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ROGER WALDINGER

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Acknowledgments

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

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

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

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

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

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

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

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

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

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

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

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

Contents

1 The New Urban Reality

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

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

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

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

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

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

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

In this book I argue that both stories—however intuitively appealing they may be separately or together—have it wrong. Neither metaphor, of polarization or of dislocation, captures the impact of the post-industrial urban transformation.[5] At root, both depict faceless, impersonal structures inexorably performing their actions on an inert urban mass. Not subjected to analysis, the structures are instead taken for granted, abstracted from any historical context, and divorced from the specific interests and forces that might have given them shape. Con-

flict and politics do not enter into these accounts of the making of the postindustrial economic world. Passing over dominant groups and their interests, these rival stories treat the new polyglot working and middle classes as an undifferentiated mass, helplessly playing out the scripts written for them by history.

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

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

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

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

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

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

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

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

how ethnic group resources and strategies interact with structural changes to shape ethnic group fates.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A Skills Mismatch?

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

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

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

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

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