States. In New York the rise of services took place earlier and the shift away from goods production was more far-reaching than elsewhere in the country. On the demographic side, New York is not quite as dominated by its minority population as are some other major cities. Nonetheless, the 1980s have probably seen New York become a "majority minority" city; the latest estimates suggest that

together, blacks, Hispanics, and Asians may well comprise the majority of the city's population.

As we shall show, both the mismatch and polarization views are inadequate guides to the economic changes that native minorities and immigrants have undergone in New York. This chapter will attempt to develop an alternative interpretation of the impact of the urban postindustrial transformation on minorities, in the light of the New York experience. Our analysis builds on our previous efforts to address this issue; we now bring new data to bear on the question and also take the story up to date. After examining the mismatch and polarization hypotheses, we present the outlines of an alternative framework and then some general demographic, industrial, and occupational trends in the city over the last 20 years that bear on the controversy. Next, we analyze the employment, occupational, and income trends for native black and foreign-born Hispanics and Asians. We conclude by using our framework to develop predictions about the future of the three groups in question.

Our analysis is based primarily on two sources of data. For our analysis of developments during the 1970s, we use the Public Use Samples from the 1970 and 1980 Censuses of Population. For trends in the 1980s we use published data from the Current Population Survey and from the New York State Department of Labor's Covered Employment series.

The Changing Urban Economy: Mismatch or Polarization

In general terms, the mismatch hypothesis suggests that the increase in the educational and skill demands of the urban economy have outstripped the skills of an increasingly large segment of the urban population. Thus, minority populations that have traditionally relied on low-skilled employment will no longer have this access to the urban job market.

In the policy discussion within which the mismatch thesis is debated, the story is essentially about black men and how they have been harmed by manufacturing's decline. 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.[1]

What was true in New York as of the late 1950s rapidly changed. As manufacturing declined, the city lost its historic function as a staging ground for unskilled newcomers. Whereas manufacturing jobs had long permitted "immigrants access in to the mainstream economy (albeit to the bottom rungs of the socioeconomic ladder)," the growth of employment in services—whether consisting of high-level jobs or low-skilled jobs in traditionally female occupations—had negative implications, especially for black males.[2] As Levy notes, writing of the postindustrial shift, "for poorly educated black men from rural areas, things were getting worse."[3] The problems of the fathers have since been passed on, in aggravated fashion, to their sons. The population of young blacks has increased disproportionately, and as William Wilson, another proponent of the mismatch, 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."[4] This greatly expanded cohort of young black workers must now enter a labor market in which skill requirements have been greatly increased. To quote Bureau of Labor Statistics Commissioner Samuel Ehrenhalt:

> Projections issued recently by the New York State Department of Labor on average annual openings for New York City over the next several years indicate that over 70 percent of the 286,000 annual job openings in the city will be white collar with 30 percent in professional and managerial occupations characterized by substantial knowledge requirements. Such jobs place a premium on the ability to deal with information, computer and communications skills rather than manual skills and tools. With the knowledge content of jobs increasingly significant, how does this match with New York City's labor supply? While New York City has a large and well-qualified labor force, significant elements find themselves increasingly disadvantaged in functioning in New York City's emerging white collar, communications, and computer oriented knowledge using economy.[5]

The alternative interpretation of industrial restructuring and its impact on minority well-being puts matters in reverse: in this version, it is not the poor who are left out, but rather the middle.[6] Phrased this way, the story about the polarization of urban economies is linked to broader controversies about changes in inequality in the United States. Proponents of the polarization view take a different view of the decline of manufacturing than do advocates of the mismatch hypothesis. If the mismatch view is based on a conception of manufacturing as a locus of entry-level jobs

available for the unschooled, the polarization thesis conceptualizes manufacturing as a locus of unionized, primary sector jobs attached to well-developed internal labor markets, which are in turn available to workers of low- or middle-level skills. Thus, Bennett Harrison, in his review of the history of the restructuring of the New England economy, concludes from a comparison of declining manufacturing industries and growing high-tech manufacturing and service industries that "the region's industry mix is becoming increasingly characterized by growing industries which provide relatively unstable and low-wage jobs." Moreover, New England's service/high-tech economy appeared to impose new barriers to upward mobility: displaced manufacturing workers were generally unsuccessful in obtaining high-paid jobs in growth sectors and those who started out at the bottom in the services did not succeed in moving into better-paying jobs. More recent analysis conducted by Harrison and Bluestone confirm the same trend for the U.S. economy as a whole in recent years:

> When we studied to what extent inequality might be due to a shift in employment from the generally high-paying, durable-goods manufacturing sector to the lower-paying service sector, we found. . .about a fifth of the increase in the overall inequality of wages since 1978 is attributable to this shift. Jobs in the durable manufacturing sector pay much more equitably than jobs in the service sector.[7]

The implications of polarization for minorities is generally a muted subtheme in the overall debate.[8] Levy notes that in contrast to the case of white males, the incomes of black males are increasingly polarized, with the split particularly noticeable between 25–34-year-old black males with at least some college and those who never finished high school.[9] Whereas Levy's finding draws our attention to polarization within minority populations, most advocates of the polarization view contend that the shift away from manufacturing produces disproportionate displacement among minorities and thereby widens the split between minorities and whites.[10]

But the emphasis on displacement obscures one of the crucial contentions of the polarization theory, namely, that because the shift to services actually generates jobs for people with relatively low skills, it might also have created the demand for workers willing to work at low-status, low-paying jobs. Indeed this is the position developed by Sassen who argues that "The expansion in the supply of low-wage jobs, particularly pronounced in major cities, can then be seen as creating employment opportunities for immigrants even as middle-income blue and white collar native workers are experiencing high unemployment because their jobs are being either downgraded or expelled from the production process."[11] Such low-wage jobs are increasingly found in the advanced services which "are characterized by a much higher incidence of jobs at the high and low paying ends than was the case in what were once the major growth industries, notably manufacturing."[12] The proliferation of very high-paid workers further adds to the demands for immigrants who are needed to attend to the household needs and elaborate consumption wants of these high-income gentrifiers.[13]

While data can be marshalled to support both displacement and polarization stories, our own research over the last 5 years has developed a more complicated picture of the interaction between the city's structural changes and the fortunes of the various nonwhite ethnic groups that make up a growing part of New York's population. Economic distress among blacks or youth, we have shown, has had little to do with the decline of manufacturing since neither group was particularly dependent on manufacturing before the onset of either the city's economic crisis or its revival. The shift to services, however, has affected the two groups quite differently: youth found their opportunities dwindle because technological changes led to job losses in the city's growth sectors.[14] By contrast, the occupational profile of employed blacks improved over the course of the 1970s, with the result that they were well-positioned to take advantage of the positions that opened up during the rapid growth years of the 1980s.[15] Immigrant employment has burgeoned, precisely in those industries that have declined since the onset of the city's crisis almost 20 years ago. Although this might be grist for the polarization mill, the evidence indicates that despite problems with English-language facility and inadequate educational training, immigrants have made considerable economic progress, through mobility associated with entrepreneurship as well as through movement into growth sectors.[16]

In our view, both the mismatch and the polarization hypotheses share two fundamental weaknesses. First, they put almost exclusive emphasis on the demand side, arguing that changes in the employment opportunities of urban ethnic groups can for the most part be explained by understanding how the structure of the economy has changed. Second, they fail to recognize the tremendous heterogeneity among the minority populations, even among groups with generally low levels of education, in urban centers.[17] These two flaws are integrally related. Once the low-skilled and minority populations are disaggregated, it becomes clear that some groups experience much greater economic and occupational mobility than others. And once these disparities are put into relief, a demand-side explanation begs the question of how to account for different outcomes among groups that all face the same labor market.

Like the alternative theories, our framework recognizes that the structural changes on the demand side are fundamental influences on urban employment. Indeed we concur with mismatch proponents that skill demands in urban economies are clearly rising. But our framework emphasizes two related sets of interactions that both the mismatch and polarization views ignore—the interaction among separate minority/immigrant groups and the differential interactions between those groups and the changing structure of the economy. In the case of New York City, this focus leads us to emphasize three factors:

1. Changes in the relative labor supply of the various ethnic groups, in particular the dramatic drop in the population of native whites after 1970.
2. The tendency for minority groups to be concentrated in particular occupations or industries.
3. The interactions between economic change and group characteristics, which allow groups to become less dependent on those concentrations and to shift to an employment pattern more similar to the labor force as a whole.

The economic changes of the 1970s in New York City were accompanied by dramatic changes in the composition of the labor force. The white non-Hispanic population of the city fell by 2 million—any analysis of the employment trends for the city's minorities that fails to take account of that compositional shift will be misleading. Since whites tend to have the best jobs, their exit expands the job opportunities for all other groups and often allows nonwhites to move up the job hierarchy.

Although this compositional change creates opportunities for minorities in both entry-level and higher-level positions, it does not determine the allocation of the vacancies among the various minority groups. Differences in group characteristics, such as predispositions, skills, and other endowments and societal reactions, in particular, discrimination, interact with the changing economic structure to create initial industrial and occupational specializations. Given the way in which ethnic networks channel the flow of information and job finding assistance, recruitment into positions opened up by the departure of whites tends to build on these original specializations. Indeed, each of the groups we shall analyze has a marked concentration in one or two industries. And since access to ethnic networks is based on particularistic criteria, and job information and assistance comprise scarce resources, the creation of these specializations involves a process of boundary creation and maintenance, restricting members of other groups from jobs or occupations within the niche.

These specializations or niches are sources of employment and opportunities for minorities as long as economic and demographic factors allow those niches to grow. As we shall see, in manufacturing in New York City, ethnic niches could expand in an eroding sector, since the outflow of native-born whites was great enough to offset the effects of sectoral decline. However, the long-term implications of specialization for stable integration into the economy and upward mobility are more complicated. Broadening the economic base is imperative unless a group is small or, if large, has an area of specialization which is large and growing—in either case the employment needs of the group can be satisfied within the niche. Under certain conditions the resources or skills developed within a particular niche can be used to move backward or forward into related economic sectors. Specializations based either in entrepreneurship or in government lend themselves to this type of niche-expansion strategy; by contrast, replacement labor in low-level, declining industries may not provide the type of resources needed to build on the niche developed at the time of initial entry into the labor market. Thus, the employment opportunities of particular groups are determined not only by the process that sorts them into niches, but also by how they use or fail to use those areas of specialization to integrate into the general economy.

Economic and Demographic Trends in New York City

The outlines of the change in the city's economy are well known and are discussed in detail the previous chapter. Manufacturing employment, which has been falling gradually ever since it had peaked in the late 1940s, took a nosedive in 1969 and eroded severely for the next 6 years, after which time the pace of decline leveled off. Manufacturing was by no means the only sector to do poorly: severe losses were also sustained among private employers in construction; transportation, communications, and utilities (TCU); trade; and personal services. Total employment in the public sector also declined during the mid-1970s though, as Table 2.1 shows, it rebounded by the end of the decade. Only professional services generated substantial numbers of new jobs, though the finance, insurance, and real estate (FIRE) sector, and the business service sector grew substantially in percentage terms.

Although the city's economy has expanded steadily throughout the 1980s, the broad industrial and occupational trends established during the 1980s have continued (see Table 2.2). In contrast to the 1970s, construction has experienced a boom. Manufacturing, whose fortunes seemed to brighten briefly in the late 1970s, has resumed its rapid down-

Table 2.1 **Employment of New York City Residents, by Industry: 1970, 1980**

Industry	1970 Employment	1970 Distribution %	1980 Employment	1980 Distribution %	Change	Percent Change %
Construction	88,800	3.6	61,720	2.7	(27,080)	−30.5
Manufacturing	527,200	21.5	409,620	17.6	(117,580)	−22.3
TCU	204,400	8.3	169,880	7.3	(34,520)	−16.9
Wholesale	124,100	5.1	108,060	4.6	(16,040)	−12.9
Retail	306,800	12.5	261,740	11.2	(45,060)	−14.7
FIRE	222,600	9.1	246,940	10.6	24,340	10.9
Business Services	128,200	5.2	144,800	6.2	16,600	12.9
Personal Services	112,900	4.6	79,080	3.4	(33,820)	−30.0
Professional Services	279,200	11.4	353,300	15.2	74,100	26.5
Miscellaneous	36,600	1.5	40,260	1.7	3,660	10.0
Public	425,600	17.3	452,060	19.4	26,460	6.2
Total	2,456,400	100.0	2,327,460	100.0	(128,940)	−5.2

Sources: U.S. Census of Population, 1970, 1980, Public Use Sample, by residence.

Note: All tables are for New York City.

Table 2.2 **Change in Employment, by Industry in New York City: 1980–1987**

	1980	1987	Change	Percent Change
Construction	76.8	118.7	41.9	54.6
Manufacturing	495.7	378.8	−116.9	−23.6
TCU	257.0	214.4	−42.6	−16.6
Wholesale	246.0	236.2	−9.8	−4.0
Retail	366.8	400.8	34	9.3
FIRE	448.1	548.9	100.8	22.5
Services	894.4	1107.8	213.4	23.9
Public	516.8	579.5	62.7	12.1
Total	3301.6	3585.1	283.5	8.6

Source: New York State Department of Labor, Covered Employment Series, by place of work.

ward slide. Meanwhile, growth has been concentrated in the FIRE, business, and professional services, and public sectors.

These trends in the industrial distribution are not in dispute, but their implications for the distribution of income and the growth or decline of jobs at the bottom of the employment hierarchy are hotly contested. Though employment of 25–64-year-olds declined by 6 percent during the decade, a few occupations expanded, as can be seen from Table 2.3. The number of professionals increased by 16.6 percent, managers were up 27.7 percent, and service workers gained an additional 5.8 percent. All of the blue collar occupations shrank. Industrial change alone did not account for the magnitude of these shifts: within every sector the mix of occupations underwent considerable change as well. The overall 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 services; in FIRE and business and repair services blue collar decline occurred despite growing employment in the sector; and in all other sectors, the fall-off in blue collar employment was greater than the proportional decline of the sector.[18]

Due to changes in occupational categories made by the Census Bureau, consistent time series data for occupations for the 1980s are not available; consequently, we display data organized along the new occupational categories for just 4 years, 1983–1986 (Table 2.4). These data show considerable fit with the industrial growth data displayed in Tables 2.2 and 2.3. Professional and managerial jobs grew by almost 24 percent during those

Table 2.3 Employment of New York City Residents, by Occupation: 1970, 1980

All Employed	1970	1980	Change	Percent Change
Managers	215,300	274,960	59,660	27.7
Professionals	392,100	457,380	65,280	16.6
Sales	168,500	131,520	(36,980)	−21.9
Clericals	604,000	566,460	(37,540)	−6.2
Craft	272,400	200,340	(72,060)	−26.5
Semiskilled	290,200	210,180	(80,020)	−27.6
Transport	105,300	76,520	(28,780)	−27.3
Laborers	79,900	56,320	(23,580)	−29.5
Service Workers	311,000	329,180	18,180	5.8
Private Household	31,500	20,140	(11,360)	−36.1
Farm	1,300	740	(560)	−43.1
Total	2,471,500	2,323,740	(147,760)	−6.0

Sources: 1970, 1980 Census of Population, Public Use Samples (tabulations for all employed 25–64 years old).

3 years. Craft jobs grew by over 10 percent while operator jobs continued to decline, falling by 8 percent over the decade. Even within the white collar sector, the lower level jobs grew much more slowly: sales, clerical, and even service occupations followed a pattern of growth that resembled the trajectory of manufacturing more than the finance or business services sectors. Thus, despite a much better overall employment picture in the 1980s, the transformation of the city toward a service- and a professional- and managerial-oriented economy continued.

Although occupational trends are consistent with the characterization of the economy advanced by mismatch proponents, income data reveal a more complex picture. As Table 2.5 shows, earnings inequality among the employed widened between 1970 and 1980. The key indicator is the ratio of mean earnings between workers in the top and bottom quintiles, which grew from 8.34 in 1970 to 9.43 in 1980. Examination of other ratios, however, indicate that growth in earnings inequality was principally confined to very low-wage, male earners, whose median earnings barely increased by a third over the course of the decade. By contrast, earnings in other quintiles suffered marginal erosion; moreover, the female to male disparity narrowed in every quintile. Finally, the earnings data suggest not so much a growth of low-level jobs, but rather a depression of earnings in the remaining low-skilled positions, which is indeed what one would ex-

Table 2.4 Employment of New York City Residents, by Occupation: 1983–1986

	1983 %	1983 Number	1986 %	1986 Number	Percent Growth
Executive, Administrative and Managerial	11.7	319	13.3	395	23.8
Professional Specialty	13.9	379	15.8	470	23.7
Technicians and Related Support	2.1	57	2.2	65	14.0
Sales	10.3	281	9.9	294	4.6
Administrative Support, Including Clerical	23.1	631	21.8	648	2.7
Service	16.6	453	15.7	467	3.0
Precision Production, Craft, and Repair	8.3	227	8.5	253	11.5
Machine operators, Assemblers, and Inspectors	7.0	191	5.9	175	−8.2
Transportation and Material Moving	3.5	96	3.6	107	12.0
Handlers, Equipment Cleaners, Helpers, and Laborers	3.1	85	2.9	86	1.8
Other	0.4	11	0.4	12	8.9
Total	100.0	2,730	100.0	2,972	8.9

Sources: U.S. Department of Labor, Bureau of Labor Statistics, "Geographic Profile of Employment and Unemployment, 1983 and 1986. Bulletins # 2216 and 2279, October 1984 and May 1987.

pect given the severe competitive pressures with which New York's manufacturing sector has been beset.

The polarization view falls short in its empirical claims about changing job structure, yet it does at least venture an answer for the puzzle of why so many immigrants have been moving to New York. Over the course of the 1970s, New York received about 80,000 immigrants each year, the vast bulk of whom came from the Caribbean, Latin America, and Asia. Immigration data for the 1980s indicate little change in national composition, but do suggest that the flows have moved a notch higher, with the number of legal immigrants arriving in New York or adjusting status in New York averaging about 90,000 per year. Although intercensal estimates of New York's ethnic population vary—with some surveys placing the white population at below the 50 percent level and others just above it—all sources confirm a continuing decline in the proportion of white,

Table 2.5 Mean Earnings, by Quintile, Men and Women: 1970, 1980

	Men and Women		Women		Men	
	1970	1970	1970	1980	1970	1980
Bottom Fifth	$1,979	$3,229	$1,073	$2,432	$3,300	$4,373
Second Fifth	$4,934	$8,202	$3,421	$6,200	$6,200	$10,036
Third Fifth	$6,854	$12,018	$5,009	$9,903	$8,200	$14,464
Fourth Fifth	$9,049	$16,919	$6,683	$13,424	$10,400	$19,684
Top Fifth	$16,470	$30,458	$10,726	$22,314	$19,100	$35,607
Top Fifth/Bottom Fifth	8.34	9.43	10.00	9.18	5.79	8.14
Top Fifth/Second Fifth	3.34	3.71	3.14	3.48	3.08	3.55
Top Fifth/Middle Fifth	2.40	2.53	2.14	2.25	2.33	2.46
Top Fifth/Fourth Fifth	1.82	1.80	1.60	1.66	1.84	1.81

Women: Men	1970	1970
Bottom Fifth	0.33	0.56
Second Fifth	0.55	0.64
Third Fifth	0.61	0.68
Fourth Fifth	0.64	0.68
Top Fifth	0.56	0.63

Sources: 1970, 1980 Census of Population, Public Use Samples.

non-Hispanic New Yorkers. Blacks appear to comprise the single largest group of "minority" New Yorkers, but the various estimates also suggest that the number of blacks has grown modestly during the 1980s and that the spurt in minority numbers has mainly been due to large increases among Hispanics, and secondarily among Asians.

If traditional immigrant jobs are disappearing so rapidly, as the mismatch hypothesis suggests, and low-level jobs are not proliferating, contrary to polarization claims, what is the source of opportunity for the immigrants who have been arriving in ever greater numbers? The key to the answer lies in changes in the size of the white population. The 1970s saw severe declines in the numbers of non-Hispanic whites living in New York: as a result of suburbanization and flight to the Sunbelt there were two million fewer whites living in New York in 1980 than a decade before. White losses in the labor market were also disproportionate, with the most severe declines occurring in sectors like manufacturing and retailing, which contained sizeable concentrations of older white workers.

Although the decline in the white population appears to have abated during the past several years, the most recent estimates point to continued erosion in the white population base. Moreover, the white workers who were still employed in low-level manufacturing, service, or retailing jobs in 1980 were nearing the end of their working careers; their likely exits from the labor force may well have opened new vacancies for immigrants. Thus, the changing composition of the work force may have offset the impact of occupational upgrading, producing more, not fewer, low-level job openings for immigrants and minorities.

Compositional effects clearly explain part of the story, but they cannot account for the contrast in various immigrant and minority group employment experiences. In the next sections we will try to explain some of that variation by analyzing the employment trends for three minority groups—native-born blacks, foreign-born Asians, and Hispanics.

The Employment of Foreign-Born Hispanics and Asians and Native-Born Blacks in New York City: 1970–1986

In this section, we build on our previous work by examining the experience of three groups: native blacks, foreign Hispanics, and foreign Asians. We examine data from the 1970–1980 period, with particular attention to changes in occupations and earnings and the place of New York's heterogeneous ethnic populations in the occupational and earning hierarchies. We also attempt to extend this analysis to the 1980–1987 period. This

latter treatment is admittedly speculative—since it involves adjustments from two different data bases—but it provides a reasonable technique for estimating the impact of industrial change on the groups in question. We will fill the reader in on the details of the data bases and manipulations as we move on.

Native Blacks

The economic position of New York's native black population has been transformed by the bust-and-boom cycles of the city's economy and the simultaneous shifts in its occupational and industrial structure. In net terms, native blacks were among the losers during the downturn of the 1970s; in this respect they differed from Hispanics, Asians, and even immigrant blacks, who actually gained jobs—often in very significant numbers—during this period, as can be seen from the data displayed in Table 2.6. (See Tables 2.10 and 2.14 for comparable data on Asians and Hispanics.) Of course, the native black population gains were much smaller than those other groups', but after taking population size into account, the employment to population rates for black native males fell from 80.9 percent in 1970 to 66.9 percent in 1980, a level which left them below all other ethnic groups. Mitigating these negative developments was the fact that the 1970–1980 employment decline for native blacks was considerably less than the fall-off in the overall economy. The black occupational structure was also overhauled, moving black workers, as a group, to higher-level and in many ways preferable jobs.

The relative deterioration in the black employment–population ratio was not a direct result of the pattern of industrial employment, and it had little to do with the fortunes of manufacturing. In 1970, 15 percent of New York's blacks were manufacturing workers, in contrast to more than a fifth of all employed New Yorkers (see Table 2.6). Overall, native blacks suffered no more from the pattern of industrial decline during the 1970s than did the city's labor force as a whole. Blacks' greatest single industrial liability was their concentration in personal services, where total employment declined by 30 percent during the 1970s. The most striking aspect of the black industrial distribution in 1970—their extreme concentration in public sector employment—proved to be a source of shelter against the ravages of the decade, since government employment grew while private employment declined.

By the end of the decade, employed blacks had experienced a general improvement in their pattern of industry specialization. Fewer blacks were employed in personal services and retail and they had found more jobs in the FIRE, particularly in the professional services sectors. But the

Table 2.6 Native Black Industrial Employment: 1970, 1980

Industry	1970 Employment	1970 Distribution %	1980 Employment	1980 Distribution %	Change	Percent Change
Construction	11,100	3.0	6,900	1.9	(4,200)	-37.8
Manufacturing	56,200	15.0	43,580	12.0	(12,620)	-22.5
TCU	34,400	9.2	28,880	7.9	(5,520)	-16.0
Wholesale	10,700	2.9	10,860	3.0	160	1.5
Retail	38,400	10.3	28,080	7.7	(10,320)	-26.9
FIRE	20,600	5.5	27,060	7.4	6,460	31.4
Business Services	18,500	4.9	20,060	5.5	1,560	8.4
Personal Services	34,400	9.2	16,660	4.6	(17,740)	-51.6
Professional Services	36,900	9.9	47,500	13.0	10,600	28.7
Miscellaneous	5,400	1.4	3,160	0.9	(2,240)	-41.5
Public Sector	107,200	28.7	131,540	36.1	24,340	22.7
Total	373,800	100.0	364,280	100.0	(9,520)	-2.5

Sources: 1970, 1980 U.S. Census of Population, Public Use Samples.

most significant development during the decade was the 22.7 percent increase in the proportion of native blacks employed by government—at a time when public employment among prime-age adults increased by just over 6 percent.

The story on the occupation side is more complicated, in part because the occupational shifts reflect both industrial restructuring and changes in the type of jobs that people did *within* industries. Table 2.7, which presents occupational data from 1970–1980, illustrates the impact of native blacks' 1970 dependence on low-skill jobs *outside* of the manufacturing sector: these positions involved precisely those activities that were either spun off to other areas or discontinued during the years of economic contraction. While jobs were lost at the low end, native blacks scored sizeable gains in white collar employment, including significant numbers of professional and managerial jobs. And as shown by the data in the last column of Table 2.6, which measures the change in "share" after controlling for occupational change and relative change in group size, white collar and blue collar changes moved in the opposite direction in every case.[19] Whereas blacks gained in share in professional, managerial, sales, and clerical jobs (which in the former two categories means that their gains were disproportionate to the increases generated in these two growing categories), their losses in all the blue collar categories exceeded the downward impact of economic decline and occupational contraction.

Because the data sources for the intercensal years are inadequate due to small sample size and infrequent collection of nativity data, it is impossible to trace out the post-1980 changes in the employment of the groups with which we are interested. Nonetheless, we have attempted to project employment changes, using 1980 census data as a base, and multiplying group employment in each industry by the proportional 1980–1987 gain or loss displayed in Table 2.2 for that industry for the total New York City economy. What these data show is that by 1980 employed native blacks were well positioned to undergo the radical economic shifts that have transpired in the course of the last several years. Overall, our estimates suggest that if group employment change in each industry was proportional to industry gains or losses, native blacks should have gained a disproportionate share of the jobs generated during that period, despite the continuing decline of New York's low-skill sectors (see Table 2.8). Several factors account for this forecast: blacks' heavy overrepresentation in government, a sector that grew vigorously during this period; their strong, if still slightly underrepresented, concentrations in the burgeoning FIRE and service sectors; and their underrepresentation in the constantly eroding manufacturing sector.

Thus, the overall pattern is one of exit from low-end industries and

Table 2.7 Native-Born Black Occupational Employment: 1970–1980

	1970	1980	Change	Group Size	Interaction	Shift
Managers	12,000	23,520	11,520	1,031	4,356	7,164
Professionals	34,600	49,780	15,180	2,972	8,733	6,447
Sales	10,600	10,020	(580)	911	(1,416)	836
Clericals	89,300	113,560	24,260	7,671	2,121	22,139
Craft	37,400	24,760	(12,640)	3,213	(6,681)	(5,959)
Semiskilled	47,600	28,540	(19,060)	4,089	(9,036)	(10,024)
Transport	28,100	18,140	(9,960)	2,214	(5,266)	(4,694)
Laborers	18,600	11,880	(6,720)	1,598	(3,891)	(2,829)
Service Workers	77,700	76,640	(1,060)	6,674	11,217	(12,277)
Private Household	17,400	7,000	(10,400)	1,495	(4,780)	(5,620)
Farm	500	60	(440)	43	(172)	(268)
Total	373,800	363,900	(9,900)	32,109	(8,143)	(1,757)

Sources: 1970, 1980 Census of Population, Public Use Samples.

Note: Tabulations for all employed 25–64 years old.

Table 2.8 Estimated Change in Native-Born Black Employment: 1980–1987

Industry	Number	Percent Change
Construction	3,764	54.6
Manufacturing	(10,277)	–23.6
TCU	(4,787)	–16.6
Wholesale	(433)	–4.0
Retail	2,603	9.3
FIRE	6,087	22.5
Services	20,848	23.9
Public Sector	15,959	12.1
Total	33,765	9.3

Source: New York State Department of Labor, Covered Employment Series.

Note: Percent change for all employed New Yorkers (Table 2.2) applied to 1980 industrial employment for group.

occupations, gains in white collar jobs, and continued extreme concentrations in the public sector. What was the net effect of these changes on the labor market position of *employed* native blacks? To answer this question, we first calculated separate earnings quintiles for all employed males and females for 1970 and 1980 and then calculated the proportion of native black males and females that fell within each quintile for the total population of each sex. Those data, displayed in Table 2.9, show a modest gain for native blacks. The basic trend was that the distribution of earnings for men and women alike evened out, with the proportion in the bottom 40 percent declining and the proportion in the top 40 percent expanding. Because these improvements in black distribution occurred at a time of widening earnings disparities among quintiles, however, the fact that half of employed black males were in the bottom two quintiles in 1980 indicates that native blacks have made only limited progress in advancing beyond the ranks of the working poor.

DISCUSSION Three trends stand out from this review of the changing labor market position of native black New Yorkers: their growing concentration in public sector employment, which employed fully one-third of native blacks in 1980; their extensive transition from blue collar to white collar occupations; and the detachment of a growing proportion of male adults from economic activity. Neither the mismatch nor polarization view would have predicted the two trends among the employed; and while the last development can be read as an instance of polarization, it

Table 2.9 Income Distribution for Native-Born Blacks: 1970, 1980

Quintiles	Men 1970 %	Men 1980 %	Women 1970 %	Women 1980 %
Bottom Fifth	29.62	24.00	21.41	18.82
Second Fifth	30.87	25.80	23.14	18.75
Third Fifth	22.02	22.60	23.49	25.36
Fourth Fifth	11.97	19.10	20.81	21.74
Top Fifth	5.53	8.50	11.15	15.32
Bottom 40 Percent	60.49	49.80	44.55	37.57
Top 40 Percent	17.50	27.60	31.96	37.06

Sources: 1970, 1980 Census of Population, Public Use Samples.

Note: This table indicates the percent of the employed members of each group that falls into each quintile for the total population of each sex.

involves a very different kind of differentiation than that implied by the theory.

Although black overrepresentation in government is widely noted, its relationship to the life chances of blacks, as well as its linkages to overall job opportunities, are rarely explored. Our review of the 1970–1980 period suggests that government employment is a niche that cushions blacks heavily against the impact of adverse economic changes—whether cyclical or structural. The analysis of the 1980s reinforces this conclusion: starting the decade with one-third of workers employed in the public sector and the rest dispersed among both growing and declining sectors, blacks should have been sheltered from the winds of change blowing through the private sector. While we must await results of the 1990 census to know for sure, our analysis suggests that changes in any one private sector industry should not have had a major effect on the overall employment picture for native blacks.

Consequently, we conclude that, largely due to their gains in public sector employment, the period since 1970 has been one of improvement in the labor market position of employed native black New Yorkers. To be sure, progress has been limited; the confinement of half of all employed black males to the bottom two earnings quintiles underlines the barriers to continued economic mobility. However, the most troublesome sign among native blacks is not to be found among the employed; rather it is the rising number of blacks who are excluded from the labor force and whose fortunes, it may be argued, increasingly diverge from those blacks who are employed. From this standpoint, polarization may be an apt

characterization of the changing situation of New York's native black population. But the emphasis on the contrast between employed and unemployed brings us quite a distance from the arguments of Harrison and Bluestone or Sassen. Polarization now refers to the growing internal stratification between employed and unemployed blacks (and other groups as well); and the debate no longer revolves around the (spurious) issue of whether growth in services multiplies the number of bad jobs, but rather concerns the questions of which jobs, especially entry-level jobs, are allocated to which groups and how.

Foreign-Born Hispanics

The experience of immigrant Hispanics stands in sharp contrast to the story we have just told for native blacks. The major trend, of course, is the phenomenal increase in Latino migration to New York that actually began in the early 1960s, but which has continued without stop or slowdown to the present day. So extensive was this migration that the single largest group of 1965–1980 immigrants residing in New York at the time of the 1980 census was 98,000 Dominican newcomers; Ecuadorians and Colombians ranked alongside Dominicans among the ten most populous 1965–1980 immigrant groups as of 1980.

The puzzle of this large migration wave is the question of what drew Latino migrants to New York. A look at the 1970 industrial distribution would suggest that immigrant Hispanics were poised for disaster, heavily overrepresented in many of the industries that would suffer the most devastation during the following decade. Nonetheless, the 1970s saw their employment increase by over 50 percent. And while the proportion of immigrant Hispanics who were employed dropped between 1970 and 1980, the decline was no greater than the fall-off experienced by native whites and thus compared favorably with the fortunes of native blacks.

Table 2.10 presents the industrial employment of foreign-born Hispanics in 1970 and 1980. In 1970, just over a third of these immigrants was employed in manufacturing; by contrast only a fifth of city residents was similarly employed. Personal services, which was to shrink by over 30 percent during the next 10 years, and retail, another sector slated for severe erosion, were the other chief concentrations of Hispanic immigrant employment. The 1980 figures show that the industrial distribution of immigrant Hispanics had actually gotten worse. Although the city's manufacturing sector had eroded severely, and the large increase in immigrant Hispanics should have produced some spillover outside goods production, foreign-born Hispanics were even more concentrated in manufacturing as of 1980 than they had been 10 years before. And what appeared to

Table 2.10 Foreign-Born Hispanic Industrial Employment: 1970, 1980

Industry	1970 Employment	1970 Distribution %	1980 Employment	1980 Distribution %	Change	Percent Change
Construction	3,600	3.3	3,420	2.0	(180)	−5.0
Manufacturing	37,700	34.2	60,140	35.2	22,440	59.5
TCU	5,900	5.4	9,420	5.5	3,520	59.7
Wholesale	4,900	4.5	7,000	4.1	2,100	42.9
Retail	15,100	13.7	22,500	13.2	7,400	49.0
FIRE	9,200	8.4	15,300	8.9	6,100	66.3
Business Services	5,300	4.8	10,560	6.2	5,260	99.2
Personal Services	7,300	6.6	11,620	6.8	4,320	59.2
Professional Services	14,600	13.3	15,420	9.0	820	5.6
Miscellaneous	400	0.4	1,980	1.2	1,580	395.0
Public Sector	6,100	5.5	13,700	8.0	7,600	124.6
Total	110,100	100.0	171,060	100.0	60,960	55.4

Sources: 1970, 1980 Census of Population, Public Use Samples.

Table 2.11 Estimated Change in Foreign-Born Hispanic Employment: 1980–1987

Industry	Number	Percent
Construction	1,866	54.6
Manufacturing	(14,183)	-23.6
TCU	(1,561)	-16.6
Wholesale	(279)	-4.0
Retail	2,086	9.3
FIRE	3,442	22.5
Service	9,444	23.9
Public	1,662	12.1
Total	2,476	1.4

Source: New York State Department of Labor, Covered Employment Series.

Note: Percent change for all employed New Yorkers (Table 2.2) applied to 1980 industrial employment for group.

be a silver lining in the 1970 patterns—a slight overrepresentation in professional services, which grew handsomely in the following 10 years—proved to be of hardly any benefit. By 1980, 9 percent of employed immigrant Hispanics were working in professional services, in contrast to 15 percent of all New Yorkers.

Just how exposed this position left immigrant Hispanics in face of the continuing structural changes of the 1980s can be seen by looking at the employment projections for 1987 (Table 2.11). These estimates are derived by multiplying the group employment in the industry in 1980 by the overall growth of that industry in the city between 1980 and 1987. What they suggest—assuming that the group's share of each industry remained stable—is that immigrant Hispanic employment should have barely risen over a 7-year period while overall employment climbed by 8.6 percent. That this estimate may not be plausible is of little matter; indeed, application of a similar technique for the 1970–1980 period would have also predicted a decline, even though the group's employment jumped by 50 percent. The import of the projection is otherwise: to remind us of how disadvantaged immigrant Hispanics were relative to the changing structure of the economy; and to suggest that factors quite separate from structural change were responsible for the growing employment of this group.

Data on occupational distributions are entirely consistent with what we have seen from the industry side. Because of their tremendous growth, foreign Hispanics gained in every occupation (see Table 2.12). Nevertheless, the strongest growth took place among operatives, where immigrant

Table 2.12 Foreign-Born Hispanic Occupational Distribution: 1970–1980

	1970	1980	Change	Occupational Change	Group Size	Interaction	Shift
Managers	5,500	11,800	6,300	1,524	4,003	5,527	773
Professionals	10,700	13,620	2,920	1,781	7,787	9,569	(6,649)
Sales	3,700	5,520	1,820	(812)	2,693	1,881	(61)
Clerical	20,800	26,820	6,020	(1,293)	15,138	13,845	(7,825)
Craft	13,200	18,600	5,400	(3,492)	9,607	6,115	(715)
Semiskilled	28,300	46,400	18,100	(7,803)	20,597	12,793	5,307
Transport	1,900	5,900	4,000	(519)	1,383	864	3,136
Laborers	2,700	4,760	2,060	(797)	1,965	1,168	892
Service Workers	21,100	34,280	13,280	1,233	15,357	16,590	(3,310)
Private Household	2,200	2,800	600	(793)	1,601	808	(208)
Farm	0	40	40	0	0	0	40
Total	110,100	170,640	60,540	(10,971)	80,131	69,160	(8,620)

Sources: 1970, 1980 Census of Population, Public Use Samples.

Note: Tabulations for all employed 25–64 years old.

Table 2.13 Income Distribution for Foreign-Born Hispanics: 1970, 1980

	Men		Women	
Quintiles	1970 Percent	1980 Percent	1970 Percent	1980 Percent
Bottom Fifth	38.87	31.44	21.75	28.65
Second Fifth	28.06	31.02	34.75	34.63
Third Fifth	15.83	20.26	22.17	18.61
Fourth Fifth	9.56	10.37	14.07	11.50
Top Fifth	7.68	6.91	7.25	6.61
Bottom 40 Percent	66.93	62.46	56.50	63.28
Top 40 Percent	17.24	17.28	21.32	18.11

Sources: 1970, 1980 Census of Population, Public Use Samples.

Note: This table indicates the percentage of the employed members of each group that falls in each quintile for the total population of each sex.

Hispanics recorded a *gain in share* despite the decline registered by the occupation as a whole. And the same pattern of growing shares in declining, blue collar occupations held true for transport operatives, laborers, and craft workers as well. By contrast, the Hispanic immigrant share of employment in service occupations remained essentially unchanged between 1970 and 1980, thus suggesting little connection between the rise of services and the labor market position of this group. Looking at the top of the occupational hierarchy, the data for professional and clerical jobs show that the immigrant Hispanic share actually *fell* when other factors—economic contraction, occupational change, and group change—are controlled.

The gloomy impression is reinforced by data on the income distribution presented in Table 2.13. For men, there was a slight movement from the bottom to the second fifth of the distribution. There was a substantial growth of the middle quintile, but this was at the expense of the number of Hispanic immigrants in the top fifth. The trends for women were even worse. Here, there was a large increase in the women in the bottom fifth and decreases in all the other quintiles, with the largest drops coming at the top. The picture is dampened even further by the fact that the earnings of workers in these bottom-level quintiles failed to keep pace with the gains posted by workers at the top.

DISCUSSION Despite the profound changes in the city's economy that have taken place over the last 20 years, the employment patterns of Hispanic immigrants have remained remarkably stable. Their dependence on manufacturing and blue collar employment has actually grown, but they do not seem to have experienced a significant relative decline in their employment status. What factors account for this experience? First, some portion of the low-level employment reflects the characteristics of the recent arrivals. Thus a deterioration of the income distribution may have resulted from the arrival of low-skilled recent immigrants rather than a deterioration of resident incomes. Second, the massive exodus of whites from manufacturing actually opened more jobs in manufacturing for other ethnic groups than were lost as a result of the sector's overall decline. The garment industry is a good case in point: during the 1970s whites dropped out of the effective labor supply; and as the numbers of white workers plummeted, immigrant Hispanics, who were already concentrated in garments, were well positioned to take up the slack.[20] Moreover, the small immigrant businesses that account for an important part of Hispanic immigrant manufacturing employment do provide some mobility opportunities for Hispanic immigrants; the continuation of this stream of immigration provides the low-cost labor supply on which those small businesses and the opportunities they represent depend.[21]

Foreign-Born Asians

Asians were the greatest beneficiaries of the 1965 amendments to the country's immigration laws, and the influx of new Asian immigrants into New York quickly made itself felt in the labor market. The growth among foreign-born Asian workers was even more dramatic than the increase among immigrant Hispanics: numbering only 31,000 in 1970, immigrant Asian workers had tripled by the end of the decade. Retailing was the principal Asian concentration in 1970, which left them extraordinarily dependent on an industry whose fortunes would deteriorate severely over the next 10 years. To make matters worse, Asians were also overrepresented in manufacturing, which accounted for almost one-quarter of their 1970 jobs. Thus, more than one-half of the Asian immigrants in the city in 1970 were employed in two sectors that were to fare much worse than the city as a whole during the subsequent 10 years.

But no disaster occurred. Between 1970 and 1980, when the economically active population in New York was declining, the employment–population ratios for Asian immigrants—both men and women—grew by more than 10 percentage points. The unemployment rates grew slightly, but joblessness among both men and women did not go above 4 percent in 1980, a figure well below the city's average. The 1970 to 1980 years also saw some important shifts in Asians' distribution among industries (see Table 2.14). Although the Asian share of manufacturing jobs

remained constant, they grew less dependent on retail trade. Unlike native blacks and foreign Hispanics, Asians were able to benefit from the growth of the FIRE sector. These gains in FIRE were of a piece with an overall pattern of gradual diversification out of the 1970 concentrations.

Nonetheless, Asians entered the 1980s poorly positioned to deflect the blows of structural change. Our projections for 1980 to 1987 show that Asian employment should have increased by only 5.2 percent, assuming, of course, that gains or losses in the industries in which they were employed in 1980 account for all of the employment change (see Table 2.15). As with the case of foreign Hispanics, this estimate cannot be reconciled with other information that we have about the rapidly growing Asian economic base in New York City. In this instance, our assumption about stability in industrial distribution might be a bit faulty, since the influx of highly educated Asians as well as the successful school performance of Asian immigrant children suggest that the overall skill endowment of the group may be rising. But these changes are likely operate at the margins; nobody, to our knowledge, has noticed a sudden disappearance of Chinese restaurants and garment factories or a wave of failure among Korean grocery stores. Hence, the basic point remains: that industrial change has a limited impact on the economic fortunes of New York's immigrant groups; and other explanations must be found to account for the successful integration and adaptation of the newcomers who have arrived in the city over the past twenty years.

Some clues toward such an explanation can be found by reviewing the data on the occupational side, presented in Table 2.16. Immigrant Asians increased their employment in *every* occupation—gains that are not so surprising if one considers the overall increase of the group itself. Nonetheless, occupational shares, adjusted for population and occupational changes, grew in all of the white collar occupations, in sharp contrast to the situation among immigrant Hispanics. Particularly strong gains in share were registered among managers, supporting the arguments we have made elsewhere about the growth of immigrant economies and their positive impact on immigrants' opportunities for upward mobility. Strong increases in share registered among sales and clerical workers also point to the importance of the immigrant-economy connection. While professionals comprise the one exception to the pattern of sizeable gains in white collar shares, absolute levels of employment nonetheless registered impressive growth. Changes on the blue collar side are of equal interest. While Asians made large gains in craft employment, their adjusted shares in the lower-level blue collar occupations of operative and service worker dropped, in clear contrast to the Hispanic case.

Thus, not only did the industrial position of immigrant Asians provide

Table 2.14 Foreign-Born Asian Industrial Employment: 1970, 1980

	1970		1980			
Industry	Employment	Distribution %	Employment	Distribution %	Change	Percent Change
Construction	100	0.4	1,100	1.2	1,000	1000.0
Manufacturing	6,200	22.6	21,960	23.1	15,760	254.2
TCU	700	2.6	4,120	4.3	3,420	488.6
Wholesale	1,200	4.4	5,440	5.7	4,240	353.3
Retail	8,100	29.6	22,960	24.2	14,860	183.5
FIRE	600	2.2	7,640	8.0	7,040	1173.3
Business Services	1,000	3.6	3,340	3.5	2,340	234.0
Personal Services	3,100	11.3	3,800	4.0	700	22.6
Professional Services	3,800	13.9	15,500	16.3	11,700	307.9
Miscellaneous	400	1.5	580	0.6	180	45.0
Public Sector	2,200	8.0	8,600	9.0	6,400	290.9
Total	27,400	100.0	95,040	100.0	67,640	246.9

Sources: 1970, 1980 Census of Population, Public Use Samples.

Table 2.15 Estimated Change in Foreign-Born Asian Employment: 1980–1987

Industry	Number	Percent
Construction	600	54.6
Manufacturing	(5,179)	−23.6
TCU	(683)	−16.6
Wholesale	(217)	−4.0
Retail	2,128	9.3
FIRE	1,719	22.5
Service	5,540	23.9
Public	1,043	12.1
Total	4,952	5.2

Source: New York State Department of Labor, Covered Employment Series.

Note: Percent change for all employed New Yorkers (Table 2.2) applied to 1980 industrial employment for group.

them with a secure foothold in the economy, it also provided outlets for movement into higher-level occupations. This conclusion is consistent with the data on earnings distribution (Table 2.17). Overall, the proportion of Asians in the bottom income quintiles dropped substantially, with gains occurring in the other quintiles. This pattern, however, obscures important differences between men and women. Whereas the disparity between the earnings of Asian and other men diminished between 1970 and 1980, it increased among women. This change cannot accurately be interpreted as evidence of polarization, since it is likely that other factors—in particular, the large number of entrants, many of whom lacked English-language ability and previous work experience—contributed more powerfully to the growth of very low-paid female workers.

DISCUSSION Like immigrant Hispanics, foreign Asians have been the inheritors of positions vacated by whites. As we have noted, the white labor force declined disproportionately during the 1970s; and within the sectors in which immigrant Asians were concentrated, the white declines were even more severe. Thus, opportunities for ethnic succession allowed Asians to increase their employment in declining sectors like manufacturing and retail. But the pattern of Asian gain within declining industries differed in one important respect from the Hispanic experience. Because retailing and manufacturing industries—in particular, garments, restaurants, and food retailing—are strongholds of Asian business, the expansion of the Asian niche added jobs at all levels of the job hierarchy, not

Table 2.16 Foreign-Born Asian Occupational Distribution: 1970–1980

	1970	1980	Change	Occupational Change	Group Size	Interaction	Shift
Managers	2,900	11,560	8,660	804	6,689	7,493	1,167
Professional	6,800	23,860	17,060	1,132	15,686	16,818	242
Sales	200	4,360	4,160	(44)	461	417	3,743
Clericals	3,200	14,540	11,340	(199)	7,381	7,183	4,157
Crafts	500	4,100	3,600	(132)	1,153	1,021	2,579
Semiskilled	6,800	17,160	10,360	(1,875)	15,686	13,811	(3,451)
Transport	100	1,000	900	(27)	231	203	697
Laborers	100	980	880	(30)	231	201	679
Service Workers	6,700	16,500	9,800	392	15,455	15,847	(6,047)
Private Household	100	800	700	(36)	231	195	505
Farm	0	20	20	0	0	0	20
Total	27,400	94,880	67,480	(16)	63,204	63,188	4,292

Sources: 1970, 1980 Census of Population, Public Use Samples.

Note: Tabulations for all employed 25–64 years old.

Table 2.17 Income Distribution for Foreign-Born Asians: 1970 and 1980

Quintiles	Men		Women	
	1970 %	1980 %	1970 %	1980 %
Bottom Fifth	47.46	35.40	28.00	27.93
Second Fifth	19.77	22.21	22.00	23.94
Third Fifth	11.30	16.58	20.00	14.60
Fourth Fifth	10.17	11.14	16.00	14.11
Top Fifth	11.30	14.67	14.00	19.42
Bottom 40 Percent	67.23	57.61	50.00	51.87
Top 40 Percent	21.47	25.81	30.00	33.53

Sources: 1970, 1980 Census of Population, Public Use Samples.

Note: This table indicates the percentage of the employed members of each group that falls into each quintile for the total population of each sex.

disproportional gains at low levels, as was the case among Hispanics. Moreover, the economic position of Asians has been strengthened as a result of movement out of the traditional sectors of the ethnic economy. To some extent, gains in FIRE and professional services may actually reflect a diversification of the ethnic economy itself; in fact, enclaves like Chinatown and Flushing are important centers of professional and business services for the Asian community. But it also appears likely that gains in the services have taken place outside the ethnic economy, reflecting the integration of Asians into the broader economy.

Developments in the Future

The framework in this chapter has emphasized three factors: changes in the relative labor supply of the various ethnic groups; the tendency for minority groups to be concentrated in particular occupations or industries; and the interactions between economic change and group characteristics which differentially allow groups to shift to an employment pattern more similar to the labor force as a whole. This analysis suggests a number of predictions about the prospects of the three ethnic groups that we have studied in this chapter.

Native Blacks

As we have argued, the black vulnerability in 1970 did not result from their concentration in manufacturing, but rather from their overrepresentation in personal service and low-level occupations outside of manufacturing. The exodus of whites opened some higher-level white collar occupations; consequently, blacks as a group moved into these jobs and out of personal services and low-skilled blue collar work. Of course, the main locus of concentration—the public sector—held up relatively well. Indeed, much of blacks' occupational progress and the benefit they derived from the fall in the white population took place among the ranks of government employees.

But overall, we conclude with a pessimistic note on black employment prospects for the 1990s. Our pessimism stems from the conclusion that the sources of strength in the recent past—most notably, black public sector gains—may not prove adequate in the future. Governments are unlikely to generate enough jobs or enough better jobs to provide continuing mobility and employment opportunities. And, so far, the native black community has failed to reduce its dependence on the public sector and benefit from gains made in the city's most dynamic sectors, the advanced corporate services. Indeed this pessimism seems to be borne out by the occupational data from the 1980s and the continued low levels of native black labor force participation.

Foreign-Born Hispanics

The decline of the white population and the developed Hispanic networks and businesses in the manufacturing and blue collar industries allowed this group of immigrants to more-or-less hold their own despite heavy concentration in the declining sectors. But the drawbacks of this particular employment pattern are more likely to emerge in the future. The 1980s have seen manufacturing jobs hemorrhage at 1970 rates. And the impact of compositional changes is unlikely to be as great as in the past: although whites may continue to flee manufacturing more rapidly than the sector itself declines, the proportion of whites left in manufacturing is already low. In addition, the 1986 reform of the immigration law to impose employer sanctions may succeed in reducing illegal immigration and thereby weaken the viability of small immigrant business, in turn restricting the associated opportunities for upward mobility. This development, along with growing competition in manufacturing from Asian workers and businesses, may reduce their ability to take a disproportionate advantage of the blue collar jobs that do remain. If these develop-

ments do take place, then foreign-born Hispanics will either have to shift to a very different pattern of employment or face serious labor market problems. And so far there has been no indication of a reduction in the reliance on their traditional industrial and occupational niches.

Foreign-Born Asians

Asians, like the Hispanics, were able to counteract much of the adversity of the 1970s based on their strength in two niches—manufacturing and retail—which allowed them to take advantage of opportunities opened by the drop in the white population. Although their industrial distribution still was concentrated among weak sectors in 1980, two factors position them well for the future. First, they have begun to reduce their dependence on these two niches; and second, they have been able to make important occupational advances within those traditional areas of concentration.

Conclusion

Our review of the experience of native blacks and immigrant Asians and Hispanics demonstrates the weaknesses of both the mismatch and the polarization theories in explaining the changes that these groups have undergone. If the mismatch thesis is understood as a statement about the declining opportunities for those with low levels of education, there is certainly evidence from the New York case to support it. But as a theory making predictions about the impact of structural change on employment opportunities, the mismatch perspective gets little support. Groups that are concentrated in declining industries do not always suffer most from industrial decline. Moreover, the specifics of the mismatch predictions are inappropriate. As we emphasized throughout this discussion, the mismatch hypothesis has been primarily framed to relate the continued employment problems of blacks to the decline of manufacturing; as such, it is of little use in explaining the experience of black New Yorkers.

The polarization view has the great advantage of addressing a question that the mismatch hypothesis cannot even consider: why New York and other like cities have received so many low-skilled immigrants at a time when employers are reputed to hire none but the highly educated. But the polarization view suffers from serious problems. First, whereas the decline of steel, auto, and other heavy industries has indeed eliminated well-paying, desirable jobs, the same cannot be said for the demise of New York's manufacturing industries, which have been a concentration

of low-paying jobs ever since World War II. Second, the occupational data show little evidence of polarization *among the employed*: the growth has been concentrated in managerial and professional positions which have increased much more substantially than either service occupations or other blue collar occupations in the service sector. Third, our data on the earnings distribution, while indicating a trend toward greater inequality, do not suggest that immigrants have become increasingly concentrated at the bottom part of the earnings distribution. Fourth, the services-immigration nexus receives no support at all: shares of service jobs virtually remained unchanged among Hispanics and declined very substantially among Asians. Finally, that version of polarization linking immigration to services is an incomplete account of the impact of the shift from manufacturing to services on minorities in general, since it says nothing about the employment trends of native-born blacks.

Profound economic change causes serious problems for many groups of workers, and New York's experience with the structural transformation of its economy and labor markets has been no exception. Indeed large numbers of New Yorkers lost jobs or saw employment opportunities eliminated or restricted over the last two decades. Certainly, the prospects of illiterate residents of the city or those with low levels of educational attainment have deteriorated during this period. Theories such as the mismatch and the polarization perspectives make an important contribution to the understanding of inequality and employment in the United States by emphasizing the importance of the demand side of the labor market and the limitations and inequalities that are inherent in the structure of the economy. But the impact of economic transformation is not simple or straightforward. There are opportunities in the apparently most devastated industries, and a foothold in the ascendant sectors is no guarantee against misfortune. Our study of economic change in New York highlights the importance of two factors: the opportunities and risks created by the growth and decline of possibly competing groups, and the group and social resources that must also be brought to bear in order to confront the changing opportunities available in the labor market.

Notes

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2. Kasarda, John D., "Entry-level Jobs, Mobility, and Urban Minority Employment," *Urban Affairs Quarterly* 19,1 (1983): 22.
3. Levy, *Dollars and Dreams*, p. 113.

4. Wilson, William J., "The Urban Underclass in Advanced Industrial Societies," in Peterson, Paul E., ed., *The New Urban Reality* (Washington, DC: The Brookings Institution, 1985), p. 150.
5. Ehrenhalt, Samuel, "The Outlook for the New York City Labor Market." Speech delivered to the Fifteenth Annual Institute on the Challenges of the Changing Economy of New York City (April 28, 1982), pp. 22–25.
6. Harrison, Bennett, "Rationalization, Restructuring, and Industrial Reorganization in Older Regions: The Economic Transformation of New England Since World War II" (Cambridge: Joint Center for Urban Studies of MIT and Harvard University, 1982), Working Paper No. 72, p. 81. Though in theory the mismatch and polarization views offer alternative explanations of the impact of urban change on minorities, in practice both explanations are advanced at the same time. Wacquant and Wilson include, among the "spatial and industrial changes. . .that have converged to undermine the material foundations of the. . .ghetto": "the decentralization of industrial plants. . .the flight of manufacturing jobs. . .the general deconcentration of metropolitan economies and the turn toward service industries and occupations. . .; *and the emergence of post-Taylorist, so-called flexible forms of organizations. . .which has (sic) intensified job competition and triggered an explosion of low-pay, part-time work* [emphasis added]." In Wacquant, L.J., and W.J. Wilson, "The Cost of Racial and Class Exclusion in the Inner City," *The Annals of the American Academy of Political and Social Science* 501 (January 1988): 11.
7. Harrison, Bennett, and Barry Bluestone, *The Great U-Turn: Corporate Restructuring and the Polarizing of America* (New York: Basic Books, 1988), p. 120.
8. As an indicator of how peripheral minority issues are to the overall debate on inequality, the index of Harrison and Bluestone's recent *The Great U-Turn* lists only three pages in which the impact of structural changes on minorities is discussed.
9. Levy, *Dollars and Dreams*, p. x. Harrison and Bluestone, *Great U-Turn*, p. 120, concur with Levy in this respect.
10. See for example, Wacquant, L. J., and W. J. Wilson, "Beyond Welfare Reform: Poverty, Joblessness, and the Social Transformation of the Inner City." Paper presented at the Rockefeller Foundation Conference on Welfare Reform, February 1988, pp. 15–16.
11. Sassen-Koob, Saskia, "The New Labor Demand in World Cities," in Smith, Michael P., ed., *Cities in Transformation: Capital, Class, and Urban Structure* (Beverly Hills: Sage, 1984), p. 257. See also Sassen, Saskia, *The Mobility of Labor and Capital* (New York: Cambridge University Press, 1988), Chapter 5.
12. Sassen-Koob, "New Labor Demand," p. 257.
13. Sassen further contends that there has been an "expansion of low-wage jobs in the manufacturing sector," which has further amplified the demand for immigrant labor; many of these jobs are to be found in a growing "informal sector that contains a large number of sweatshops." See Sassen, *The Mobility of Labor and Capital*, p. 145. However, while relative wages in manufacturing have clearly suffered considerable decline, many of the manufacturing jobs that have recruited immigrants already ranked low on the pay scale before the massive erosion of goods production jobs began. Whereas the proportion of low-wage jobs within the manufacturing sector may have increased somewhat, there is no manufacturing industry that has escaped the severe downward trend. Thus, the absolute number of low-wage manufacturing jobs and the number of such jobs relative to all jobs has declined. It is possible that some manufacturing jobs do not get counted in the normal statistical series, falling into the underground economy, as Sassen contends in Chapter 3 in this volume. But the possibility that the underground economy may have grown offers no explanation for the issue at hand; namely, how to account for the very observable and measurable increase in immigrant population and employment.

14. Waldinger, Roger, and Thomas Bailey, "The Youth Employment Problem in the World City," *Social Policy* 16,1 (1985): 55–59.
15. Waldinger, Roger, "Changing Ladders and Musical Chairs: Ethnicity and Opportunity in Post-Industrial New York," *Politics & Society* 15,4 (1986–7): 369–402.
16. Waldinger, Roger, *Through the Eye of the Needle: Immigrants and Enterprise in New York's Garment Trades* (New York: New York University Press, 1986); Waldinger, "Changing Ladders"; Bailey, Thomas, *Immigrant and Native Workers: Contrasts and Competition* (Boulder, CO: Westview Press, 1987).
17. In his most recent writing, John Kasarda has acknowledged the anomaly of high levels of immigration and immigrant employment in precisely those cities that have experienced the most severe manufacturing declines. Kasarda then switches to a supply-side explanation, arguing that in contrast to blacks, Asian and Hispanic can mobilize informal ethnic and kinship resources that spur a high business start-up rate. See Kasarda, John D., "Urban Industrial Transition and the Underclass," *The Annals of the American Academy of Political and Social Science* 501 (January 1988): 42–45. While differences in group resources undoubtedly help to explain some of the native black/new immigrant disparities, predispositions toward entrepreneurship are a necessary, but not sufficient, condition of business development. In the absence of an environment conducive to small businesses and opportunities for small business owners, immigrant firms are unlikely to grow. In New York, as in other immigrant-receiving cities, the processes of compositional change and ethnic occupational succession have been the chief sources of opportunities for new immigrant firms. For elaborations of this argument see Waldinger, *Eye of the Needle*, esp. Chapter 5, and Waldinger, Roger, Howard Aldrich, and Robin Ward, eds., *Immigrants and Enterprise: Ethnic Business in Europe and the United States* (Beverly Hills: Sage, 1990).
18. See Waldinger, Roger, "The Problems and Prospects of Manufacturing Workers in the New York City Labor Market." Report prepared for the CUNY Worker Literacy Project, February 1988.

19. The tables on occupational change utilize a technique known as "shift-share" analysis. The virtue of the procedure is that it decomposes the effects attributable to the factors of particular interest here: composition (or "group size"), occupational change, and "share," a residual term that reflects the shifts in the ethnic division of labor. The column for "group size" shows calculations made on the assumption that change in an occupation reflects changes in a group's relative size (after adjustments have been made for the impact of the local economy's decline). The column for "occupational change" shows calculations made on the assumption that groups gained or lost jobs because the occupations on which they had been dependent in 1970 waxed or waned over the course of the decade. The column labeled "interactive" adds group size and occupational change effects, thus indicating whether the two factors worked in opposite or reinforcing directions. Finally, the column for "share" shows whether a group's employment in an occupation increased or decreased, net of "group size" and "occupational change." For further details on the procedure, see Waldinger, "Changing Ladders," p. 378.
20. Waldinger, *Eye of the Needle.*
21. Bailey, *Immigrant and Native Workers.*

3

The Informal Economy

Saskia Sassen

The main theories of economic development generally do not foresee the possibility that an informal economy might arise in postindustrial societies. This controversial possibility demands not only empirical documentation but also a theoretical defense. As used here, the informal economy concept describes income-generating activities that take place outside the framework of public regulation, where similar activities are regulated.[1] Although particular instances of informal work in highly developed countries may resemble those of an earlier period, against the backdrop of decades of growing regulation that reduced and in many sectors virtually eliminated unregulated income-generating activity, they are actually a new development. Informal work is dissonant with the dominant economic theories, whether neoclassical or Marxist, that posit the disappearance and absorption of unregulated activities.[2]

To theorize the growth of an informal economy, we must rethink the propositions about advanced economies which explicitly or implicitly preclude such a development. Such a rethinking is under way for the case of manufacturing.[3] Most of this retheorizing has focused on industrial organization, particularly trends toward vertical disintegration and decentralization.[4] More generally, analysis has centered on what has come to be referred to as the decline of the Fordist model of production and the rise of new regimes of accumulation.[5] This has led to an examination of how such trends have affected the overall organization of work and economic activity in what were once areas dominated by large-scale vertically integrated firms.[6]

A parallel examination of how such trends are playing themselves out