

CHAPTER ONE

Class, Race, and the Reproduction of Inequality

Like the national economy, the economy of New York City in the second half of the twentieth century has experienced two periods of economic activity: one of growth, one of decline. Writers have debated why the postwar boom ended, but few deny that sometime during the late 1960s or early 1970s the world's most prosperous economy entered a phase of stagnation and decline, from which it still struggles to emerge.

The Meanings of Class and Race

The regional manifestations of the nation's journey through boom and bust set important boundaries on the potential fortunes of all New Yorkers. Class membership shapes the degree to which one may take advantage of an expanding economy and, conversely, find shelter in periods of decline. The great divide is between those (workers) who have nothing but their labor to sell and those (capitalists) who are in a position to employ labor for their own profit. This primary *interclass* conflict between workers and capitalists, a driving force in economic change, takes several forms.¹

Capital and labor struggle over the labor process, as capital seeks to maximize profits from the production of goods and services. Employers may use a number of strategies to increase labor productivity within a firm: intensifying the pace of work, reducing labor costs, substituting machines and new technologies for human labor. Within

the larger society, capitalists may seek to strengthen their hand by promoting legislation that holds down labor costs: preventing occupational health reforms, enacting anti-union measures, freezing the minimum wage. Workers counter by organizing in unions and associations. The bargaining power afforded by these entities provides labor with its main safeguard at the workplace. And trade unions too exert influence in the political process, supporting legislation and candidates that reflect their interests.

Intraclass conflicts occur as well. Capitalists compete among themselves: they struggle over markets, technology, and resources, and they attempt to sway government in favor of their specific industry or region. Workers in rival strata or subclasses divided along occupational lines also take adversarial positions, as when craft or professional workers organize to limit entry into their field. *Labor market segmentation* (defined below) leading to increasing stratification within the labor force, is a principal cause of rifts in the working class.

Like class divisions, race-based processes are also fundamental features of capitalist development. Since the beginning of European settlement in North America, economic and political developments have been bound up with a system of racial hegemony. Here the great divide is between Europe and the "Other": from the outset, the ideal of equality has had to contend with the ideology of white supremacy. Despite a dissident egalitarianism espoused in some political and cultural arenas, racial unity has rarely been a pervading theme or even a conscious goal of American life. Whatever the young republic's self-image as a rebellious offspring of Europe, the United States has returned to the fold with a vengeance, perceiving itself as the caretaker of Western civilization. Americans of non-European origin have been accepted into the family only to the degree that they adopt the Eurocentric world view.² Racial and ethnic minorities, those groups whose histories and cultures hail from non-European sources, encounter a system of racial domination that pervades every aspect of life.

Hegemony based on an ideological premise of racial superiority has served concrete and material functions. It legitimated the conquest and genocide of indigenous populations and the enslavement of Africans in both North and South America. Later, it licensed the annexation of territories inhabited by multiracial peoples, first in Mexico, then Puerto Rico. Toward the end of the nineteenth century, after the abolition of slavery, the mechanisms of domination underwent a revision; an array

of coercive institutions and laws kept Native Americans, blacks, Hispanics, and Asians subordinated, segregated, and marginalized.

The economic logic underlying racial hegemony takes several forms. On a macro level, the capitalist class employs racism in a "divide and rule" fashion to undermine the bargaining power and political unity of a multiracial working class. Under certain circumstances, segregated labor allows capitalists to achieve higher-than-average profits. It is not only capitalists, however, who benefit from discrimination. Exclusionary hiring practices that limit the supply of labor can work to the advantage of white workers as well, by pushing up their wage level. In other words, racial hegemony may require the support, or at least the tolerance, of substantial segments of the white working class.

Historically, racially based attitudes made it easier for employers to allocate cheaper labor to special purposes. When labor shortages in crucial industries were overcome by importing racial and ethnic minorities (Chinese to build the railroads, Mexicans and Puerto Ricans to work agricultural fields), opposition to bringing in non-Europeans was met by devising legislation that clearly circumscribed the rights of these workers, thereby affirming their second-class status in the United States. Their visible "otherness" made them easy targets for such compromises.

Although these overt forms of hegemony have been largely eradicated, minorities continue to be subjected to discriminatory practices by dominant groups and institutions.³ For decades minority workers were excluded from better-paying jobs in many industrial sectors, and in government as well. Hiring bias is still evident in such industries as construction and financial services. Racial wage differences and occupational segregation prevail across the labor market. Subtle and covert forms of discrimination still pervade rental housing, mortgage lending, access to entrepreneurial capital, and educational services.

But history teaches that social oppression breeds active response on the part of the oppressed. Just as labor organizes to resist class domination, racial/ethnic minorities undertake *ethnicity-based strategies*, hoping to establish an autonomous foothold in a racially divided society. Disadvantaged groups seek to transform racial and cultural difference from a barrier into a resource, recasting racial identity as a bonding mechanism and a basis for self-esteem and group pride. Such people rarely remain passive bystanders; the pursuit of ethnicity-based strategies makes them active social agents for change. Social protest, political

insurgency, civil disobedience, and economic and cultural movements are examples of how minorities act to change their condition. Racial hegemony, like class oppression, is a two-way affair: it generates a **countering response**, which can be threatening to capitalist development.

Undoubtedly, an enormous weight of disadvantage, an immense power differential, afflicts those groups who are thwarted simultaneously by class *and* race hegemony. Their situation illustrates the complexities inherent in these categories, for identities of class and race cannot be easily demarcated. Class cannot be equated simply with economic status, race with physical appearance or culture. Each individual is a product of countless experiences and influences and displays a range of identities, attachments, and loyalties. At times, depending on circumstances, white working class persons will find more in common with their black counterparts than with wealthy whites; minority capitalists often find little common ground with majority business people. In short, no class or race designation determines a predictable set of beliefs and behaviors for all situations.

This complexity can be clarified by considering the meaning of racial identity for the various nationality groups among white Americans. The idea of a "white" race did not emerge until the sixteenth century; its origins were clearly associated with the need to justify black slavery in the Americas.⁴ Eventually, all European settlers in the New World—including those in the various waves of immigration from the eighteenth into the twentieth century—were taught that they belonged to a homogeneous racial group, distinct from the Native American, African, and Asian populations.

Nevertheless, this superimposed racial identity could not do away with the hierarchy of prejudice that ran through European history and was transposed to the United States. Between Anglo-Saxons and Latin Europeans or Christians and Jews, among scores of ethnicities and languages, bitter hostilities had accumulated in the Old World. Many were reproduced in the new setting. The story of the urban United States is largely the story of European immigrant groups fighting their way into the mainstream, often battling the very adversaries they thought they had left behind: the Irish confronted the descendants of their colonizer; Jews once again had to deal with the torment of anti-Semitism. Keeping in mind these long-standing and multilayered conflicts is crucial to understanding how racial identity becomes modified by nationality, language, and culture.

The same applies to African Americans and Puerto Ricans. Until they hear a few words spoken, most Americans cannot distinguish between a U.S.-born black and a Haitian or Jamaican. Each is classified in the official surveys as "black," but they display variations in customs and historical background. For Puerto Ricans the meaning of race is perhaps even more complex, since racial identity in Puerto Rico is unlike that of the mainland United States. The Puerto Rican migration brought New York face to face for the first time with a multiracial people, and the migrants found that their assumptions about race, class, and culture were greatly at variance with practices and expectations in the new society. Inevitably, these facts had a jarring effect on the group's adaptation, including their perceptions of one another in the context of race. Would their multiracial identity unravel in the face of America's white-black dichotomy?

All of this accentuates the point that the great schisms of class and race veil more intricate rifts and tensions internal to each category. Systems of class- and race-based hegemony are the principal institutional structures facilitating capitalist reproduction, but their efficacy is subject to myriad contradictions and countervailing influences.

Labor Segmentation

The Effects of Stratification

By the middle of this century, transformations in the production process and technological change had generated an essentially dual system of employers: large corporations on the one hand and peripheral firms on the other. This differentiation, in turn, created a stratified labor force in which workers encounter differing sets of opportunities, working conditions, and rewards, depending upon which stratum, or "segment," an individual is attached to. For example, persons with similar educational backgrounds often display wide differences in earnings because they happen to work in dissimilar segments.

Industrial dualism and labor segmentation form the structural basis for the inequalities and divisions among U.S. workers in the postwar period. The socioeconomic position of a particular class, class stratum, or racial/ethnic group will be dependent largely on its siting within this nexus of industry and occupation, the segmentation structure.⁵

According to one important group of analysts, the labor force is

divided into three parts: the *independent primary*, *subordinate primary*, and *secondary* segments.⁶ Workers in both primary segments are employed by large institutions and corporations. Those in the independent primary segment are usually defined as "professionals" (such as lawyers, editors, college professors); their work offers a degree of autonomy and independence. Workers in the subordinate primary segment (typically, office clerks or factory workers) are often unionized; these jobs provide certain protections and security in a regimented work environment. Workers in the secondary segment (usually employed by the smaller marginal firms that constitute the other half of the industrial dualism described above) ordinarily make less money and enjoy fewer benefits and safeguards than their counterparts in the primary segment; they frequently hold their jobs at the discretion of their employers.

Across segments, variations in labor market outcomes—wages, working conditions, potential mobility—are determined largely by the characteristics and job structures of given companies, rather than by the attributes of the workers themselves. Segment differences are fairly rigid because, according to David Gordon, "the structures defining jobs within each segment are not easily adjusted to changes in labor market conditions or labor supply proportions . . . [and] firms cannot easily change the ways in which they organize production or hire and promote workers."⁷

The distinction between independent primary and subordinate primary jobs arises primarily from the difference in the skills required to get hired. Employment in independent primary jobs—for example, as a teacher or an accountant—calls for a combination of general and professional skills, acquired primarily through formal education. Subordinate primary jobs require job-specific skills, attained primarily through a relatively short training process, either within the firm or externally.

There is no major difference between the skills of workers in the subordinate primary segment and those in the secondary segment. A subordinate primary worker usually has the same basic skills as a secondary worker performing similar tasks. Yet because the two are employed in different segments of the labor market, they typically receive different rewards and occupy different statuses. What really distinguishes the economic position of these two workers is the nature of their employers: that is, the characteristics of the firms they work for.

Historical and institutional factors may well account for a differential allocation of labor across these two segments. Two groups of workers distinguished by race, ethnicity, or gender may have similar levels of schooling and skill, yet different proportions of their members will work in subordinate primary and secondary jobs. At various points in U.S. history, discriminatory practices excluded entire groups from jobs in the subprimary segment. For many years, for example, African Americans could not obtain entry-level jobs in banking firms, utilities, and insurance companies; the same was true for Latinos and Asians. Likewise, women were systematically blocked from male-dominated occupations. Some members of these groups were relegated to lower-paying, secondary jobs as laborers, maintenance workers, and domestics. Others were totally excluded from employment in the industrializing economy, confined to subsistence farming or public relief.

Although training and experience are important in getting and keeping a job in any segment, a worker's pay also depends on which of the three segments he or she is employed in. Education and labor force experience (how long one has been employed, and in what capacity) are essential ingredients for securing wage increases in the independent primary segment, whereas collective bargaining via the union-management relation most often governs wage-setting in the subordinate primary segment. In the smaller enterprises typical of the secondary segment, there often exists an informal bargaining process between individual workers and the boss. An employer may favor particular workers and reward them with higher pay or special privileges. Employees are retained as long as they exhibit loyalty and responsiveness to employer dictates. For secondary workers the influence on wages of experience and education is less consequential. Increased education and training are likely to improve earnings only if they become the means to move the worker out of the segment.⁸

Aside from its effect on income, segment location may determine attitudes and behavior. One's class consciousness, or political viewpoint, or attachment to an occupation or a firm will be influenced by one's segment location. Occupational or company attachment is usually lowest in secondary jobs. The lack of class solidarity within U.S. labor partially mirrors the cleavages wrought by labor segmentation.⁹ In addition to the obstacles brought on by racial, ethnic, and gender conflicts, an equally great or greater barrier to working-class unity has its basis in labor force segmentation.

Segmentation and Racial Hegemony

The effects of racial discrimination on labor force segmentation—and vice versa—are exemplified in the experiences of African Americans, Mexican Americans, and Puerto Ricans.

Throughout most of U.S. history, African American labor was effectively kept separate from the rest of the labor force.¹⁰ Even after slavery was abolished, an extended era of racial segregation limited employment, residential, and educational opportunities. Until well into the twentieth century, most blacks were excluded from the expansion brought on by industrial capitalism and confined largely to sharecropper status or unemployment. This extended experience of racial hegemony conditioned the subsequent insertion of black labor into the segmented labor force. To say simply, as many analysts do, that the problem with African Americans is a lack of education is to give short shrift to the root causes of unequal opportunity among races in U.S. history.

Denied access to educational skills and union power, and often victimized by discrimination in hiring, blacks were effectively excluded from primary jobs during the period of transition leading to segmentation in the early twentieth century.¹¹ Their confinement to secondary jobs had as much to do with racial oppression as with the class processes that determine how white workers are allocated across segments.

Racial dynamics may have other consequences, however, having to do with the response to social oppression discussed earlier in this chapter. The political struggle of racially oppressed groups can provide the impetus for the creation of new jobs and may even help to transform industries, affecting the segmentation process from the demand side of the economy. For example, during the 1960s the civil rights and Black Power movements actually led to an enlargement of the public sector, and vigorous activity by blacks in the labor movement contributed to a new wave of trade union organizing.¹²

The history of Mexican Americans, the second largest racial/ethnic minority, reveals another kind of interface between segmentation and racial processes. In effect, the communities of Mexican origin that populated the U.S. Southwest from the mid-1800s through the first few decades of the 1900s constituted an "internal colony."

The United States, victorious in the Mexican American War of 1848, picked up vast tracts of land inhabited primarily by Mexicans and Native Americans. Over time, with the penetration of U.S. capital into

the region, Mexican labor was funneled into a specific range of low-paying jobs. Whether as agricultural day laborers, mine workers, or ranch hirelings, their plight was unvarying: distanced from the rapid industrialization occurring in the North and lacking many of the civil liberties accorded to most U.S. citizens, these workers were subject to dual wage systems, debt peonage, and extreme labor repression.¹³ After World War II, Chicanos were integrated into the broader U.S. class structure through the labor segmentation process, but they still retain important elements of the colonial relationship. Overwhelmingly relegated to secondary labor, they have remained residentially segregated and politically powerless in many areas.

For the residents of Puerto Rico, U.S. control began in 1898 and underwent minor modifications during the first half of the twentieth century. But the close of World War II provoked a change in the political environment. The difficulties of maintaining direct authority over the territory, at a time of mounting world sentiment for decolonizing the Third World and when island support for political independence was at a peak, forced the United States to redefine its relationship to the possession. In the compromise that was struck, the U.S. government turned over some autonomy to Puerto Rico, while still retaining dominion over economic, legal, and military matters. An important outcome was the promotion, by U.S. and cooperating Puerto Rican authorities, of a massive migration, with New York as the primary destination. Ostensibly, the idea was to insulate the island's economic development ("Operation Bootstrap") from the pressures of population growth.

On the demand side of the New York labor market, the migration made partial economic sense: some light manufacturing and marginal service sectors had expressed a need for unskilled labor, and Puerto Ricans were natural candidates to alleviate the shortage. Thus it was only logical that close to 90 percent of the migrants would end up in the secondary segment, as small-factory operatives, manual laborers, and service workers.

This was fundamentally a politically driven migration, an offshoot of the nation's perceived international interests. Embedded in this perception was a long-held, racially clouded view that Puerto Ricans were not yet ready to handle their own destiny as an independent nation and certainly not prepared for the first-class U.S. citizenship implied by statehood. Political exigency clashed with economic rationality, however, and Puerto Ricans found themselves eventually out-

numbering the available opportunities for mainland employment. The grim reality of being a surplus, residual population, somehow dropped en masse into the metropolitan cauldron, was to become a permanent aspect of the New York Puerto Ricans' culture, politics, and life. The reception accorded these new multiracial and multi-lingual arrivals reinforced their anxiety about their future.

Ethnicity-Based Responses to Racial Hegemony

Adapting segmentation theory so that it fully appreciates racial/ethnic diversity requires looking at several key questions. What is the response of racially subordinated groups to their conditions of domination? What forms does this response take, and to what extent do they conflict with or complement one another? What are the possible connections between this response and labor market segmentation? How may these relationships affect employment and wage levels for different minority groups? The following statement of how these issues interface constitutes the framework for much of the qualitative and empirical discussion in succeeding chapters.

Forms of Ethnicity-Based Struggles

Racial domination systems are buttressed by a comprehensive array of laws, policies, and ideologies that have the effect of keeping racial/ethnic minorities marginalized and disenfranchised. Voting rights are systematically circumscribed in a way that limits minority political participation, either through gerrymandering practices or by means of administrative restrictions that render inoperative the principle of "one person, one vote." Public allocation of resources—in education, health, and housing services—routinely favors upper-income and non-urban communities, where African Americans and Hispanics are few and far between. The mass media and the dominant culture continually warn of the dangers presented by those Americans who remain unassimilated and on the fringes of the economic and social mainstream. All these practices and attitudes augment the economic system's capacity to reproduce itself.

Although all workers are dependent on the sale of their labor skills for survival, racial/ethnic labor confronts the additional obstacle of subjugation. A primary response is the pursuit of *ethnic political power*,

in which subordinated minorities consciously organize in their own self-interest.

The "pursuit of political power" refers to efforts at group advancement which take place in the public realm and seek to reform or radically transform state-related institutions, functions, and policies. Such efforts can be (1) "civic," as manifested in voter registration and electoral campaigns, civil rights drives, and struggles of oppositional militancy such as the Black Power and Chicano Power movements; (2) educational, as in the promotion of government-supported educational institutions (historically, black colleges); (3) entrepreneurial, as in minority capitalism initiatives that are subsidized by the state (small business loans, first-source contracts, set-asides).

Responses to discrimination may also follow an *indigenous*, or internal, course. Often, groups seek to enhance collective resources and power independent of interventions in the public (state) sphere. Examples of this approach can similarly be found in the civic, educational/cultural, and entrepreneurial realms. Minorities may create a range of self-help organizations to promote social progress: mutual aid, cultural, religious, labor, women's, and youth associations. The tradition of Puerto Rican "hometown clubs"—whereby migrants in the diaspora coalesce with compatriots from their birthplace towns—illustrates this option. Other examples include the establishment of autonomous alternative schools. The expression of indigenous *economic* activity took on increasing significance during the 1970s and 1980s with the development of immigrant enterprises, which exploit kinship and ethnic ties to promote group economic advancement.

While essentially "nonpolitical," indigenous approaches are not to be construed as contradictory to or exclusive of political power strategies. Indeed, the success of political power often depends on the establishment of indigenous strategies and institutions. Table 1 summarizes examples of ethnic struggles for political power and of indigenous self-help activities, both subsumed under the general category of ethnicity-based strategies.

Catalysts for Ethnicity-Based Strategies

Ethnically oriented interventions would be less necessary in the presence of a broad class-based challenge to the capitalist accumulation process. Since racially subordinate populations are overwhelmingly working-class people, they would perceive it in their interests to pur-

Table 1
Ethnicity-Based Strategies

Political Struggles (public domain)	Indigenous Activities (internal)
<i>Civic</i> civil rights oppositional militancy electoral	mutual aid groups hometown clubs youth associations women's associations
<i>Educational/cultural</i> desegregation open admissions bilingual education community control preschool enrichment (Head Start)	alternative schools religious organizations cultural organizations
<i>Entrepreneurial</i> minority capitalism small business development community economic development set-aside programs economic boycotts	immigrant enterprise credit unions

sue a transformation of capitalist society into one that subordinates the profit motive to social criteria and needs. A class unity bringing together working and poor people of all races and ethnicities would offer the best chance to bring about such a change. But multi-racial, anti-capitalist coalitions have been rare in U.S. history, and most were short-lived experiments in which racial divisions ultimately brought about their downfall. During the period of Reconstruction in the post-Civil War South and in the Great Depression years, significant mergings of white and black constituencies occurred, but they did not endure.

In the absence of such a comprehensive unity, especially since World War II, the rivalries among ethnic components of the population continue to be an important element in the competition for jobs and economic resources. The debility of working-class power—and the correlative fact of continued capitalist dominance—is in no small part due to the lack of intraclass racial harmony.

Among racial/ethnic minorities, the need to seek political power is accentuated by the lack of access to wealth-producing assets. Most people who read reports of socioeconomic status do not realize that these accounts normally compile only annual income totals: earnings

from wages and salaries, self-employment, and such sources as social security, pension benefits, and welfare payments. On the basis of these census data, the average level of household income is determined for various groups or classes of people, and from these figures other estimates are devised: the level of poverty, the shape of income distribution, and so on. But excluded from this picture are people's *assets* such as real property, stocks, and business holdings. Factoring these in exposes the immensity of the racial gap in economic status.

The great majority of racial/ethnic workers have zero net worth; the difference between their assets and their debts is negligible. One needs a sizable annual income in order to accumulate, through savings and investment activity, significant assets. Asset ownership, or at least access to capital, is what enables entrepreneurship. As the saying goes, "You need money to make money."

But what about all the entrepreneurial energy displayed by immigrants during the past two decades? Have they not overcome the handicap of being "outsiders" in a very competitive environment?

It is true that among recent immigrants, especially Asians, commercial ventures have flourished significantly. Several new developments, however, supported the rise in immigrant enterprise during the 1970s and 1980s. Notably, the increasing availability of venture capital transferred from distant shores such as Hong Kong, Taiwan, and South Korea enabled the bankrolling of U.S.-based economic activity; the success of these Far Eastern economies encouraged capital export in search of new markets. In addition, the first wave of immigrants from these countries in the 1970s was largely a self-selected cohort of educated and skilled persons, a contingent that formed a critical mass of small business operators and merchants. Then the later immigrant flow, primarily made up of low-wage workers, supplied a pool of labor that could be employed in many of the immigrant businesses.

These circumstances allowed some groups to initiate niche-creating activities and establish an economic foothold in a number of local areas. What is significant is their ability to trigger a process of economic mobility without reliance on ethnic political power in the public domain. As of 1990, for example, there were no elected officials of Asian American origin in state or city government in the New York area. Yet this apparent success has to be qualified. Despite a significant stratum of professionals and entrepreneurs, vast numbers of Asians continue to live under harsh conditions; others avoid official impoverishment only by working excessive hours in either family businesses or sweatshops.

Moreover, the seeming achievement of these Asian "model minorities" has not exempted them from racial discrimination.

But for most racial/ethnic minorities, who lack funding from abroad, the entrepreneurial path toward social and economic mobility is essentially closed. As historically subject peoples, their capacity to accumulate capital has been delimited through a variety of institutions and mechanisms, leading to a class structure composed overwhelmingly of persons whose sole source of earnings is the sale of their labor. Among African Americans, Native Americans, Mexican Americans, and Puerto Ricans there is no "national bourgeoisie" of consequence. The absence of a dynamic capitalist class restricts the scope of economic enterprises that can be generated from within these groups.

Nor is educational attainment seen by many as anything but a limited route to social progress. The quality of public education in urban schools fails to keep pace with that found in suburban or private schools, and the payback for a high school diploma or even for a college degree is perceived to be declining, especially for minorities. Groups with the same educational qualifications as their white counterparts repeatedly find themselves with higher unemployment or lower earnings rates.

Under these circumstances, ethnicity-based political power emerges as a prominent response to the conditions of persistent inequality and discrimination. The apparent futility of relying on human capital or entrepreneurial strategies accentuates the appeal of the political option. The civil rights movement of the 1960s and its constituent claims for affirmative action and equal opportunity testify to the effort to exercise political power. Other forms of political action, electoral or directly militant, become attractive options. Minority labor seeks to exert political power as a way of compensating for barriers in the labor market and the society generally.

The State as a Site of Struggle

The governmental sector emerges as a prime target of ethnicity-based political power strategies. To the extent that racial minorities hold some sway within government, their political power is enhanced. Because the state can create landmark legislation or reinterpret past laws in ways that broaden or interdict the potential for group progress, and because it redistributes incomes and resources through tax and

expenditure policies, government is a site of conflict and an instrument for control or regulation.

Not until the early 1960s was there sufficient pressure to expand civil rights for blacks in the South, and it took the full force of the national government to bring this about. In the mid-1960s the Great Society of Lyndon B. Johnson initiated a far-reaching array of social programs—the most direct state intervention to deal with poverty since the Great Depression. The subsequent backlash stifling this progressive moment of social activism was itself a product of political struggle, with the balance of power tipping in favor of conservative forces. From Richard Nixon to George Bush the national state (with the Jimmy Carter exception) steered away from liberal social policy. The political movements that generated the victories of the 1960s and early 1970s were unable to sustain all of their initial accomplishments.

These shifting fortunes attest to the state's capacity for accommodating class and social conflict, even as it supports the stable reproduction of capitalism. It is neither a neutral institution, adjudicating disputes between class interests, nor a perfectly honed instrument of control for the dominant class. The state bends and adapts; it deflects strategic challenges to capitalist control but must make concessions to the democratic process.

Government is also an economic power in its own right. Access to government employment depends partially on such nonmarket factors as group political power and patronage. Beginning in the 1960s the changing racial composition of the labor force and the existence of antipoverty programs and affirmative action policies increased minority employment in the public sector. In addition to its role as employer, government wields economic power through its purchase of goods and services and its investment in physical infrastructure. It can also influence the direction of private-sector activity through tax legislation and incentive programs. Metropolitan and regional jurisdictions compete to attract capital. Government policies, sensitive as they are at all levels to political pressures, may very well favor certain economic sectors or industries and thus, directly and indirectly, affect the social conditions and status of labor.

Finally, political power enters into the process of interethnic competition for employment and wage growth. In the absence of class solidarity, labor groups may be forced to organize along lines of specific self-interests. Racial/ethnic minorities may perceive themselves as

confronting one another in a zero-sum game over employment opportunities.

For racial/ethnic communities seeking some measure of control over their destiny, then, the state is a site of struggle where each group's share of available resources, jobs, and incomes may be determined by its success in wielding political power.

Class and Race, Growth and Stagnation

Growth and stagnation define the two phases of economic change in the post-World War II period. In order to trace the relationships between economic change, class, and race, one must look at the impact of these two primary interactions on (1) the *labor market*, (2) the *state*, and (3) *politics*. How do class and race mediate the effect of economic change on these three levels, each of which is of crucial importance to the social conditions of racial/ethnic minorities.

The labor market allocates labor inputs into the production process. The timing and manner of incorporation of racial/ethnic labor is influenced by such factors as the stage of economic development and the degree of class and racial stratification within the labor force. Historically, the restricted nature of minority labor's incorporation has led to its continued economic and political vulnerability.

The state, because of its political and economic functions, is a site of class contention and racial conflict. In their various roles and identities, capital and labor, whites and minorities, compete or ally with one another for influence over the state's power.

Politics is broadly conceptualized here as a realm encompassing ideology, culture, social movements, and race relations. The political consequences of class conflict and race-related discord, especially in their urban context, interact with broader economic conditions to affect the status of these groups.

Growth: 1945-1970s

During the postwar growth phase, the dynamics of race and class were manifested in several important ways, accounting for the dramatic but contentious infusion of African Americans and Puerto Ricans into the New York economy. These developments include (1) the consolidation of labor segmentation through a national capital-labor

accord; (2) the allocation of racial/ethnic labor into secondary jobs; (3) the remaking of the city's politics with the first mass migration of non-Europeans, from the South and Puerto Rico; (4) the political insurgency of the 1960s.

1. The segmentation process that had evolved in the labor market during the pre-World War II era became consolidated in the early post-war years through a *de facto* agreement between large corporations and industrial unions. The accord basically guaranteed stable employment and wage increases to unionized workers in exchange for labor peace. During the 1940s and 1950s, workers not covered by collective bargaining and those in declining industries—including most minority labor—were relegated to the “secondary” labor segment with substandard wages and working conditions. In the 1950s and 1960s, labor organization intensified within the public sector, elevating the quality of many jobs held by white ethnics, including Irish, Italian, and Jewish workers.

2. The migration of new labor, racial/ethnic U.S. citizens from the South and Puerto Rico, was crucial in solving the labor shortages arising in New York during the boom years of the early postwar period. Many and varied were the forces joining to bring about the largest inflow of fresh migrants since the early twentieth century. Changing economic and political conditions in their home regions fomented a substantial movement of African Americans and Puerto Ricans. Blacks were, on the one hand, propelled outward by dire poverty and the rigid segregation of living and working arrangements in the rural South and, on the other hand, attracted by hopeful employment prospects and liberal racial policies in the North. A major transformation in Puerto Rico's political relation to the United States precipitated a parallel flow. Island residents had had free access to northern U.S. cities for almost fifty years, but not until the 1940s were large numbers induced to migrate.

There were several labor market consequences of these population flows. The ready availability of these new workers aided the consolidation of the labor stratification process that was under way at the time. Retirement and intergenerational mobility among white ethnic groups had created a vacuum that low-wage labor could fill in several manufacturing and service industries. The new migrants became prime candidates for secondary jobs in garment production, building maintenance, the hospital sector, and the tourist industry. They gave new life to the process of ethnic succession in the labor force, described by some

as an "ethnic queuing system." Their entry seemed to be following an age-old pattern of beginning at the bottom rung of the economic ladder.

Little did they realize that upward mobility was not to be in the cards; that fact would not become clear for another two decades. Lacking significant capital resources, advanced skills, or political clout, African Americans and Puerto Ricans had virtually no leverage in the city's economy. Bearers of a racial and cultural heritage distinct from that of European-origin New Yorkers, they often found their racial/ethnic character used as a screening device to sort them out from the better jobs. Given the workings of racial hegemony, they found few advantages in their identity as *native* minorities.

3. In transforming the population profile, however, native minorities also forced accommodations in the functioning of the state sector and transformed irrevocably the political life of the metropolis. An important characteristic distinguished them from European immigrants. Both groups had been systematically denied the full rights associated with democracy: African Americans through their experience of slavery and segregation, Puerto Ricans through a colonial status imposed in 1898. Here were two groups who, like Native Americans, had reason to question the veracity of U.S. claims to moral superiority; they were not immigrants but citizens who could doubt that the American Dream was meant for them.¹⁴

Their historical experiences conditioned native minorities to be doubtful of the classic immigrant adaptation model. First-generation European immigrants, many having fled persecution or poverty in the Old World, were generally grateful to reach American soil. In the new terrain they could share in the fruits of democracy by means of hard work and patience. But African Americans and Puerto Ricans were wary of the mythology of the Promised Land and sustained mixed feelings about a country that had already deprived them of their full rights and repressed their cultural autonomy.

Their knowledge of this deprivation tempered the enthusiasm of these groups once they had migrated to the metropolis. It gave rise to an unwillingness to wait generations for social mobility, a skepticism regarding the use of standard political methods, and an inclination toward political militancy. Although this attitude reinforced their outsider status in the eyes of established groups, it had an important consequence: it engendered a focus on making the state accountable to minorities through social programs, the protection of civil liberties, and the stimulation of economic development. Compared with the private

economy, government was seen as much more accessible to the influence of political might.

4. For most minorities, prosperity's rewards seemed unattainable even into the 1960s. Internationally, U.S. leaders boasted that for the first time in history a nation had extended democracy and affluence to all its populace. But on the domestic front, continuing poverty and racial discrimination showed this to be a misleading claim. One of the great inconsistencies of the boom years was that racial/ethnic minorities were being excluded from an equal share in the benefits of economic growth. The response to a perceived obstructionism on the part of the status quo was a resurgence of ethnicity-based struggles. On the New York stage the drama was played out intensely throughout the 1960s and into the early 1970s. On numerous fronts African Americans and Puerto Ricans engaged in movements for social and political equality, often in tandem, occasionally at odds.

Where alliances between the two groups failed to materialize, certain advantages generally gave the edge to blacks in any interethnic competition. One was numerical superiority. Another was that African American patterns of migration and settlement, social and religious institutions, and political organizations made for a more fully developed *community infrastructure*. And not to be overlooked is the simple fact that African American history, initiated at the birth of European settlement in the New World, is an indispensable part of the American story. Puerto Rico, on the other hand, passing from Spanish to U.S. colonialism at the end of the nineteenth century, was not only a later arrival, but its inhabitants' insertion into the mainland scene has been essentially regional, affecting chiefly the Northeast and Midwest. The implications of this difference for the perceived validity of the two groups' respective claims for equality seem obvious in the minds of most enlightened white Americans, their country owes a greater moral debt to African Americans than to Puerto Ricans.¹⁵

Two other factors have also worked against acknowledgment of Puerto Rican rights. For one thing, few citizens understand the history of the island and its essentially colonial relationship to the United States; during most of the twentieth century, mainland residents considered it another foreign country. Therefore, Puerto Rican migrants were seen as *immigrants*, not as fellow Americans relocating from one U.S. jurisdiction to another. Gaining legitimacy for their demands was confounded by confusion in the public mind over the exact place of Puerto Ricans within social and legal domains. International considera-

tions also came into play. In key government circles it was thought that to concede a special U.S. obligation to Puerto Ricans was to open a can of worms; it meant agreeing that somehow the Puerto Rican "problem" derived from the colonial conditions of U.S. domination throughout the island's history. At a time of rising world concern over colonialism in the Third World, the United States could hardly afford this embarrassment.¹⁶

Stagnation: 1970s to the Present

If native minorities could not fully share the benefits of growth, the subsequent long-term decline—which spelled serious difficulties for many New Yorkers—occasioned a steady fall in living standards for most African Americans and Puerto Ricans. From the late 1970s on, their prospects were shaped by key features of the local political economy: (1) a business-led restructuring drive, consisting of major revisions in corporate organization and methods of production; (2) a political backlash that facilitated capitalist efforts to reduce the scope of the state; (3) for native minority communities, the failure of political gain to generate substantive economic progress; (4) the economic impact of new immigration from Third World countries; (5) an alteration in race relations brought about by the new immigrant presence.

1. In New York's service industries, restructuring consisted of employer strategies that streamlined labor costs by making greater use of part-time workers and downscaling management bureaucracies. Manufacturing, depleted by the flight of capital to low-wage regions, was revived by small producers who were able to reap a reward from newly arriving immigrants: substandard working conditions mushroomed, as employers used undocumented labor for production. Restructuring was not limited to high finance and advanced technologies; it bred an expansion of the informal (underground) economy as well. In the 1980s, restructuring also encompassed a set of public policies espoused by the Reagan administration: freezing the minimum wage, relaxing health and occupational standards, and relentlessly challenging union power.

2. The problems of a stultified economy, compounded by a declining tax base as middle-income families accelerated their out-migration, severely circumscribed the maneuverability of the government sector. While minorities continued to insist that the state act on their needs, the voices of opposition to these demands grew louder, nationally and