ETHNICITY AND MALE EMPLOYMENT IN THE INNER CITY: A TEST OF TWO THEORIES

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Introduction

Nearly a quarter century since the passage of the Civil Rights Act and the initiation of the massive War on Poverty effort, substantial proportions of inner city minorities appear more hopelessly mired in poverty than at any time in recent decades (Tienda, 1989; Wacquant & Wilson, 1989, Wilson, 1987). The poverty rate among central city blacks, for example, stood at about one person in three in 1988, having risen from a rate of one in four since the late 1960s (U.S. Bureau of the Census, 1980, 1989b). Equally ominous has been the rapid rise in central city Hispanic poverty which currently approximates a rate of three in ten, well over twice the rate of central city whites (U.S. Bureau of the Census, 1989a). However, the poverty rates among the different Hispanic groups vary considerably, even among the two major, and most impoverished of the groups, Mexicans and Puerto Ricans. For example, whereas the central city poverty rate among Mexican origin Hispanics in 1987 (latest available) stood at just under 30 percent, among Puerto Ricans, it had reached an astounding 46 percent! -- second to none among American ethnic or racial groups (U.S. Bureau of the Census 1989a).

Associated with these indicators of deprivation among urban minorities have been other signs of potential distress. Available evidence indicates that in recent years, minorities have experienced growing rates of joblessness, welfare receipt, and female headship, especially in the central cities, although to varying degrees (Tienda, 1989; Tienda & Jensen, 1988; Wacquant & Wilson, 1989). Among whites, changes on these items have been relatively modest (Wacquant & Wilson, 1989b; Wilson & Neckerman, 1986). The patterning of these trends gives rise to numerous questions, such as why minorities fare so poorly on these indicators relative to whites, including those whites with whom they share urban space and common labor markets. In addition, what explains the sizable differences in how the different minority groups compare among themselves on such indicators of distress as poverty and joblessness.

Importantly, the intergroup variations on these indicators often defy common sense interpretations. For example, the idea that discrimination can largely account for the intergroup differences falls short of explaining why Puerto Ricans are poorer than blacks even though they almost certainly experience less discrimination (Massey & Bitterman, 1985). Likewise, a human capital perspective, by itself, cannot explain why Mexicans, who speak less English than Puerto Ricans and are less educated than both Puerto Ricans and blacks, are more often employed than persons of the other groups (U.S. Bureau of Labor Statistics, 1988).

Although a complete consensus has yet to emerge on the basic underlying causes of these phenomena, a number of theoretical explanations have emerged in the literature to explain some of these problems. Among these explanations, two bear particular relevance to urban minorities, and will be the subject of the work presented here. Each of these perspectives, the spatial mismatch hypothesis and the "dual" or "segmented" labor market theory, locate the source of the problems in labor market dynamics which appear to work to the particular disadvantage of minority workers. However, while each was given rise to in the heat of the urban crises of the 1960s, they are characterized by features that conflict in fundamental

ways. Whereas the mismatch perspective emphasizes the <u>spatial</u> distribution of opportunities as the key issue, the segmentation perspective emphasizes the <u>social</u> mechanisms by which opportunities are <u>allocated</u> as the core of the problem.

In the following, these explanations will be put to the test of accounting for the empirical findings on the employment dynamics among a sample of inner city men representing four distinct ethnic/racial groups. Though each of these perspectives appears to derive at least some support from the findings, neither can fully account for the patterns of the data. The results of this work ultimately raise as many questions as they answer, a number of important shortcomings of the contemporary perspectives on poverty are suggested as well as a number of clear directions for further research.

Theories of Urban Poverty and Unemployment

At the present time, the most prominent theoretical formulation that has been advanced to explain urban minority poverty is the spatial mismatch hypothesis, initially articulated by Harvard economist John Kain (1968). Although the paradigm draws on the hypothesized negative impact of trends in the movement of people and industry which were in evidence by the early 1960s (Chinitz, 1964; Weber, 1964), the more refined, contemporary versions of the argument emerged in the 1980s with the availability of better data (Kasarda, 1983, 1985, 1989, 1990). The idea here is that the massive post-war migrations into snowbelt inner cities, peopled primarily by low skilled minorities, led many into poverty because of the flight of blue collar industry from these areas, which continues to the present. Addressed almost exclusively at the plight of urban blacks, the thesis holds that because inner city blacks, on average, are modestly skilled and educated, the loss of these jobs entails special hardships for them. Tied to the cities by housing discrimination and low incomes, the group is spatially disconnected (mismatched) from the blue collar employment suitable to their skills that has left these areas for

such places as suburbs, sunbelt areas, and third world countries, or that have simply been lost to the economy. Lack of automobile ownership and insufficient public transport linkages stifles reverse commuting to peripheral areas where such low skilled work can still be found, sometimes in abundance.

The growth of central city employment in the post-war era, the argument goes, has been largely white collar with substantial skill or educational requisites.

Hence, the group is also mismatched and lacks skills or educational attainment for the growing opportunities in city based white collar work. Although the argument has been made largely on behalf of blacks, no inherently racial component to the core mechanism beyond housing discrimination keeps blacks away from suburbs. Thus, according to the perspective, other, relatively recent urban migrants with few skills or credentials should encounter similar difficulties.

A major limitation of the theory is that it is inherently geographically focused. More specifically, it primarily addresses the poverty and joblessness of the larger, older, industrial cities of the North (e.g. Kasarda, 1983, 1985, 1989, 1990), and thus is of little relevance elsewhere. Still, it addresses the problems of those cities with the most poor, the highest concentrations of poverty, the most minority poor, and which were most beset by the urban crises of recent decades. For example, four such cities alone (New York, Chicago, Detroit, and Philadelphia) contained over a quarter of all the nation's urban poor in recent years, a vast overrepresentation (Wilson, 1987). In addition, nine of the ten SMSAs which experienced the greatest growth in "ghetto poverty" (poor persons living in census tracts with poverty rates in excess of 40%) between 1970 and 1980 were snowbelt metropolises (Bane & Jargowsky, 1991). And, the overwhelming majority of the inhabitants of these areas were black or Hispanic (Bane & Jargowsky; 1991, Wacquant & Wilson, 1989). Indeed, the two largest of these cities alone, New York and Chicago, accounted for about half of the full increase in the nation's "ghetto poverty"

(Jargowsky & Bane, 1990). Such ghetto areas, in turn, have been found to account for a disproportionate share of such societal ills as crime, joblessness, welfare dependency, and adolescent, out-of-wedlock childbearing (Anderson, 1989; Dash, 1989; Hogan & Kitagawa, 1985; Wacquant & Wilson, 1989; Wilson, 1985, 1987)

The mismatch explanation not only addresses the plight of areas experiencing or undergoing particularly difficult problems, but it also derives support from the very worsening of conditions in these places, relative to conditions in other areas. This is because the apparent shifting of the nation's concentrations of urban poverty toward such areas is completely consistent with the geographical thrust of the mismatch hypothesis. More specifically, while the central thrust of mismatch is the exodus of "entry level" (low skilled blue collar) work from older central cities, the explanation also emphasizes the continued growth of such opportunities in other places, including even (sunbelt) central cities (Kasarda, 1985, 1989; Wacquant & Wilson, 1989). Hence, in addition to predicting dire times for the inner city disadvantaged in the North, the hypothesis predicts better times for the disadvantaged elsewhere. If valid, this could help explain why, at the national level, urban Mexicans appear better off than urban Puerto Ricans or blacks even though they have less education and less English fluency. This would be because the Mexican group has primarily settled in sunbelt urban areas where opportunities for the less skilled have grown or have not diminished greatly (Cuciti & James, 1990; Kasarda, 1985, 1989; cf Tienda, 1989; Wacquant & Wilson, 1989).

By contrast, Puerto Ricans are especially concentrated in snowbelt inner cities, and consistent with mismatch, they are the poorest. Blacks, though traditionally the poorest group with the longest history of discrimination, are <u>less</u> concentrated in snowbelt cities than Puerto Ricans, more highly educated on average, and also have deeper roots in the urban economy. Thus, as a whole, they are better positioned than Puerto Ricans, according to mismatch, and in fact,

experience slightly less poverty than the latter group.

Though this mismatch hypothesis has generated a fair amount of criticism from its earliest formulations to the present (e.g. Ellwood,1986; Masters, 1974; Offner & Saks, 1971; Waldinger, 1989, Waldinger & Bailey 1990, see especially reviews by Jencks & Mayer, 1990, and, Holzer, 1991), it has also received much recent support (Bluestone, Huff, & Tilly, 1991; Lichter, 1988; Rosenbaum & Popkin, 1991; Wacquant & Wilson, 1989). The well documented declines in central city manufacturing and other blue collar jobs are not at issue, nor are the correspondingly high rates of joblessness among inner city blacks (virtually the sole focus of these studies up to now). Rather, the arguments against mismatch, broadly put, tend to result from analyses that produce insufficient evidence that strongly link black joblessness to the employment mobility factor.

Works critical of the argument usually <u>suggest</u> that discrimination, voluntary idleness, or the lesser quality of the black workers themselves, largely account for the joblessness, but they seldom <u>specify</u>, much less prove, alternative interpretations of the problem (for an exception, see Waldinger & Bailey, 1990). However, whereas studies based on data for 1970 or earlier have generally tended to disconfirm the hypothesis, work on more recent periods has largely produced supporting results (Holzer, 1991). Although there is some possibility that selective city to suburb migration by more employable blacks may account for some or most of the increased support to the argument over time, the idea remains a viable hypothesis about joblessness in northern central cities.

The city of Chicago, a quintessential snowbelt town, has figured prominently in the mismatch literature from the very beginning (Kain, 1968; Kasarda, 1983; Rosenbaum & Popkins, 1991; Weber, 1964; Wacquant & Wilson, 1989; Wilson, 1987). Wacquant and Wilson (1989), in particular, have marshaled data showing a tight correspondence between steep blue collar employment declines in the city

and sharp increases in black joblessness and poverty, particularly in the post 1970 period. These authors note that from 1958 to 1982, a period of substantial minority population growth in Chicago, the number of factories operating in the city dropped by at least half. Some 218,000 production jobs in manufacturing were lost to the city over the period, with the major portion (55%) lost <u>after</u> 1967, according to the authors.

Taking all four of the major sectors of employment together (manufacturing, retail trade, wholesale trade, and services), Wacquant and Wilson (1989) further note that in spite of some growth in services, declines in the other sectors were such that on balance, some 393,000 jobs were lost to the city's economy in the period from 1963 to 1982. Since these sectors are such an important source of jobs for the lesser skilled and educated, their loss is a key factor in the rise of black joblessness in the city. Accordingly, the unemployment rate among blacks in the city's poverty areas rose markedly from 8.5% to 20.8% over the 1970 to 1980 period, while the employment ratio for black men in these areas dropped drastically from 62 to 48 percents over the same period (Wacquant and Wilson 1989).

Consistent with the suggested relationship, the city has received large numbers of blacks, Puerto Ricans and Mexicans, but relatively few whites, throughout the 1950s, 1960s, and with regard to Mexicans, the 1970s and 1980s as well. Few of these migrants are believed to have been highly skilled or educated. As the hypothesis would predict, the city's blacks and Hispanics do show substantially higher rates of poverty than whites, and they have experienced notable increases in poverty over the 1970-1980 period (U.S. Bureau of the Census, 1973, 1985). The best known exception to this overall migration pattern concerns the relatively late arrival in Chicago of Appalachian-origin whites. Many of these whites settled, during the 1950s and 1960s, in the uptown area of Chicago (among the few areas in the city where concentrations of poor whites can be

found). And, consistent with the mismatch hypothesis, the group is widely believed to be among the poorest of Chicago's whites. Although available data do not permit an accurate assessment of the group's conditions, anecdotal and other observational forms of evidence strongly support the generalization (Gitlin & Hollander, 1970; McCoy & Brown, 1981; Philliber, 1981).

However, the hypothesized scenario appears seriously at odds with the pattern of immigration by Mexicans. Census data shows that between 1970 and 1980, the Mexican population in the city grew from around 107,000 to over a quarter of a million persons, much of which was fed by immigration (Passel, 1985; Waldinger, 1989). It is hard to understand how Mexican immigration could have increased so steeply during the 1970s if so few blue collar opportunities were available. This becomes all the more difficult in view of the fact that the Mexican group appears economically better off than both blacks and Puerto Ricans. For example, the 1980 poverty rate of Mexican-origin Hispanics in the city was "only" 21%, as against 32% for blacks and 35% for Puerto Ricans (U.S. Bureau of the Census, 1985).

Although employment data by the individual Hispanic groups are not published, figures from the 1980 Public-Use Micro Data (A-file) samples suggest that, among men, Mexicans are more often employed than either blacks, Puerto Ricans, or whites. If it could be shown that even relatively recently arrived Mexicans were more likely to be gainfully employed than Puerto Ricans or blacks, it would suggest that the mismatch explanation, by itself, cannot fully account for the differential employment profiles of lesser skilled inner city groups. However, such a finding would tend to support a variation on the class of theories subsumed under the general categories of "dual labor market" or "segmented labor market" theories (Cain, 1976; Dickens & Lang, 1985, 1987, 1988; Doeringer & Piore, 1971, 1975; Freedman, 1985; Gordon, 1972; Piore, 1969, 1971, 1983; Reich, Gordon &

Edwards, 1973; Rumberger & Carnoy, 1980).

While the varying strands of mismatch research come close to the embodiment of a single, unified theory, the more fragmented "dual" or "segmented" labor market studies have yet to develop into a coherent whole. Nonetheless, in the course of the evolution of the paradigm, a number of important ideas have been sustained which can be related to the above noted phenomena. The key components of this theorizing for our purposes are "duality" and "segmentation." Duality refers to a theoretical division in the labor market between primary ("good") and secondary ("bad") jobs, while "segmentation" refers to the processes that allocate workers across labor market segments into relatively homogeneous workplaces on the basis of such characteristics as race, ethnicity, or gender.

This perspective can help explain how recent urban migrants might find work more readily than others in a number of ways. If, for example, Chicago's labor markets tended toward a high degree of ethnic-based segmentation, then those groups plugged into the "right" set of jobs (expanding industries) might well enjoy steady work while the members of other groups endured rising joblessness in their (contracting) segments. Alternatively, if most of the work available to the lesser educated/skilled consisted of low paying, dead end, "bad" (secondary) jobs that few native born workers would accept, then an incoming immigrant group with an altogether different outlook on job-acceptability (and fewer alternative sources of support), might also tend to enjoy higher employment rates, albeit at the cost of enduring the least desirable occupations.

Dual labor market theorizing, like the mismatch hypothesis, was born of the urban crises of the 1960s. It sought to provide an explanation for the seemingly intractable poverty and related troubles plaguing ghetto dwellers, even during the phenomenal growth of the late 1960s. Like the early references to the mismatch idea, initial formulations of dual labor market theorizing lacked the solid backing of

large scale, reliable data. Still, the ideas grew out of a number of separate, first hand observations of ghetto workers in different cities during the late 1960s (Gordon, 1972).

Consistently across the sites, the workers appeared unable to escape low-wage, unstable jobs with few job ladders, which seemed to provide almost no additional returns to better worker qualifications. Though the jobs were exceptionally poor in quality, there were always abundant openings. Hence, the researchers developed the idea that the problems plaguing the ghetto poor resulted not from an absolute dearth of jobs, as mismatch would suggest, but from the abysmal quality of those opportunities actually open to them at the time. Their observations also indicated that access to higher paying positions was denied the ghetto workers partly because those jobs were scarcer, but also because of outright discrimination. This suggested the operation of a two tiered labor market where the portion containing the "good" jobs was reserved for whites, while the portion containing the "bad" jobs was the only sector really open to minorities (Gordon, 1972).

Although instability seemed to be the key characteristic of the low quality jobs in question, the researchers concluded that the incessant turnover which underlay the high rates of joblessness and low earnings of the ghetto men stemmed as much from low worker commitment (i.e. quits, disciplinary firings) as from the also apparent instability in demand. The situation, as described by Gordon (1972), is best captured in his cited passage of the ethnographic accounts of low income ghetto workers and their jobs found in Elliot Liebow's (1967) classic work, Tally's Corner. Liebow summarizes the antagonistic nature of the relationship between the ghetto men and their jobs as one where the work is so low in prestige and status that most of the workers "treat it with the same contempt held for it by the employer and society at large. From his point of view, the job is expendable; from

the employers point of view, he is" (1967, p.212).

These initial ideas led to the development of the "primary"/"secondary" topology. Primary sector jobs are situated in so called "core" industries, where production is relatively highly capitalized, mainly large scaled and unionized, and where instability has been minimized by such market features as little effective competition. Hence, the jobs tend to be well paying and stable positions with avenues for advancement.

By contrast, secondary sector jobs are found in smaller firms where production is less capitalized and where output flows to highly competitive markets. Hence, positions tend to be unstable, relatively low paying, and generally marked by undesirable conditions. Perhaps most importantly of all, secondary sector jobs tend to demand relatively few skills or credentials and, as a result, workers are highly substitutable. The "segmentation" component of the body of ideas refers to the allocation of personnel to the opposing labor market segments. As suggested, the initial formulations of the idea mainly concerned the prospect that certain groups, such as women and minorities (but especially the latter), were confined to secondary sector jobs due to discrimination (Gordon, 1972).

Over time, the original ideas have given way to more complex variations on the general theme. For example, the secondary sector is viewed more broadly now as encompassing many more occupations and jobs than initial formulations suggested. The jobs held by the ghetto men, as described by Gordon (1972) and Liebow (1967), would today be seen as the very worst of secondary jobs, or more simply, prototypical secondary sector jobs. Likewise, contemporary processes that produce segmentation, as described below, appear to seldom result from pure, overt discrimination. For example, among the more recent versions of the idea is the notion that many native workers have come to completely shun many of the available, especially low guality or prototypically "secondary" jobs. And, those that

take them will often display especially low levels of commitment (high rates of tardiness, absenteeism, and especially, antagonism toward bosses, etc) such as described in <u>Tally's Corner</u> (Liebow, 1967) and in similar accounts by Piore (1979). For these reasons employers are turning to cheaper and more docile labor supplies, such as immigrants (Piore, 1979).

In a related vein, Portes and Truelove (1987) have recently suggested that high unemployment among Puerto Ricans coupled with low unemployment among Mexicans stems from employers exercising economically motivated "preferences" in hiring. In this view, Mexican and other recently arriving immigrant groups are preferred by employers of low skilled labor to Puerto Rican and other native workers because the recent arrivals are judged to be more <u>pliable</u> and <u>exploitable</u>, especially if they lack citizenship. Those hired are presumedly willing to work especially hard for very low wages.

Roger Waldinger and his associates (Bailey & Waldinger, 1989; Waldinger, 1987, 1989) argue that through various processes, ethnically or racially mixed labor markets will often tend to produce ethnically distinct occupational patterns, or a segmentation-like outcome. These tendencies are especially pronounced in small businesses, apparel, and other trades where formal training is less important, and are especially in evidence among recent immigrant enterprises. In short, businesses with secondary labor market characteristics, where lesser skilled or educated workers are likely to be found.

The forces driving these tendencies, though not always clear, do seem to vary across situations. As earlier noted, Piore has hypothesized that many native born, disadvantaged blacks will simply not accept low status work, at the same time that many employers have developed an aversion to hiring them due to past experiences with members of the group as previously described (Piore, 1979; see also Jencks, 1988). In turn, he argues, labor needs are increasingly being met by

immigrants, a point consistent with the views of Portes and Truelove (1987) noted earlier. Since immigrant communities tend to be dominated by one group, such labor pools will often tend toward ethnic homogeneity. In turn, this tendency is likely to be facilitated by employer modes of recruitment that utilize kin or acquaintance networks to fill openings. Indeed, virtually all major studies of Mexican immigration find such linkages to be crucial to the migrants' employment (Bailey, 1987; Browning & Rodriguez, 1985; Massey, 1986, 1987; Massey, Alarcon, Durand, & Gonzales, 1987; Waldinger, 1982).

Ethnic-based channeling need not be limited to immigrant workers. For example, ethnographic work by Sullivan (1989) in New York has indicated that white high school drop outs have an easier time finding blue collar jobs than comparable minority youth from nearby communities due to kin and ethnic connections. In such cases, preferential hiring is likely to be based on kin, acquaintance, or ethnic <u>loyalty</u>, rather than any gains to the employer in the way of cheaper or better workers, since there is no reason to believe that the white youth will work for less or make better workers. Indeed, most of the white youth studied by Sullivan had delinquent or criminal backgrounds.

In a related vein, Holzer's (1987) work on black youth also showed the importance of kin and associational linkages to those seeking "entry level" work. A substantial proportion of employed black youth landed their jobs with such assistance. Wilson and his colleagues (Wacquant & Wilson, 1989; Wilson, 1987) also suggest that job networks are important to the employment of low-income, inner city blacks. Although such steering will not always result in high levels of "segmentation" it is clearly an important component of the process. The point is that these informal techniques of job allocation will likely impede the "normal" operation of market forces and that their operation will inevitably favor some while excluding others. Below it will be argued that the use of such informal techniques

to fill openings is likely to have increased in recent years.

Even relatively well paying jobs that maintain attributes common to both primary (wages) and secondary (structure) sectors, may tend toward restrictive modes of entry that can facilitate "segmentation". For example, in a recent review of the construction industry, Waldinger and Bailey, (1990) showed how industry structure played a decisive role in suppressing black representation in the city's major growth industry among those requiring few educational credentials. More specifically, the configuration of mainly small firms, where the jobs are seasonal but highly desirable, seemed to facilitate a hiring process inimical to black employment.

The short-term nature of the projects leads contractors to try to lessen the screening and recruitment expenses by hiring via networks of previous employees or otherwise established workers. Hence, much of the hiring that goes on proceeds through informal networks of veterans in the trade. Given these established linkages and the high desirability of the jobs, what needs for additional recruits may develop will thus tend to be channeled to friends and relatives, and especially, sons. Thus outsiders, (both black and white) have a difficult time getting employment in the trade. This helps to explain how blacks' share of construction jobs actually fell during the recent spurt of construction growth in the city over the 1980s, according to the authors (Waldinger & Bailey, 1990).

A key variable with regard to the tendency toward ethnic based hiring or "segmentation" seems to the scale of operation, as well as the nature of the market in which firms are found. Immigrants will, of course, be favored in immigrant enclaves, such as Miami's Little Havanna, where fluency in their native tongue, rather than in English, is an asset. More generally, however, where firms are small and competitive, and where entry requisites are minimal, i.e., in secondary-like firms, hiring is more likely to occur along associational linkages such as kin or

ethnic-based networks. As Bailey and Freedman, (1983) note, "For high-skilled jobs, formal requirements and credentials provide a first level of screening; in less skilled jobs, personal networks come into play even earlier in the process" (1984, p. 158). They further suggest that the more desirable the job, the higher the likelihood that information about openings will tend to flow through tightly knit linkages, as the construction industry discussion suggests, since the jobs would be so highly prized. Similarly, in times of labor surplus, the information will probably also tend to flow tightly and the openings to be filled quickly by insiders (Bailey & Freedman, 1984).

These authors also suggest a number of reasons why segmentation in blue collar workplaces is likely to have increased in recent years. These include the decline of unionization, which permits employers the options of substituting workers, downgrading tasks, lowering wages, and so forth. In addition, deregulation of commerce and industry, including a weakening of equal opportunity enforcement, also provides employers with greater discretion. Beyond those factors, subcontracting is rising, a process whereby larger firms "farm out" some of their work to smaller firms, and the changes in the nation's industrial structure, more generally, from goods production to services. This is because services employers tend to be smaller, less established enterprises than the manufacturing industries they have largely replaced. Some observers have suggested that in the wake of the "deindustrialization," some of the products previously manufactured by large firms are being produced by smaller, sometimes underground firms, a process often referred to as "downgraded manufacturing" (Sassen, 1985, 1987). Research on New York and Los Angeles suggests such firms also rely heavily on immigrant labor, (Sassen, 1984, 1988).

In summary, the well established mismatch hypothesis finds the core problem in inner city joblessness to derive from the outward mobility of blue collar work at

the same time that city based job growth is limited to that requiring skills and credentials. In this view, the educated or skilled of all groups will succeed, the disadvantaged of all groups will fail. An unspoken assumption of the perspective is that, for the most part, skills and educational attributes ultimately determine one's employment prospects in contemporary labor markets. By contrast, the segmentation perspective holds that particular sectors of the labor market do not behave as neoclassical economics suggest they should. Rather, numerous social processes can create barriers to some, and access to others, on the basis of criteria that bear relatively little relation to the standard mix of worker attributes deemed crucial to employment. Moreover, the view holds that such processes are more likely to come into play precisely within those labor market sectors where the disadvantaged of all groups are apt to be situated. In the following, the contrasting viewpoints elaborated above will be compared with data on male employment for four ethnic groups in an inner city setting.

Data and Setting

The analysis here seeks to test the fit of the mismatch and segmentation perspectives to the findings of a major survey conducted in Chicago, the survey component of The Urban Poverty and Family Structure (UPFS) project. The UPFS survey, conducted under the general direction of William Julius Wilson, University of Chicago, began in 1986 and was completed in 1987. It consisted of a stratified, probability sample of persons between the ages of 18 and 44 years, mostly parents, within the city's official poverty areas as defined by the U.S. Census Bureau. The sample was stratified by four major social categories, persons of black or white heritage, and Mexican and Puerto Rican origin Hispanics. An additional component of this project, an employer survey, also provides findings with relevance to the work here and is subsequently cited.

The city of Chicago is an important test case for a comparison of the mismatch

and segmentation theories for at least two important reasons. First, it is one of the major northern industrial towns that has figured prominently in mismatch literature. Second, it is practically the only major city in the country with substantial proportions of all three of the major minority groups in the poverty literature, blacks, Mexicans, and Puerto Ricans, along with a fair number of poor whites. The city's poverty areas were singled out for treatment in the survey so that representation by the poor would be maximized, while the sampling was largely limited to parents because a major thrust of the overall project was examining the phenomenal rise in female headship and absent fatherhood among the urban poor (Testa, Astone, Krogh, & Neckerman, 1989; Wilson & Neckerman, 1986).

Male employment has been chosen for analysis here over the employment of both sexes for two reasons. First, to insure manageability of the undertaking, and second, because female employment lags that of men for reasons beyond labor market dynamics, per se (e.g. greater familial responsibilities), which could easily complicate interpreting intergroup differentials. Any generalizing about the relative well being of groups ignores the economic contributions of women (to say nothing of their non-compensated labor) is incomplete at best. For this reason, the implications of the findings here to group differentials in poverty should be considered only suggestive.

The poverty areas, from which the sample was drawn, are those census tracts where at least 20 percent of the population was at or below the officially designated poverty income levels at the time of the last census (1980). Some 2,490 persons, representing four targeted ethnic or racial groups, were sampled by the UPFS survey within these areas. These areas accounted for about 40 percent of the population in the city, some 1.3 million people, at the time of the census.

Although the sample was primarily one of parents, some non-parents were also interviewed to provide a measure of comparison, but for lack of resources, this

group was limited to blacks. In the final tabulation of respondents, some 228 Mexican and 148 Puerto Rican men were interviewed along with 305 black men and 116 nonHispanic white men. All were fathers and all resided in one of Chicago's poverty area tracts. These men comprise the heart of the sample within the work presented here. As a whole, these men comprise a reasonably robust, probability sampling of <u>poverty area fathers</u> in the city of <u>Chicago</u>, representing four major groups, non-Hispanic whites, non-Hispanic blacks, Mexican-origin Hispanics, and Puerto Rican-origin Hispanics.

A number of important limitations to the scope of generalizing that is appropriate from findings here are worth noting. First, as earlier noted, generalizing from employment indicators to poverty indicators could be highly misleading since the analysis is limited to men. Second, note that the analysis here is not merely a comparison among ethnic groups. Rather, it compares a number of native ethnic groups and an immigrant group (the Mexicans). Fully nine out of ten of the Mexican men in our sample were born in Mexico. Finally, one must keep in mind that since the men in the sample were all <u>fathers</u>, generalizing from them to non fathers could also be highly misleading. Indeed, Tienda and Stier (1991) have reported that the sample's black nonfathers were substantially less likely to be at work than black fathers.

However, on <u>some</u> questions the limitations to generalizing are likely to be more apparent than real. For example, whereas parental status will almost surely exert more pressure on an individual to accept undesirable work (if it is all that is available) than that sustained by a comparable nonparent, there is no a priori reason to expect parental status to affect modes of work search behavior (e.g. network vs newspaper) or the availability of work. However, it might well affect willingness to travel long distances to work, to relocate, or to take live-in jobs. In short, the generalizability of findings here will vary across issues on the basis of

conditional factors beyond the mere technical issues of sample representativeness.

<u>Analysis</u>

Literature reviewed earlier has suggested that two theoretical perspectives appear as potentially promising explanatory frameworks for understanding the character of the ethnic differences in question. The first is the spatial mismatch hypothesis, a leading argument in the current literature on urban minority poverty and joblessness. It holds that the genesis of mounting urban poverty among minorities is the depletion of low skilled jobs in the inner city as such employment has moved to suburban and other faraway locations, or has been completely lost to the economy. The loss of such jobs entails special hardships for minorities because many of those in the inner city are relatively unskilled and modestly educated.

The second viewpoint, our alternative perspective, may be labeled the segmentation thesis. This perspective holds that, under certain conditions, lesser skilled and educated newcomers may actually be favored for employment either because they will take jobs others refuse or because of employer preferences for docile labor. Such preferences are often expected to be expressed by hiring via informal modes of recruitment that rely on kin or acquaintance referrals to fill openings. However, it is also hypothesized that in many instances the preferences are gained at the price of less desirable wages and conditions than those that might ordinarily be offered.

Most fundamentally, the applicability of the mismatch hypothesis hinges on deficiencies in "human capital" (i.e. education, English fluency, skills, work experience, etc.) as the major proximate cause of inner city minority joblessness. Stated another way, according to mismatch, the inner city residents with the <u>least</u> human capital should experience the <u>most</u> joblessness. Two additional factors, timing and accessibility to peripheral areas, constitute mediating influences to the

mismatch thrust. More specifically, recent urban migrants, among the lesser skilled, should face the least favorable set of opportunities since low skilled jobs have continuously declined over time. Alternatively, those with access to automobile travel can be expected to work more than those without because the former will be better able to reach peripheral job locations.

Table 1 provides a comparison of the respondents' human capital attributes with their employment status and a number of additional characteristics, such as age and time in the Chicago area labor market. Most of these characteristics are geared specifically to test the mismatch proposition, however, one of the rows merely reveals indicators, by group, on marital status, a potentially important "control" variable. It is widely known that married men tend to be employed in higher proportions than unmarried men. For example, the 1990 unemployment rate for all married men (with spouse present), aged 25 or over, was less than half of that for never married men as well as that for widowed, divorced, or separated men combined (U.S. Bureau of Labor Statistics, 1991).

The figures in table 1 fall far short of providing much support to the mismatch perspective. The group with the <u>least</u> competitive human capital attributes, the Mexicans, have the highest employment rate -- greater than nine out of ten Mexican men who were employed at the time of the survey. The group with the best human capital profile, non-Hispanic whites, had only the second highest proportion of on-the-job respondents. Only 82 percent of this group was employed despite their having a half dozen years of schooling, on average, in excess of that of the Mexicans, and their enormous advantage in English proficiency. In addition, whereas nearly three quarters of the whites had a high school degree, less than a fifth of the Mexicans had a degree.

The average human capital attributes of the remaining groups, Puerto Ricans and blacks, also fail to fully conform to the mismatch interpretation. Blacks, the

group with the least employed (66%), had human capital credentials almost as good as those of the white group. All members of both groups were English proficient and, on average, blacks trailed whites on school attainment by only one year (12.1 as against 13.1). Only 10 percentage points separated the respective proportions of the groups that had attained a high school or equivalency degree. While some 74% of the whites held diplomas, over 63% of the blacks also did. By contrast, over three quarters of the Puerto Ricans were employed even though their average educational attainment in years of schooling was over two years lower than the blacks' and only about a third of the Puerto Rican group attained a high school degree.

The table also reveals data on the groups with respect to the time they have spent in Chicago, on average, past the age of 16. This is included because the mismatch hypothesis explicitly suggests that the more newly arrived the group, the less opportunities they should find available in unskilled work. Hence, the Mexicans might work more because they have more time in the Chicago labor market, on average, and have had more of an opportunity to snatch up the few remaining blue collar jobs. The data shows quite clearly that, on average, the Mexican group has spent the fewest "working years" in the area. The table presents additional data on the average ages of the men. This is because if the Mexicans were older than the others, on average, this could be a signal to employers of maturity or experience that amounted to a perceived human capital advantage. This information is also included because a recent analysis and review of the related literature by Bluestone et al. (1991) found strong support for the mismatch hypothesis among young black males, but substantially less among those in their mid-twenties.

The data in Table 1 shows clearly that the Mexican group holds no such advantage over Puerto Ricans and whites on the basis of age. Only the black

group appears significantly younger than the others. This issue is therefore revisited subsequently. The data in the table also reveal the respective proportions of the groups that live in households where at least one member (or group) own(s) a private car. This information is included because the mismatch hypothesis emphasizes the inaccessibility of suburban jobs to the urban minority poor as stemming partly from lack of automobile ownership. Hence, the superior employment performance of the Mexicans could be a function of their better access to cars. This would easily reconcile the contradictions of the mismatch predictions with the employment rate of the Mexicans.

However, the data clearly show that the Mexicans have no major advantage over two of the groups on the item of accessibility to cars (as operationalized). However, the third group, blacks, the group with the least employed, clearly do have substantially less access to cars than the others. Indeed, the percentage of black fathers with cars in their households is virtually identical to the proportion working in the group.

The final row of Table 1 reveals the proportions of the men in the various groups that were married at the time of the survey. These figures have been calculated mainly for the purpose of use as a control in the more elaborate examination of these issues to be discussed later. However, they are worth displaying because of the possibility that marriage so highly influences the propensity to work that it is as important as the circumstances of theoretical interest to us. In fact, the figures on marital status are consistent with the idea that marriage could be a spurt to holding a job. In the subsequent analyses, the relevance of marriage to employment will be pursued further.

In summary, the thrust of the analyses has provided scant support to mismatch. Consistent with mismatch, however, the table suggests that these inner city men, as a whole, were in a labor surplus situation, and this could be related to

space. For example, whereas the national unemployment rates for black and white men aged 18 to 44 in 1986 were 16.3 and 6.4 percents, respectively (U.S. Bureau of Labor Statistics, 1987), the black and white men of the survey (inner city residents by definition) showed rates of 31.7 and 16.0 percents, respectively. However, since national unemployment data by place and age are not published for Mexicans and Puerto Ricans, the same circumstantial points cannot be made about them. Finally, the data also suggest that black fathers may be experiencing at least <u>some</u> joblessness for lack of automobile transportation, as mismatch would suggest.

Having provided little support for mismatch theory, the analysis now turns to the segmentation proposition. Two components to this set of ideas are being tested here. One stems from the division in employment between good and bad jobs. One hypothesis is that Mexicans may be more often employed because they will take jobs that others refuse. Can the jobs taken by Hispanics be determined to be "Mexican jobs" or "worse" than those held by others. The second component concerns "segmentation." A second hypothesis is that Mexicans may be more often at work than others because their job networks are "plugged in" to better sectors of the job market or because they are "preferred" by employers for their exploitability and pliability. Employers may express such preferences by hiring largely through ethnic-based networks (segmentation), thereby excluding others. A fair amount of ethnic homogeneity at the workplace, as a result of these processes, can also be expected. Thus, another concern is with the modes-of-work search men utilize and the ethnic characteristics of their workplaces.

Table 2 shows a number of work related characteristics of the employed men with an eye to determining the applicability of the segmented labor market ideas. The first row in the table shows that among the employed of both groups, a fair amount of job segmentation appears to be in evidence. The data show the

respective proportions of the groups answering "most" or "almost all" to questioning on whether their respective places of work were staffed by workers of like-ethnicity/race, by five separate categories (almost all, most, half, few, almost none). The higher the proportion shown, the higher the perceived degree of ethnic "segmentation" on the job.

These results suggest that nearly half of the blacks work at "black" jobs and nearly half of the Mexicans work at "Mexican" jobs, in contrast to much lower levels of workplace homogeneity endured by the Puerto Ricans. Although whites work among "their own kind" to the highest extent of all, for them, a high score is expected since they are part of the "majority." That the black workers are also highly segmented is also consistent with the thrust of the segmentation perspective. The relative lack of workplace ethnic homogeneity encountered by the Puerto Ricans may merely reflect the fact that they are the smallest of the groups in the city's population.

The second row in the table shows the respective proportions of the groups that received the assistance of kin or acquaintance in landing their current jobs. In this instance, the black and both Hispanic groups show similar tendencies. All three groups utilize such networks to a high extent, relative to whites, but the Hispanic groups do so the most. Although the Mexicans appear to utilize the technique (63 percent) only somewhat more than the Puerto Ricans (58 percent), it appears almost certain that the employment advantages of the Mexicans are related to their modes of worksearch behavior. Nearly two thirds of the group landed their current jobs via network assistance!

It is important to note that although the black and Puerto Rican men also rely heavily on network assistance, they sustain much joblessness. This suggests that the use of networks, per se, may not be the crucial factor in producing high employment rates. Rather, the crucial factor may be how well connected (or

"preferred") one's network actually is, as earlier suggested. In any case, substantial use of network referrals to gain employment is in evidence for all three minorities, and this is consistent with the segmentation perspective.

The next row in Table 2 shows the median earnings of the men. Although the mean earnings and the median earnings were both calculated, only the medians are displayed because the means are too easily influenced by outliers in the data. However, in every instance that medians are reported, the respective means were calculated and verified to be reasonably consistent with the reported data in terms of how the groups were ranked and the magnitude of any differences. The data show that the earnings profiles of the three minorities, on average, differ only slightly. Whereas all three of these groups earn approximately \$7.00 per hour to \$7.60, on average, the white workers typically earn nearly eleven dollars per hour. This suggests strongly that Mexicans' outstanding employment profiles, relative to those of the other minority men, do not rest on employer preferences based on exploitation as commonly understood. However, it does not rule out such preferences on the basis of other worker attributes.

The next five rows show the results of questioning on the duration of the respondents' current jobs, the size of the firm employing them (in number of employees), whether they are members of unions, and whether they get health benefits from their unions or jobs. These indicators are also geared to capturing the possibility that the Mexicans' impressive work records can be tied to their holding jobs of lesser quality than those held by the others. Contrary to expectation, in each instance depicted, the Mexicans are shown to hold jobs at least as good as those held by the others. Mexicans are shown to have worked on their current jobs <u>longer</u> than the other groups and are slightly more likely to be union members. Although they are slightly underrepresented in the largest firms, they are about as likely as the men of the other groups to be at small (1-9)

employees). In short, it appears they are not enmeshed in prototypically "secondary" jobs to any greater extent than the other minority workers, in spite of the "segmentation" that appears in evidence.

The next row shows the final results among findings geared toward examining the fit of the segmentation thesis to the data here. It shows the preservation wages of the jobless respondents by group. Because relatively few of the men were jobless, the sample sizes upon which these results rest are small. Hence, they must be taken to be suggestive, at best. In any case, the figures fall short of supporting what was expected. The median preservation wages of the Mexicans mirror those of the Puerto Ricans and are higher than those of the blacks. This finding is consistent with the earlier noted ones that undermined the view that Mexicans are favored for their exploitability.

To summarize, the findings here provide only partial support to the segmentation school of thought. Mexicans clearly work far in excess of what their human capital characteristics would appear to warrant. But, they clearly are not largely mired in prototypically "secondary" jobs. However, they do appear to work largely in "segmented" settings (alongside other Mexicans) and their ability to maintain especially high employment ratios appears strongly linked to work search strategies consistent with the segmentation perspective (network oriented). In short, while some segmentation seems in evidence among the sample men, such divisions do not correspond to the classic dual sector model.

The final rows of Table 2 bring us back to the mismatch ideas. The work-related characteristics shown in those rows concern respondents' journey to work. The idea is to determine whether access to suburban employment is an important factor in the impressive work profiles of the Mexican men. If the group is shown to expend substantially more time commuting than the others, the idea might seem plausible. Such a finding would provide some badly needed support to the

mismatch framework, since it explicity concedes the abundance of low skilled employment opportunities in the suburbs. The data are hardly supportive of such a scenario. The Mexicans do appear to expend more time traveling to work than the Puerto Ricans and the whites, but not to a great extent. Moreover, the blacks appear to spend about as much time commuting as the Mexicans, and their employment rate was the lowest. However, as shown in the table, blacks tend to use public transportation more than the others, and this could be what raises their commuting time. Thus, these issues are returned to subsequently.

Table 3 shows the varying employment patterns of the groups under varying conditions. Taken as a whole, the figures in the table tell a fourfold story. First, education does matter for all groups, and especially so for the two least employed groups, the blacks and the Puerto Ricans. Second, marriage seems to matter mainly for the blacks, though to some extent it matters for the whites as well. Third, the lion's share of the differences separating the groups is located among those lacking high school diplomas. And fourth, but not least, the figures make it clear that the Mexican group is unquestionably "special" in some way. More specifically, no matter what "controls" are imposed on the analyses, the Mexican employment rate stays near or above 90 percent!

The first categorical "control" attempted here (data not shown) concerns age. Following earlier cited findings by Bluestone et al. (1991), employment figures on men aged 25 and over were looked at separately to see if group differences diminished to any great extent by removing very young adults (e.g., aged 18-24). The figures show that black employment does indeed rise somewhat under those conditions, consistent with the findings of Bluestone et al (1991). However, the black employment rate rises only slightly under those circumstances (3-4 percentage points) and thus remains below the rates of the other groups, while the rates for others change hardly at all. Shifting the age cutoff upward and downward

did little to change the pattern, hence the idea was abandoned.

The main body of analyses shown in Table 3 examine employment by categories of education (high school diploma/no diploma), marital status (married/not married) and whether respondents' households have at least one working car. The figures show that having a diploma is extremely important to the employment status of the black men, just as mismatch would predict. Their employment rate is shown to be nearly 25 percentage points higher if they have a degree than if they lack one. The second least employed group, the Puerto Ricans, also benefit substantially from a high school education, though to a lesser extent (roughly 15 percentage points). By contrast, the Mexicans and the whites are almost as likely to be employed whether or not they hold such credentials. Hence, mismatch is only partly supported here: it applies strongly to some groups, not at all to others. Even when all have a high school education and group differences diminish substantially, they do not do so entirely: blacks still lag somewhat behind the others, Mexicans still outpace the pack.

The more important figures, however, are those on the lesser educated (i.e. no diploma), where the heart of the group differentials are found. Those figures tell a story strongly contrary to what mismatch would predict. First, whites and Mexicans are still readily able to find work, in spite of the associated deficiencies with not completing high school. This is in sharp contrast to the blacks and Puerto Ricans. Whereas only about one out of every two such lesser educated blacks are employed, over nine out of ten of their Mexican counterparts are working. Moreover, the Puerto Ricans sustain a rate of over seven men at work out of every ten in the group, some 20 percentage points higher than the black rate, but over 20 points lower than the Mexicans' impressive scores.

Marriage is shown in the table to distinguish working men from their nonworking counterparts only among blacks and whites. Blacks are especially

likely to be working if married, relative to being unmarried, among these groups (by nearly 26 percentage points). However, the direction of causation between these statuses, if one actually exists, cannot be determined from these data. Moreover, it is somewhat more plausible to expect that joblessness will depress marriage than that singlehood depresses employment since singlehood does not usually diminish the need for support (though perhaps lessening the amount necessary) while joblessness can easily undermine the traditional male role in the family (Wilson & Neckerman, 1986). When it is considered that the men are all fathers, it appears even likelier that causation would move from joblessness to nonmarriage than the reverse, as indicated by the findings of Testa et al. (1989).

The table also reveals the respective proportions of the men at work cross classified by high school diploma and marriage. As expected, black employment varies strongly by each. In the best case scenario, when consideration is limited to married men with diplomas, blacks attain a 90 percent employment rate, second only to the Mexicans' 97.2 percent rate. Indeed, within the black group, married nongraduates are practically as likely to be working as unmarried graduates, although in both cases the employment rates are quite low (around 61-62 percent). By contrast, marriage seems to play no role in the likelihood that a Mexican will be working and only a minor role in the Puerto Ricans' employment likelihoods.

A somewhat stronger relationship exists between marriage and working among whites that is consistent with, but smaller than, that among blacks.

However, the relationship among whites is strongest within the lesser educated category where it is at least as strong as that among the black group. In short, the "effects" of marriage are consistent with expectations (raises working rates) for all groups, albeit to varying degrees, with the very clear exception of Mexicans.

Although this latter group maintains the highest rate of marriage in the sample (see Table 1), their likelihood of being employed is hardly phased by nonmarriage. In

yet another way, the Mexicans stand out in sharp contrast to the others, including native whites!

The final set of figures examine the employment profiles of the groups divided by whether or not there is a car in their respective households, cross classified by high school degree. The figures there are, once again, consistent with the mismatch perspective for blacks and Puerto Ricans. Having a car in the household raises the employment rates of blacks by over 30 percentage points and that of the Puerto Ricans by over 20 points. These "effects" are about as strong for the men lacking diplomas as for all the men, although one might have expected a stronger relationship to hold among the lesser educated.

Still, the figures on the lesser educated are striking. For example, in the worst case scenario, where respondents have no diploma and no car in household, only 55.1 percent of the Puerto Ricans are employed. With a car in the household, the proportion working shoots up to a more reasonable 75.7 percent. Nongraduate blacks without cars in their respective households are shown to muster only a dismal 36.0 employment rate. Having a car in the household raises that score to 62.7 percent. However, while the improvement is enormous, the latter rate is still far from desirable, particularly when contrasted with the 89 percent employment rate of Mexicans without high school diplomas or cars in the household.

Among those with diplomas, only blacks and whites have a sufficient number of respondents to test for "car in household" effects. The earlier noted "effects" for blacks hold among the high school educated as much as they did among the lesser educated. This might appear to suggest that access to a car is as important as additional years of schooling to the employment of blacks. However, black high school graduates with cars in their respective households are somewhat more educated, on average, than those without cars (13.3 years of schooling versus 12.6), and this difference could account for some of the gap. A similar gap in

average years of schooling between those with and without cars in household does <u>not</u> obtain for any of the other groups. Although only a small number of whites have high school diplomas but no car in the household, the relationship appears to hold for them as well as for blacks, but to a lesser extent. At least seven out of ten whites with diplomas, but without cars, are working.

As implied previously, the table reveals that having a car in the household has virtually no relationship with the employment of Mexicans in spite of the strong "effects" on blacks and Puerto Ricans and the clear, if modest, relationship between the variables among whites. What is most striking of all in the table, fully 89 percent of the Mexicans in the "worst case scenario" category (no car/no degree) are employed in spite of the associated handicaps. Indeed, their "worst case scenario" employment rate exceeds that mustered by all three of the remaining groups under "best case scenario" conditions (diplomas and cars in household). However, precisely under those conditions group differentials all but disappear at a healthy employment rate level (82-86 percent range) among the three non-Mexican groups, as revealed in the table. However, even under those circumstances, the Mexicans stand out with a greater than ten percentage point lead on the others in employment.

In summary, the mismatch indicated categories of education and access to automobile travel do appear to bear importantly on the employment of blacks and Puerto Ricans, but only marginally on the employment of whites and Mexicans, particularly the latter group. Considering only high school graduates with cars in their households virtually equalizes the employment rates of the three nonMexican groups at around 84 percent. Yet, the employment rates of Mexicans exceed such a rate even under a variety of circumstances which considerably lower the rates among the other groups. Thus, the impressive employment rate of the Mexicans challenges the imperatives of mismatch, rather than the dismal employment

indicators among the Puerto Ricans and the blacks. And, consistent with mismatch, the major share of the problem is found among the lesser educated.

Still, quite likely more is at play than merely the standard human capital deficiencies in explaining the group differences, and considering only the lesser educated (i.e. no diploma), even if the Mexicans are removed. For one thing, the Puerto Rican group works far in excess of the black group in spite of disadvantages in education and English language facility, as shown in Table 4 and discussed below. Indeed, even the lesser educated whites have slightly less schooling than the lesser educated blacks, yet their employment rate exceeds the blacks' under a variety of conditions by between 15 and 30 odd percentage points. When Mexicans are included, it becomes clear that the standard human capital variables (education, English language facility, age, experience) upon which mismatch ultimately rests, do not fully account for the employment dynamics under study.

As shown at the bottom of Table 4, Mexicans without diplomas average only six years of formal schooling, compared with 8.5 for Puerto Ricans, 9.7 for whites, and 10.3 for blacks. In addition, only 23.3 percent of the group reads and writes English as compared with 65.5 percent of the Puerto Ricans, and all of the men in the remaining groups. While the quality of education received by the groups may vary, and while differences in years of schooling that cross no major threshold (i.e. high school completion) may not be especially meaningful, the data here clearly show that whatever advantages lesser educated Mexicans possess in terms of a "propensity to be employed," they are not among the usual mix of standard human capital variables. The balance of Table 4 looks at job related characteristics of the employed men without high school diplomas among the the four groups to determine whether such characteristics might help to explain the findings within the context of segmented labor market theorizing, as Table 2 did earlier for all men.

The findings of Table 4 do not differ substantially from those of Table 2 earlier.

On the items designated to tap into the possibility that the superior work record of the Mexicans rests on prototypically "secondary" jobs, no such evidence is found here, where consideration is limited to the lesser educated. For example, on average, Mexicans earn as much as blacks and nearly as much as Puerto Ricans, they are more likely to be union members than any of the others, their jobs entail health benefits as often as the others (except for the Puerto Ricans by a very small margin) and they have held their current jobs longer than the Puerto Ricans; and only about a year separates their average time on their current jobs from that obtaining among whites. The most important finding on these items is that blacks' job durations are considerably less than the others', although their 1.2 median years on their current jobs does not appear to be as low as might be expected if they were largely mired in the prototypically "secondary" jobs described by Gordon (1972) and Liebow (1967). The "size of firm" indicator (not shown here) also did not vary significantly among the groups.

The table also provides only a little support to the idea that the jobs held by the Mexicans are especially further from their homes (i.e. suburban) than the others or that they appear to benefit by more access to auto transport. All three nonblack groups are about as likely to travel to work by car as not, and blacks travel to work by car only about 10 percent less. Mexicans do appear to travel longer to work than the other groups, a relationship that stands out more now than before, particularly when attention is directed toward the figures introduced in this table that show travel time by those traveling by car separately. However, the gaps are still not striking, although they are consistent with the idea that Mexicans may be traveling to the suburbs in greater numbers than the others.

The first two rows in the table do tell an important story, however. The first of these tells how many of the respondents' workplaces were staffed primarily by workers of like racial/ethnic heritage. In contrast to earlier, the whites no longer

lead in this indicator. Whereas their scores have declined, the scores for the others have all risen, albeit to small extents. This suggests two things. First, when consideration is shifted from all workers to workers lacking a degree, the jobs held by the men, as a whole, become more "minority" saturated. Second, part of the increase comes in the form of more workers being in jobs dominated by a single (i.e. their own) group.

Thus, where Table 2 showed that virtually seven out of ten employed whites worked in places that were staffed mostly by whites, less than two thirds of lesser educated white workers were at such firms. Among blacks the comparable rise amounted to about a ten percent increase (44 to 53 percent). Although the corresponding proportions among the Hispanic workers only inched up slightly, more than two out ten Puerto Ricans work at firms staffed predominantly by other Puerto Ricans and nearly half of the Mexicans worked at "Mexican" jobs. In consideration of how relatively small a proportion of the city's population is composed of members of the two Hispanic groups (and that owners and supervisors are likely to be Anglo), these showings are fairly persuasive indicators of the presence of "segmented" work settings, whatever the causes.

The most impressive results of all in Table 4 are in the second row. The proportions of the working men who received assistance from kin or acquaintance in landing their current jobs are shown. Even the most cursory glance makes clear just how important such assistance is to minority workers. Clear majorities in all three sets of minority workers received such assistance, while among whites the proportion utilizing the technique is relatively low. If one compares the figures in Table 4 with those in Table 2, the latter table shows the far greater significance of such techniques to the less educated. Whereas only 44.7 percent of working blacks, as a whole, used such assistance, 66.6 of the lesser educated did so.

However, the more striking differences are between the lesser educated and

those with high school diplomas. Figures on the latter group are footnoted in Table 4. Whereas two thirds of the blacks in the lesser educated category received such help, only about one third of those holding secondary diplomas (35.7 percent) did so. Among Mexicans the comparable jump was from 52.0 to 64.7 percents, while among Puerto Ricans the percentage increase was from 39.2 to 67.7 percents. Thus, the "network" mode of job search is far more important to the less educated than to others. Precisely where the brunt of the joblessness problem (and group differentials) is located, the informal modes of recruitment are the most important. Small wonder that the usual mix of "objective" educational or skill attributes fail to account for the group differentials in employment, recruitment appears to follow a different logic in this "part of town".

Conclusion and Discussion

The mismatch hypothesis of minority joblessness has attained the status of conventional wisdom in the field of urban poverty research. It holds that the major cause of inner city poverty among minorities is the flight of industries that rely on low skilled labor from the nation's core northern cities where modestly skilled and educated minorities have concentrated. Job growth in the central areas of these cities has been largely in the form of work requiring greater skills and credentials than a substantial proportion of the inner city minorities possess. Because less able whites have not concentrated in these areas to the extent that minorities have, the flight of industry does not present the same dilemma to them. The work presented here challenges some, but not all, of the imperatives of this conventional wisdom.

The data analyzed here is quite consistent with a number of the major tenets of mismatch, particularly with regard to aggregate joblessness rates among inner city groups. More specifically, this data does <u>not</u> suggest that jobs for the low skilled are plentiful, or that the opportunities available to them are at least as

plentiful as those available to the more endowed. On the contrary, the data here is quite consistent with the mismatch imperatives on those issues.

The figures presented here on <u>all</u> groups, including those highlighting the extraordinary employment indicators of the Mexicans, fall far short of characterizing a full employment economy. Rather, they reveal the cutting edge of a labor market ripe with underutilized labor. For example, even the nonminority white group is shown to experience 16 percent unemployment, a rate 4 times the "full employment" standard. Indeed, even the extraordinary Mexicans registered 7 percent unemployment. And, these figures are based on <u>prime</u> aged men (18-44 years) who <u>necessarily</u> are expected to register lower unemployment than that for the population as a whole. Moreover, these are <u>fathers</u>, a group that might well be expected to sustain more pressure to work than comparable non parental men! In addition, the data are also quite consistent with the idea that schooling raises the probability of being on the job. All four groups were more likely to be at work if they possessed a high school diploma.

Nevertheless, the data presented here are also strongly contrary to a number of key mismatch hypothesis components. In a nutshell, these concern the relative allocation of jobs, as opposed to the aggregate levels of opportunities or the sectors at which shortages are most in evidence. More specifically, the data show that the major mismatch indicated factors that are supposed to determine probabilities of employment equally for all, such as access to automobile travel or possession of a high school diploma, do exert powerful influence on some, as expected, while barely impacting on others. The major challenge here is that the group with the absolutely least favorable human capital characteristics, the Mexicans, was the most likely to be at work, the precise opposite of what would be expected. Indeed, even under the constraints of no diploma, no car, and no English facility, they were more frequently employed than the other groups,

whether or not cars or diplomas were held by the others.

Intergroup differences in employment running counter to mismatch were mostly in evidence among men with less than a high school education. Of those, only Mexicans and whites were able to find work to a reasonable degree. Blacks and Puerto Ricans were especially disadvantaged by the lack of a high school degree, even if they had access to cars, although their employment rose considerably with such access. Interestingly, in spite of strong overall employment rates, the whites' propensity to be on the job also tended to rise and fall in accord with the absence or presence of such attributes as access to cars and being married. Yet, virtually no impositions of controls succeeded in bringing down the Mexican employment rate. Indeed, even the least competitive contingents of the Mexicans generated employment rates upwards of 90 percent.

The predictions of the earliest formulations of the dual labor market perspective also receive scant support. There is little to suggest the presence of a job surplus, as in the late 1960s, even among the least desirable jobs, although it cannot be ruled out. More to the point, the minority men in the sample, as a whole, were not "imprisoned" in the prototypically secondary jobs of the early dual labor market theory; returns to increased education were in evidence in terms of both increased employment and increased earnings. Thus, the solution to the groups' poverty is hardly to be found in the simple removal of discriminatory barriers, though efforts in that direction remain necessary. However, the data are very consistent with more recent formulations of segmented labor market theorizing. And, these ideas also help to explain those findings that conflict with mismatch.

All minority groups, but especially the disadvantaged, and most especially the Mexican immigrants, tended to find their current jobs with the assistance of friend or though kin networks. This strongly indicates that the informal techniques of work search are crucial to the employment of the disadvantaged, and that the Mexicans'

job finding advantages are necessarily <u>delivered</u> via such networks. These data also indicate that a fair amount of minority concentration holds for the jobs held by the disadvantaged and that it frequently takes the form of ethnic homogeneity. Moreover, the Mexicans are especially likely to work in such homogeneous environments (i.e. "Mexican" jobs), and considering their relatively low representation in the city's overall workforce, this is also likely to be tied to the group's exemplary employment performance.

Another hypothesis is that these processes reflect, to a large extent, employer "preferences" and "aversions" (discriminatory predispositions). While the data presented here cannot speak directly to those issues, the UPFS data indicate strong support, based on data gathered from Chicago area employers of lesser skilled labor (Kirschenman & Neckerman, 1991).

Data from the UPFS employer survey reveal that among employers of manual labor, immigrants were consistently singled out for praise by employers. Moreover, the employers exhibited a strong "preference" for just about any immigrant workers, whether Mexicans, Eastern European, or Oriental. Perhaps most resounding of all, in terms of employer "tastes," was the ubiquitous aversion to black workers. This pattern of "preferences" is consistent with the ordering of our findings. The preferred immigrants (Mexicans) worked the most, the shunned (blacks) worked the least, the others (Puerto Ricans) took a middle position (after "majority" whites).

The findings from the employer survey also support the view that some of the processes leading to segmentation are increasing. Kirschenman and Neckerman (1991) note that most employers expressed great concerns over the "costs" and "quality" of the available labor, with particular concern for shortcomings in "basic skills" and "a good work ethic"; many were planning on, or considering, leaving the area in search of cheaper labor. In the meantime, (Kirschenman & Neckerman 1991, p.208):

These employers coped . . . through various strategies. Some restructured production to require either fewer workers or fewer skills . . . increasing automation and de-emphasizing literacy requirements . . . But far more widespread were the use of recruiting and screening techniques to help select "good" workers . . . [such as] . . . referrals from employees . . . [and] . . . targeted newspaper ads to particular neighborhoods or ethnic groups . . . [this was mainly] . . . related to the productivity employers accorded different categories of workers.

Although there are many who would interpret the results of our analysis as a function of differences in culturally based dispositions, viewing employer preferences as a reflection of accurate assessments of the groups' culturally based abilities, such a view is not supported here. First, the special propensity to work hard displayed by the Mexicans in the sample can adequately be explained without reliance on any notions about differential cultural dispositions. Common sense and the literature suggest several important reasons why immigrants, particularly third world immigrants, will tolerate harsher conditions, lower pay, few upward trajectories, and other job related characteristics that deter native workers, and thereby exhibit a better "work ethic" than others. First, their referent is economic opportunities back home, where wages, if not conditions, are extremely less favorable. For example, Wachter (1978) estimated over a decade ago that the Mexican worker in the United States probably earns the same amount in one hour that could be earned back home over a full day (assuming work were available).

The suggested predisposition will be enhanced if the migrant considers the excursion to be temporary, rather than permanent, since the "home country as referent" effect is stronger under such conditions. Accordingly, most work on these issues suggests that most labor migrants from Mexico initially come as "sojourners," and only gradually do those who ultimately settle decide to do so (Browning & Rodriguez, 1985; Chavez, 1990; Massey, 1986, 1987; Piore, 1979). This suggests that only gradually do their respective frames of reference shift to

U.S. standards (Bailey, 1987; Piore, 1979).

Such predispositions will, of course, apply even more strongly to the undocumented because of the more tenuous grounding in the host society. In addition, undocumented workers will feel even more pressure to work hard at less desirable jobs (especially if those jobs are all that is available) since they have even fewer options. Moreover, if many of the jobs are "arranged" by their network based sponsors, the compulsion would be greater still. Indeed, even the immigrant oriented toward permanent residence will only gradually experience a shift in his/her point of reference.

Consistent with this line of reasoning, employers expressed as much praise to Poles and other Slavic immigrants as to Mexicans. Yet, Mexican culture has far more in common with that of Puerto Rico than that of Eastern Europe; what the immigrant groups have in common is a <u>cross national migration experience</u> from lesser developed/affluent countries to more developed/affluent societies.

Despite the widespread beliefs about the especially dysfunctional cultural dispositions of blacks, two important new studies make convincing arguments that the black population will respond appropriately to appropriate opportunities.

Freeman (1991) has analyzed cross-metropolitan area employment data for black youth and black adults, primarily among those with less than a high school diploma (the sample is limited to those with 12 or less years of schooling). He found that from 1983 to 1987, the period encompassing the 1980s recovery, no single group benefitted more from the growth in employment than young black males. Indeed, in those few areas (e.g. Boston) where the economy reached practically full employment at the terminal time, the unemployment of these groups dropped from over 40 percent to just about 7 percent! In the same study, but on the basis of longitudinal data (with slightly older cohorts) he showed that the advantages accrued in earnings too. Indeed, the noted labor economist concludes "despite the

social pathologies that plague disadvantaged young men, particularly less educated black youths, and despite the 1980s twist in the American labor market that worked against those with fewer skills, tight labor markets substantially improved their economic position" (Freeman 1991, p. 119).

In a related study, Osterman (1991) examined Boston data to determine the effects of the "Massachusetts Miracle" in terms of poverty and employment on various demographic groups in the city. As noted by the author, Boston is a perfect test case for examining cultural notions about whether the poor will actually respond to the expansion of opportunities. This is because of both the phenomenal economic boom in the region that extended to the central city (unlike other cases of metropolitan growth) and the state's long standing place as one of the most liberal in the nation with regard to welfare and related benefits. As the author asserts, "If the neoconservatives are right, generosity should have inhibited the response rate of poor people to the economic opportunities afforded by long-term growth. If the liberals are right, the combination of full employment and active social policy should have paid off in a reduction of poverty rates" (Osterman, 1991, p. 124).

The results of the analysis provide little support to the cultural perspective on the issues. Poverty reduction was substantial among all groups between 1980 and 1988, but most especially so among the city's blacks. (The somewhat sketchier data on employment showed that the majority of the poor were at work or had worked sometime during the year, but included no racial/ethnic breakdowns.) On the basis of the federal poverty line, the study showed that poverty among black unrelated individuals dropped from 26.5 to 5.3 percent, while among black families the corresponding fall was from 29.1 to 13.4 percent.

Ironically, in this instance it was the "Hispanics" (who are not disaggregated by national heritage in the study) that benefitted least of all. And, in 1988, their

family poverty rate was nearly twice that of black families, while their unrelated individuals' poverty rate was over twice the corresponding rate of black unrelated individuals. Possibly related to this state of affairs, but of special interest in any case, is the author's observation that since this took place in a predominantly white collar economy, it raises questions about the mismatch explanation for the poverty of <u>blacks</u>. Indeed, Kasarda's (1990) latest figures (for 1986) show Boston to be the <u>furthest advanced</u> of all northern cities he has analyzed in the shift from blue to white collar jobs!

These items suggest a number of interesting ideas. For example, the nature of an economy such as Boston's may provide far more opportunities to English speaking native blacks than to lesser educated Latino workers. In turn, this would afford employers relatively few opportunities for substituting immigrant labor for that of native minorities. In addition, the tightness of the labor market could impose severe costs on those employers exercising discrimination, thereby further benefitting blacks. Finally, the fact that the economy is inhospitable to the wholesale importation of immigrants may explain why the Boston area is not (yet?) known as a major receiving area of recent immigrants (Passel, 1985; Waldinger, 1989) despite its phenomenal growth and substantial size at the metropolitan area level.

The contrast between Boston and Chicago leads right into the questions for further research that flow from this work. First, what precise features of Chicago's economy are those that allow for the large scale utilization of immigrants that is absent in Boston? Although the "Massachusetts Miracle" is widely known to be of the high tech variety, Sassen's (1988) research in the Los Angeles area has led her to conclude that the "high tech" revolution there has a dirty "underside" of low wage jobs that rely heavily on immigrant labor. It is true that the large scale migrations of Mexicans into Los Angeles and Chicago of recent years (Passel,

1985; Waldinger, 1989) are not merely functions of differentials in wages or opportunities, but require the presence of long established roots to direct and accommodate large numbers of followers (Massey, 1986, 1987; Portes, 1979), and that there have been few Mexicans in Boston up to the 1980 census. However, Boston does have a fair size contingent of other Hispanics from the Caribbean, particularly Puerto Ricans. Why haven't these groups been utilized like the Mexicans of Chicago, particularly those among the Bostonians that are immigrants?

Alternatively, does the very presence of large numbers of immigrants elicit the formation of "downgraded manufacturing" and other sources of the work they do? In this regard, it would be very useful to examine the actual workplaces of the men in the UPFS sample for directions about industries, firms, or products that are key to their utilization. It is hoped that the currently unprocessed files of the UPFS survey on job location be made available for these and other purposes, such as determining whether or not the workplaces of the Mexican men tended toward suburban firms more than those of the other workers. In the meantime, more detailed analyses of the existing UPFS files on the types of industries the men actually worked on, by group, and on wage differentials across the types, might also shed some light on a full range of labor market issues only touched on here.

In conclusion, while the data here have clearly shown that under some circumstances, the imperatives of mismatch are not borne out, they are consistent with the hypothesis in other important ways. The noted inconsistencies appear to be explained by social processes described here that impede the tendency for labor markets to behave as neoclassical economics would dictate. However, though they may impede the standard market forces, the operation of the segmentation processes hardly appear as the major operating dynamic in the labor market -- they merely constitute <u>one</u> player in a field of <u>many</u>. In numerous other

northern cities, such as Buffalo, Cleveland, Detroit and Philadelphia, few immigrants are around to absorb <u>any</u> jobs at all, yet minority joblessness and associated ills abound, much as mismatch would predict. Therefore, the ultimate judgment here is consistent with the general thrust of mismatch research in finding the structure of opportunities, rather than the presence of immigrants, or the "culture" of disadvantaged Americans, to be the ultimate source of the urban dilemma.

TABLE 1

SELECTED DESCRIPTIVE INDICATORS OF CHICAGO-POVERTY-AREA FATHERS, AGED 18-44, BY SELECTED RACIAL/ETHNIC GROUPS, 1986-1987@

Rican (N=305)(N=116) (N=228) (N=148)Employed at interview (percent)^C 82.0 93.0 76.0 66.0 Unemployment rated 31.7 16.0 7.0 20.3 Years of schooling 12.1 13.1 7.1 9.8 (group average) High School graduates (HSG)e (group average) 63.1 73.9 16.3 32.6 Read and write English[†] (percent) 100.0 100.0 31.9 74.1 Years in Chicago past age of 16 (average) 14.9 16.2 11.8 14.7 Age at interview (average) 31.8 35.4 33.5 33.2 Household member owns private car (percent) 65.5 84.3 82.4 84.0 Married at time of interview 41.9 (percent) 72.6 85.3 66.6

Source: Urban Poverty and Family Structure Survey, Univ. of Chicago. @Reported statistics are weighted values, respondent "N"s unweighted.

^aRefers to non-Hispanic blacks only.

^bRefers to non-Hispanic whites only.

^CEmployment ratio excluding those attending school.

dExcludes those attending school and outside the labor force.

^eRespondent has attained a High School or equivalency diploma.

^fSelf reported data, asked only of immigrants and respondents reporting use of another language. Others assumed proficient.

TABLE 2 SELECTED WORK-RELATED CHARACTERISTICS OF EMPLOYED, CHICAGO-POVERTY-AREA FATHERS, AGED 18-44, BY SELECTED RACIAL/ETHNIC GROUPS, 1986-1987@

=======================================	=======	======	======	=======
	(N=205)	(N=95)	(N=211)	Rican (N=115)
Percent in workplaces with most co-workers of same ethnic group ^C	 43.6	69.5	45.7	18.7
Friend/relative help find current job (percent)	44.7	30.7	62.6	57.5
Median hourly earnings (dollars)	\$7.60	\$10.83	\$7.00	\$7.50
Duration of current job (median years)	2.5	3.4	4.7	3.8
Union membership (percent)	42.6	18.9	47.9	34.9
Size of firm (in employees) ^d (percent in small firms) (percent in large firms)	 16.9 56.1	19.4 56.0	18.2 42.9	15.2 62.1
Job/union entails health benefits -self (percent) -dependents (percent)	 67.5 39.3	80.6 62.5	71.1 55.1	76.8 60.9
Reservation wages ^e (group median, dollars)	(N=78) \$5.00	(N=14) \$8.00	(N=15) \$6.00	(N=28) \$6.00
Mode of travel to work Car (percent) Public (percent)	 65.1 28.9	71.6 14.3	80.3 9.6	78.6 13.5
Travel time to work (minutes) Mean Median	 29.2 30.0	23.0 15.0	30.7 30.0	23.8 20.0

Source: See Table 1. Notes ^{a,b} same as in Table 1. @Reported statistics are weighted values, respondent "N"s unweighted.

^CPercent answering "most" or "almost all" to question probing proportion of co-workers in same ethnic/racial category.

dScale: small (1-9 employees); large (100+ employees).

^eReservation wages were solicited only from the jobless.

TABLE 3 SELECTED DESCRIPTIVE INDICATORS OF CHICAGO-POVERTY-AREA FATHERS, AGED 18-44, BY SELECTED RACIAL/ETHNIC GROUPS, 1986-1987@

			======	:=======
	(N=305)	(N=116)	(N=228)	Rican (N=148)
Percent employed at interview ^C	66.0	82.0	93.0	76.0
Percent employed if HSG ^d If nonHSG	75.3	82.0	97.3	86.2
	(N=190)	(N=83)	(N=38)	(N=45)
	50.8	81.8	92.2	71.3
	(N=104)	(N=32)	(N=188)	(N=101)
Percent employed if married If unmarried	81.6	85.5	93.2	78.0
	(N=139)	(N=82)	(N=193	(N=100)
	55.4	72.8	91.7	72.1
	(N=152)	(N=33)	(N=33)	(N=46)
Percent employed if HSG ^d and Married Unmarried	90.0	84.6	97.2	83.6
	(N=98)	(N=61)	(N=37)	(N=37)
	62.8	74.6	e	e
	(N=90)	(N=22)	e	e
Percent employed if nonHSG and Married Unmarried	62.2	88.5	92.4	74.3
	(N=41)	(N=21)	(N=156)	(N=63)
	45.6	69.2	91.4	67.2
	(N=62)	(N=11)	(N=32)	(N=38)
Percent employed if Car in household No car in household HSG ^d and car HSG ^d and no car nonHSG and car	76.1 (N=204) 45.9 (N=90) 82.2 (N=141) 56.0 (N=49) 62.7 (N=63) 36.0 (N=41)	82.8 (N=97) 77.4 (N=18) 83.8 (N=72) 70.2 (N=11) 79.6 (N=25) e	93.6 (N=186) 90.1 (N=40) 96.9 (N=34) e e 93.0 (N=152) 89.0 (N=36)	79.3 (N=124) 59.2 (N=22) 85.6 (N=42) e e 75.7 (N=82) 55.1 (N=19)

Source: See Table 1. Notes ^{a,b,c} same as in Table 1. @Reported statistics are weighted values, respondent "N"s unweighted.

dRespondent has attained a High School or equivalency diploma.

^eInsufficient number of cases ("N") for reliability.

TABLE 4

SELECTED WORK-RELATED CHARACTERISTICS OF EMPLOYED,
CHICAGO-POVERTY-AREA FATHERS WITH NO HIGH SCHOOL DIPLOMA,
AGED 18-44, BY SELECTED RACIAL/ETHNIC GROUPS, 1986-1987@

		======	=======	
	(N=205)	(N=95)	(N=211)	Rican (N=115)
Percent in workplaces with most co-workers of same ethnic group ^C	 53.2	32.7	48.2	20.2
Friend/relative help find current job (percent) ^d	66.6	20.4	64.7	67.7
Median hourly earnings (dollars)	\$6.94	\$8.33	\$6.94	\$7.27
Duration of current job (median years)	1.2	5.4	4.4	4.2
Union membership (percent)	37.7	16.5	49.3	26.8
Job/union entails health benefits (percent)	49.3	57.0	71.1	76.5
Mode of travel to work Car (percent) Public (percent)	68.1 24.6	80.6 14.7	79.1 10.4	78.2 14.9
Travel time to work (minutes) Mean Median	27.6 30.0	26.7 15.0	32.1 30.0	26.3 20.0
Time to work by car ^e (minutes) Mean Median	(N=36) 24.1 30.0	(N=18) 24.0 15.0	(N=135) 32.4 30.0	(N=59) 23.8 20.0
Selected characteristics ^f Average Years schooling Percent read/write Eng.	 (N=105) 10.3 100.0	(N=32) 9.7 100.0	(N=189) 6.0 23.3	(N=101) 8.5 65.5

Source: See Table 1. Notes a,b are same as in Table 1. @Reported statistics are weighted values, respondent "N"s unweighted.

^CPercent answering "most" or "almost all" to question probing proportion of co-workers in same ethnic/racial category.

dContrast with corresponding proportions among High School Graduates is striking (Black=35.7/White=34.4/Mexican=52.0/Puerto Rican=39.2).

^eFigures refer only to respondents that travel to work by car.

^fFigures here refer to all (employed or not) men without HS diplomas.

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