New England Journal of Public Policy

Volume 11
Issue 1 *Latinos in a Changing Society, Part I*

Article 7

3-21-1995

Compatriots or Competitors? Job Competition between Foreign- and U.S.-born Angelenos

Abel Valenzuela Jr.
University of California - Los Angeles

Compatriots or Competitors?

Job Competition between Foreign- and U.S.- Born Angelenos

Abel Valenzuela, Jr.

The debate concerning job competition between immigrant and nonimmigrant groups has intensified owing to the large increase in the 1970s and 1980s in immigration and the simultaneous growth in urban poverty rates for African-American and other minority groups. It focuses on the possible wage and displacement effects an increase in immigration would cause for the U.S.-born population. Using 1970 and 1980 industrial and occupational census data and shift-share methodology for Los Angeles, the author shows that immigrants do not simply function as either competitive or complementary sources of labor. Instead, he argues, job competition between groups of workers depends in part on whether U.S.-born workers belong to protected or unprotected labor markets. Overall, the data in this study reveal that immigrants are not displacing native-born labor in disproportionate numbers, especially in industries. However, there are isolated instances of job displacement between immigrants and native-born whites and Mexicans in some occupations. In addition, complementarity (e.g., job growth) is more frequent than displacement in industries and occupations, and decreases in white employment are not the net result of immigrant employment growth in Los Angeles.

The influx of Latino and Asian immigrants to Southern California has transformed the region's demographic composition; the changing population has redefined the meaning of race relations, particularly as it pertains to labor-market issues facing minority groups. This is a more nuanced and complicated framework, encompassing multiracial and ethnic configurations and new forms of conflicts among minorities, and certainly between majority and minority groups. Economic conflict has become a source of tension among different factions, aiding a conservative backlash against civil rights and a nativist movement bent on stopping immigration. Perhaps the most volatile and contentious factor in this conflict is the notion of job competition among various groups of low-skilled workers, usually between an immigrant and a U.S.-born minority group.

The notion of job displacement of native-born workers by foreigners is one of the most emotionally polarized debates surrounding issues of immigration to the United States. This fear fluctuates with national and regional economic cycles, particularly those of high immigrant population states such as California and New York. Since 1965 the large wave of immigration to this country has been blamed for increases in

Abel Valenzuela, Jr., is assistant professor, César Chávez Center for Interdisciplinary Instruction in Chicana/o Studies and Department of Urban Planning, School of Public Policy and Social Research, University of California at Los Angeles.

"Present industrial policy or lack thereof serves as a magnet for cheap immigrant labor. The continued demand for cheap labor not only attracts immigrant labor, legal or otherwise, but also serves as a catalyst for poor labor-market conditions that in turn are more conducive to job competition between immigrants and other marginalized workers."

— *Abel Valenzuela, Jr.*

American urban poverty, particularly to the growth of its urban underclass and the high jobless rate of African-Americans.[1] While the contemporary and popular interest in immigration stems from a growing nativist backlash and rises in ethnic conflict, its perceived contribution to the increasing rates of poverty during the past two decades and effect on the composition and location of the poor are equally compelling.[2,3]

As research on poverty and the underclass has expanded, studies, and especially policies of immigration, have multiplied.[4] This increased attention is also attributable to the large influx of legal and illegal immigrants during the past two decades.[5] Students of immigration are interested in understanding the causes and consequences of international migration, the assimilation and integration of immigrants into society generally and labor markets in particular, and the possible economic impact that immigrants may have on earnings, employment, and welfare expenditures. These issues are at the forefront of U.S. immigration research because of two other important factors, namely, the composition and geographic location of the "new immigration."[6,7] Because the country-of-origin composition of immigrants has changed from European to Asian and Latin American stock, and immigrants continue to concentrate in urban centers, concern over their economic impact has increased. Congruent with this change is speculation that the skills composition of recent immigrants is lower than that of earlier waves and, as a result, contributes to worsened labor-market opportunities and job competition with other low-skilled immigrants and minorities in inner cities.[8]

Given the increase in urban poverty, the underclass, and immigration during the 1970s and 1980s, two questions emerge: Are these phenomena related to each other? If so, how are they related? More specifically, does the increase in low-skilled immigrants worsen labor-market opportunities for native underclass residents? If opportunities are curtailed and native workers are being displaced by immigrants, is this displacement related to the formation of an urban underclass, and if so, how?

This article analyzes the relationship between the labor-market concentration of Mexican, Latino, and Asian immigrants and the employment opportunities of U.S.-born white, black, and Mexican workers in Los Angeles from 1970 to 1980. I address the question of whether native workers are adversely affected by the industrial and occupational concentration of immigrants and whether this contributes to the emergence of a Latino and black underclass. My study departs from a conventional analysis of immigrant and native-born labor-market competition in that I analyze shifts in industry concentration of immigrants after controlling for the size of competing labor pools and the growth in each industry in a standard metropolitan statistical area (SMSA). Past studies assessing the economic well-being of immigrants and their impact on U.S.-born labor are based on national samples that inadequately examine economic integration processes in regional or local areas. Because immigrants tend disproportionately to settle in certain parts of the country, regional and local impacts are significant in understanding labor-market changes. This study, by focusing on one region, specific industries and occupations, and particular samples of racial and ethnic groups, reveals several dimensions of job competition offering new insights into the labor-market impacts of immigration.

In addition, my study is important to the underclass literature for several reasons. Evidence that immigrants curtail the employment opportunities of U.S.-born workers, particularly U.S.-born Mexicans and such other minority groups as African-Americans, addresses a major issue in the underclass literature: whether job opportunities for African-Americans and other minorities have lessened over the course of the decade as

a result of immigration. Minority U.S.-born laborers, particularly African-Americans, have increasingly experienced worsening labor-market opportunities. Black unemployment increased steadily from 9.8 percent in 1974 to 11.4 percent in 1979 to 16.4 percent in 1984. The labor-force participation rate of African-Americans also has shown a steady decline between these years, from 72.9 percent in 1974 to 71.3 percent in 1979, to 70.8 percent, respectively.[9] If immigrant labor can be substituted for U.S.-born labor, immigrants may be reducing the wages of minority and other native labor, increasing American unemployment, and lowering labor-force participation. If, however, evidence suggests that immigrants do not function simply as competitive substitute sources of labor, other explanations for declining job opportunities for domestic labor will be necessary.

Job Competition: Old Question, New Context

Historically, there has always been nativist concern over job competition between immigrants and U.S.-born labor; immigrants were blamed for the country's worsening economies during the 1930s, 1950s, and 1970s. The concern that immigrants are displacing American workers has once again become an extremely volatile topic in California and other states and cities with immigrant concentrations. As U.S. economic fortunes continue to deteriorate and jobs become scarce or shift into part-time or poorly paid service occupations, immigrants become easy prey for shifts in joblessness among U.S.-born workers. The overtones of today's debate, which seems to be driven by emotion, fear, xenophobia, and politics, are strikingly similar to those of the past. A plethora of actors, from California's Governor Pete Wilson, to journalists, advocacy groups such as the Federation for American Immigration Reform, and state- and city-sponsored reports, have contributed to this fear.[10] However, the present debate on job competition takes on new overtones because it singles out African-Americans and other native-born minority groups as the primary victims of immigration's "negative costs" in the form of fewer jobs, reduced services, and a lower quality of life.

Theories on the Impacts of Immigration

The debate over the effects of immigration on the U.S. labor market has lasted almost sixty years, since the U.S. Immigration Commission concluded in 1935 that "immigration was responsible for many of the poor working conditions then evident in the United States."[11] Two major theories describe immigrants' participation in and economic effects on the U.S. labor market, commonly known as the displacement and segmentation hypotheses. Paradoxically, they make opposite assumptions about the labor market and hence reach disparate conclusions about the impact of immigrant labor.

In general, the neoclassical displacement hypothesis argues that immigrants arrive in the United States in the face of declining wages. An increased supply of foreign workers, in turn, further pushes domestic wages down by expanding the aggregate supply despite a stable demand for labor. Immigrants displace native-born workers because the former are assumed to be perfect substitutes for the latter and skill differences are ignored.[12]

The segmentation theory, on the other hand, argues that the U.S. labor market is sufficiently divided between immigrant and nonimmigrant jobs to insulate domestic workers from direct displacement effects by migrants.[13] Proponents of this theory argue that immi-

grants are hired into a low-wage sector of the labor market where few nonimmigrants are employed, owing partly to differences in skill. Native workers, likewise, may be employed in unskilled jobs but are nevertheless protected from job competition because their jobs may be covered by union contracts, an institutional barrier that prevents the employment of immigrant workers. Under this view, immigrant and domestic labor may complement each other in different sectors of the economy.

Related to the segmentation hypothesis is the argument that immigrants take jobs that native workers no longer want; that is, a job ladder, or queue, for immigrant workers exists. Over time, U.S.-born laborers move on to better occupations, vacating "lower-rung" and less desirable jobs that various groups of newcomers then fill. Once hired, immigrants employ social networks to recruit other immigrants and, in this way, certain industries become reserved exclusively for them.[14] Employers also have a queue in which certain groups may be preferred over others. In this instance, immigrants may be valued more than black or other U.S.-born labor, perhaps because the former are perceived as harder working, cheaper, and more docile than the latter. To the extent that such a queue is developing in secondary occupations or peripheral industries in which immigrants and other disadvantaged groups are concentrated, immigrants may work at the expense of black or U.S.-born labor.

Empirical Evidence

The empirical evidence on the market impact of increased immigration on native labor can be divided into three categories: production function models that estimate across national samples of individuals; industrial and occupational sectoral studies that employ large numbers of immigrants; and analyses of labor-market outcomes across regions or SMSAs, which contain a large number of immigrants.

Production Function Models on National Samples

Production function models determine the relationship between the output of goods — wages or employment — and relevant inputs — factors of production such as immigrant labor. Econometric research based on production function models has attempted to estimate the aggregate effect of immigration on natives' wages. Based on the conclusion of several researchers in this field, the aggregate negative effect of increases in the supply of immigrants on the earnings and employment of natives is either small or nonexistent and mostly falls on other recent immigrants.[15]

Borjas, in a series of studies, concludes that immigrants have minimal, if any, adverse impact on the wage rates, earnings, and participation rates of different groups of native workers.[16] For example, he estimates, in one study using multivariate analysis, that male migration increased the earnings of both young and older black males in 1970.[17] A similar estimate for 1980 also provided no statistically significant evidence that black male earnings were reduced either by recent or past immigration. Here, immigrants appear to be complementing the black labor force.

Rivera-Batiz, Sechzer, and Grang, using a translog production function model, argue that, depending on the amount of skills, education, and experience a person commands, a "disturbance in the rates of return to these three inputs will result in a change in wages."[18] Thus, an influx of immigrants affects the native-born by changing the returns to education, experience, and skills. In another study, Borjas argues that immigrants tend to be substitutes for low-skilled native labor and complements for high-skilled natives.[19] Based on labor demand elasticity's and regression analysis, he asserts that any negative

effect immigrants may have on natives, if any, is negligible and may at most have a slight impact on earlier immigrants. For example, Borjas asserts that a 10 percent increase in immigration appears to decrease the wages of residents born abroad by between 2 and 9 percent.[20] In a similar study, Stewart and Hyclak, using data for central cities of the largest U.S. SMSAs in 1970, examine the effects of recent immigrants (ten or fewer years) on the relative earnings of black males in comparison with white males.[21] They find some degree of substitutability between black males and recent immigrants from countries other than Mexico, Cuba, and the West Indies. According to this study, if any competition takes place between immigrants and domestic laborers, it occurs only with other minorities or recent immigrants of similar backgrounds.

Bean, Lowell, and Taylor extend Borjas's work to analyze the effects of illegal immigration on the annual earnings of native workers.[22] They show that the undocumented Mexican population has no depressive effect on the annual earnings of black males or females and that legal Mexican immigrants and native Mexicans actually complement blacks in the labor market.

Industrial and Occupational Sectoral Studies

Sectoral studies examine the relationships between immigrant and native workers in particular labor markets rather than throughout the nation as a whole. A few of these studies focus on the impact of immigration on the employment and earnings of natives. Studies that address this issue rely on census data or are based on specific case studies. It is important to review research on specific industrial and occupational labor markets to see if these studies corroborate or negate existing aggregate multivariate analysis on immigration impact and the case studies reveal factors not captured in multivariate studies. The following is a brief summary of the literature in a few selected industries and occupations in which immigrants are concentrated. Based on this review of the literature, I conclude that the effects of immigration on U.S. workers, specifically in industries and occupations with a large number of immigrants, are varied.

Agriculture is one of the most thoroughly researched industries in sectoral studies of immigration and labor markets, probably because of its historical reliance on cheap labor and its appeal to immigrant labor, legal and illegal. Most of these studies evaluate immigration effects on particular crops and regions. One study concludes that the loss of immigrant workers leads to an increase in crop prices insofar as native labor is unwilling to perform agricultural labor at immigrant wages.[23]

De Frietas and De Frietas and Marshall claim that heavy concentrations of immigrant labor affect the wages of less-skilled workers in manufacturing.[24] They conclude that in industries with concentrations of immigrants exceeding 20 percent, a one percent increase in immigration results in about a 1.2 percent decrease in the rate of wage growth. However, this evidence can also be interpreted differently. As immigrants become absorbed or replace workers in the lower-paying occupational sectors, domestic workers move to better-paying industries and occupations. Waldinger, in his study of the garment industry in New York City, argues that "to some extent immigrants may have displaced domestic workers, but [only] to the extent that complementary jobs were available elsewhere."[25] Thomas Bailey's analysis of New York City's restaurant industry provides convincing evidence that immigrant men do not compete with native black workers but may compete with other immigrants, specifically recently arrived women and teenagers.[26] Research on the service industry indicates an increasing concentration of immigrants in a variety of service sector occupations.[27] Based on interviews with

more than a thousand Hispanic and black unemployed workers seeking positions through two local Los Angeles service centers of the California Employment Development Department, Maram and King conclude that more than 51 percent of the Hispanics and blacks interviewed would be willing to work for lower wages than those presently being paid in most service-sector occupations.[28] Thus, the authors conclude that the downward pressure exerted by immigrants on the wages of current legal workers has caused some job displacement.

Most industry studies on the impact of immigration are largely based on a qualitative approach with some limited quantitative analysis. Those most affected by immigrants seem to be earlier immigrant cohorts or low-skilled native workers employed in occupations and industries with high concentrations of women, teenagers, and minorities. But these sectoral studies lack the explicit connection to other sectors in the economy and cannot be taken as conclusive evidence regarding the impact of immigration on native workers. Native workers may in some instances be moving to better-paying jobs, as suggested by Waldinger and Maram and King.[29]

The effects of immigration on specific industries and occupations seem to vary. They depend on the size of the firm and its vitality, the type and market area of the industry, and the skills and other characteristics of the immigrants. A large firm that employs many workers in an area with a large surplus of immigrant laborers could easily exert downward wage pressures because immigrants would be willing to work for less pay than natives. Likewise, a growing industry with strong internal labor markets and a union presence would insulate native-born labor from any wage or employment downswing as a result of increased immigration.

Regional and Metropolitan Studies

Regional and metropolitan studies focus on the local distribution of immigrants and their aggregate effects on their location patterns, regional labor forces, and "immigrant cities" such as Los Angeles and New York. These studies of immigration and its economic impact fall into two broad categories: regional, which usually looks at four major U.S. geographical areas — Northeast, North Central, South, and West — and metropolitan, which examines several "immigrant" cities and their metropolitan areas — New York, Los Angeles, Miami, Houston, and Chicago.

It is important to review this research because of immigration's uneven regional distribution and differences in economic development. Immigrants' uneven distribution probably means that their regional economic effects will also vary. Moreover, their distribution may be influenced by patterns of regional economic development. For example, it is no coincidence that the growth of immigration to Los Angeles during 1970 and 1980 occurred during a time when the city was experiencing manufacturing growth. In addition, the geographic distribution of the foreign born is shifting toward the Sunbelt and the West, areas that also have sustained economic growth.

Data about the regional distribution and characteristics of immigration provide a recent, yet preliminary, picture of immigrants in labor markets. Immigrants contribute to regional labor forces differently. For example, 20 percent of the West's overall labor-force growth between 1970 and 1980 came through immigration. This pattern differs from the Northeast (13%), the South (9%), and the North Central region (4%). Immigrants' labor-force characteristics, such as occupational concentration, human capital characteristics, labor-force participation, and earnings, also differ significantly by region. For example, Lowell, using census data for 1970 and 1980 by region, shows how

Mexican-origin migrants tend to have lower human capital characteristics — education, skills, job experience —than other foreign-born persons, particularly Asians, in the West.[30] Lowell also shows that time of arrival is correlated with human capital characteristics and variations in occupational concentration and earnings.[31] For example, half of all immigrants in the West arrived since 1970, meaning that they, on average, have fewer years in the labor market than the native born. Immigrants in the West are also younger, less likely to complete high school, and less apt to speak English than the native born.[32] But what do these differences signify in regard to a regional economic impact on native wages and employment?

New York City, the gateway for many of our nation's immigrants, is a rich source of research on the roles of immigrants in metropolitan labor markets. Some of the major works on New York include Waldinger and Lapp, Bailey and Waldinger, and Sassen, Waldinger, and Bailey.[33] They provide an assortment of data that for the most part focuses on immigrant economic mobility as a result of industrial restructuring rather than on the specific impact of immigrants on native workers' job opportunities. Immigration research on Chicago, as on New York, has for the most part addressed the issue of group mobility and industrial restructuring.[34] Studies on Miami focus on the Cuban enclave as an example of largely self-contained social and economic environments that provide for successful mobility patterns and labor market integration.[35] Research on Los Angeles suggests that immigrants have a negative effect on wages in selected low-skill industries.[36] This effect is primarily concentrated on Hispanic recent arrivals with similar education, skills, age, sex, and ethnic-origin characteristics.[37]

Two broad conclusions emerge from regional and metropolitan studies: the economic effects of immigration on natives, regionally, are small and metropolitan studies suggest that some level of displacement occurs in several low-skill occupations and between earlier and later immigrant groups that share similar human-capital and job qualifications.

When analyzed separately or as a whole, production function models, sectoral, and regional and metropolitan studies provide us with some answers as to the overall economic impact immigrants have on native earnings and employment. It is generally not adverse, though immigration may result in slight wage depression and displacement for some groups of workers.[38] Immigrants also expand employment opportunities for complementary workers.[39]

The displacement and segmentation hypotheses propose an either-or situation that does not correspond to available empirical evidence. The issue then becomes, Under what circumstances does displacement occur and under what circumstances does it not? The key to further specifying immigrant impact on natives is to document in greater detail which groups of workers and industries and occupations are affected. A more thorough analysis of the economic impacts of increased immigration depends on numerous factors, including the following: the size and composition of the domestic labor supply; the education, experience, and other human capital characteristics of immigrants; the growth or decline of the firm or industrial segment in which immigrants are employed; the race, ethnicity, and gender of immigrants; the regional and metropolitan location of the industrial segment; and the protected or unprotected nature of the labor markets in which immigrants work. The impact of immigrants on the domestic labor force is largely mediated by regional, occupational, and industrial change. A more complete examination must incorporate the changing occupational and industrial structure into labor-market analysis.

Research Method

In undertaking this study I compiled data on Los Angeles showing the extent of immigrant and native concentration in industrial and occupational labor markets. To test for actual competition between groups of workers, I adapted Waldinger's shift-share model and applied it to industries and occupations categorized according to three different typologies or tests, which are explained below.[40] Using shift-share allows me to test factors contributing to industrial and occupational employment changes between two time periods.

Waldinger first applied this method to measuring employment differentials between several racial and ethnic immigrant and U.S.-born groups in New York during 1970 and 1980.[41] He found that the composition of the workforce is a crucial factor in the occupational position of nonwhites, and changes in the size of the white population set the stage for an upward realignment of nonwhite workers. New York's economic shift from goods to services was primarily responsible for the decline in the availability of white workers who left for better-paying jobs in outlying areas, which in turn created a replacement demand for nonwhite workers; that is, a process of job succession or "musical chairs," in which immigrants replace departing white labor, took place in New York during the 1970s.[42] Waldinger concludes by suggesting that the impact of compositional change was blunted by a trend toward ethnic competition, as reflected in a declining employment total and share for U.S.-born blacks.

Waldinger's study analyzed only eleven major industrial categories.[43] Such a broad, aggregated study may mask important differences in the employment of immigrant and U.S.-born workers in industries and occupations that are not aggregated or analyzed as one regional economy. Thus, my research expands on Waldinger's by disaggregating industrial categories according to whether they are at the core or periphery and are experiencing growth or decline. In addition, I apply this method to occupations organized according to fifteen broad categories and four occupational segments — for example, independent primary, craft, subordinate primary, and secondary.[44]

Shift-share allows me to analyze for any given region whether the number of immigrants, when compared with other groups in the same labor markets, grew or declined over time in industrial and occupational concentration as a result of changes in the relative size of the labor supply of different ethnic groups; changes in the size of an industry or occupation — industry/occupation effect; and changes in a group's employment in an industry or occupation net of group size and industry/occupation effect. This last variable reflects the extent to which a group is concentrating or "deconcentrating" in a specific labor market.[45] Adding group size and industry/occupation change reveals whether the two factors undercut or reinforce the trends to concentrate or deconcentrate in a particular industry or occupation.

A positive figure in share represents an increasing group share of all industries/occupations in a particular sector. For example, if a particular immigrant group in an industry or occupation shows a positive total group share, it is being employed in that sector at rates higher than those at which it is entering other sectors and is thus becoming more concentrated in that sector. A negative share signifies the opposite; that is, a particular group is entering that sector at rates lower than those at which it is entering other sectors and is becoming less concentrated or deconcentrated.[46]

Job Competition

This research is primarily concerned with the displacement of U.S.-born workers in industries and occupations owing to an increase in the supply of immigrant labor. More specifically, I assess the employment shares of three native groups — whites, African-Americans, and Mexicans — to see how they respond to changes in the employment share of three immigrant groups — Mexicans, Latinos, and Asians.[47] After I analyzed the results of the model, five possible job competition patterns emerged. These patterns distinguish between various job competition scenarios that are not easily identifiable or clear cut when analyzed only as raw shift-share results, that is, absolute figures. Therefore, each native group in every industrial and occupational category is analyzed and coded with one of these five possible patterns to correspond to the model results as follows:

- Complete Displacement (CD) takes place when all native groups lose jobs while all immigrant groups gain.

- Displacement (D) occurs when some native groups and some immigrant groups lose jobs in the same industry during the same time period. Because both native and immigrant groups are losing jobs, I attribute this pattern to factors other than immigration, such as industrial restructuring.

- Partial Displacement (PD) happens when one or two native groups lose jobs while one or two immigrant groups gain. In this pattern, particular attention is paid to the native Mexican group, because it is a closer substitute for the immigrant groups analyzed here and consequently may be especially vulnerable to displacement.

- Complete Complementarity (CC) occurs when native groups gain jobs simultaneously with all three immigrant groups' gains. The gain in native and immigrant jobs is a factor not only of increases in immigration but also of industrial growth, a robust economy, and other structural factors.

- Native Complementarity (NC) takes place when native groups gain jobs while immigrant groups lose.

Research Data

Recent immigrants comprise a small proportion of the U.S. population at any given time. The data set I utilized had to be large enough to include the different subpopulations by race, ethnicity, and gender among native-born and foreign-born Angelenos. In addition, the data set had to be comparable between two time periods, 1970 and 1980, to assess shifts in the labor market resulting from immigration. The best data for this task are the Public Use Sample (PUS) of the 1970 census and the Public Use Mi-crodata Sample (PUMS) of the 1980 census. These data are large stratified samples of housing units enumerated in the U.S. census; they contain sociodemographic information on housing units — household records — and each person residing within them — person records. Specifically, I gathered my data from the one percent sample of the PUS

Table 1

Industrial Change by Core and Periphery, Los Angeles 1970–1980

	1970	1980	Change	% Chg.
Core Industries	2,319,400	2,632,180	312,780	0.13
Periphery Industries	1,629,500	1,666,680	37,180	0.02
Total Employment	3,948,900	4,298,860	349,960	0.09
Immigrants				
Core Industries	279,500	543,980	264,480	
Periphery Industries	256,000	488,640	232,640	
Total Employment	535,500	1,032,620	497,120	
U.S. Born				
Core Industries	2,039,900	2,088,200	48,300	
Periphery Industries	1,373,500	1,178,040	–195,460	
Total Employment	3,413,400	3,266,240	–147,160	

Source: U.S. Bureau of the Census, 1970 and 1980 Public Use Microdata Samples.

from the 1970 census and the 5 percent sample of the PUMS from the 1980 census. The 1990 PUMS decennial census was not available at the start of this study at the necessary disaggregated level.[48]

Findings

Industrial Repositioning (Test 1)

As Table 1 shows, between 1970 and 1980 total employment for Los Angeles grew by more than 349,960 jobs, a 9 percent increase. A large portion of this increase came from the growth of the health, education, finance, insurance and real estate, and business industries, which together accounted for more than two-thirds of the total growth rate. There was also substantial growth in the restaurant, apparel, high-technology, transportation, and public administration industries. However, Los Angeles also experienced major losses in several industries, for example, personal services, miscellaneous manufacturing, air and ordnance, and specialty retail stores.

The core and periphery for this region grew at 13 percent and 2 percent, respectively. In the periphery, major losses were experienced by the miscellaneous manufacturing, utilities and sanitation, specialty retail, personal service, and domestic service industries. However, these losses were offset by large increases in the business, entertainment and recreation, apparel, and eating and drinking establishment industries. When the total industrial population is divided according to nativity, an interesting trend emerges. Immigrants show no losses in their industrial employment in the periphery and two insignificant losses in the core, in tobacco manufacturing and in rail service. Indeed, in those industries which experienced losses, they were felt almost exclusively by the U.S.-born laborer.

When I further divided industrial data by race and ethnicity for 1970 and 1980, whites were the primary losers in both the core and periphery.[49] Blacks also suffered job losses in several industries in the core and periphery but in much fewer numbers and

Table 2

Changes in Industrial Employment for Selected Ethnic Groups, Los Angeles, 1970–1980

	Employment			Job Change		
Groups in Core Industries	1970	1980	Expected	Actual	Actual Expected	Act-E/ 1970 Emp.
NB White	1,615,200	1,452,280	209,976	–162,920	–372,896	–23.09%
NB Black	205,400	316,860	26,702	111,460	84,758	41.26%
NB Mexican	141,700	200,320	18,421	58,620	40,199	28.37%
FB Mexican	64,500	188,640	8,385	124,140	115,755	179.47%
FB Latino	32,000	71,100	4,160	39,100	34,940	109.19%
FB Asian	19,500	103,420	2,535	83,920	81,385	417.36%
Groups in Periphery Industries						
NB White	1,060,500	840,160	21,210	–220,340	–241,550	–22.78%
NB Black	156,600	147,180	3,132	–9,420	–12,552	–8.02%
NB Mexican	99,300	114,660	1,986	15,360	13,374	13.47%
FB Mexican	74,400	210,620	1,488	136,220	134,732	181.09%
FB Latino	30,600	74,640	612	44,040	43,428	141.92%
FB Asian	22,200	70,880	444	48,680	48,236	217.28%

Source: My estimates are based on data from the U.S. Census Bureau's 1970 PUS (1%) and 1980 PUMS (5%, sample) files.

Note: NB = native-born, FB = foreign-born.

as a lower percentage of total loss per industry. Latinos and Asians, on the other hand, showed large job gains.

Table 2 organizes the population according to five racial and ethnic groups and shows the number of industrial jobs per sector held by each group in Los Angeles in 1970 and 1980. Its fourth column shows the number of jobs each group would have gained had its gains been proportional to the growth in the overall Los Angeles economy during this period, when industrial employment grew by 9 percent, from 3,948,900 jobs in 1970 to 4,298,860 in 1980. Table 2 then indicates how many jobs the group actually gained or lost and the difference between expected and actual employment losses.

This table allows us to glimpse the different dynamics affecting the process of job change in Los Angeles during 1970 and 1980. Here we can see that the biggest losers of jobs were whites, losing close to 400,000 jobs in the core and peripheral industries. However, this loss is offset by the large job gain experienced by nonwhite groups, both native and foreign born, in both sectors, providing Los Angeles with an overall job growth rate of 9 percent. What accounts for the white job loss and the nonwhite job gain? Is job competition, in the form of displacement between immigrants and nonimmigrants or between whites and nonwhites, partly to blame for mostly white and some black loss? In the following section I attempt to answer these questions.

To assess the impact of industrial and occupational compositional change, I used shift-share analysis, classifying all 46 industries to dual labor-market theory (see note 44)

Table 3

Immigrant Job Competition Patterns for Los Angeles Native Workers

Pattern:	Whites No. Indust.	Whites % of Total	Blacks No. Indust.	Blacks % of Total	Mexicans No. Indust.	Mexicans % of Total
Complete Displacement	7	0.15	3	0.07	6	0.13
Partial Displacement	16	0.35	12	0.26	10	0.22
Overall Displacement	*23*	*0.50*	*15*	*0.33*	*16*	*0.35*
Displacement Owing to Other Factors	5	0.11	6	0.13	7	0.15
Complete Complementarity	2	0.04	6	0.13	8	0.17
Complementarity Owing to Immigration	16	0.35	19	0.41	15	0.33
Overall Complementarity	*18*	*0.39*	*25*	*0.54*	*23*	*0.50*
Total	46	1.00	46	1.00	46	1.00

Source: My estimates are based on data from the U.S. Census Bureau's 1970 PUS (1%) and 1980 (5%) files.

Note: Totals do not include overall displacement and overall complementarity.

and are listed according to Tolbert, Horan, and Beck's typology.[50] I extend the authors' matrix and further classify the industries according to those which grew and declined between 1970 and 1980 per sector. In Los Angeles's core sector 18 industries grew and 9 declined, while in its periphery, 11 grew and 8 declined. These two patterns alone show that during the 1970s, Los Angeles's economy, especially in the core sector, was quite robust in terms of industrial change.

The share results show several combinations of both native and immigrant losses and gains in industrial employment. These reflect different instances of displacement and complementarity that, in part, are attributable to immigrant growth and other factors such as industrial restructuring, the general economic climate, and other variables not tested in this model. To make better sense of the share results and their implication for job competition, I coded different immigrant employment-share patterns that assist in identifying industries in which job competition possibly is occurring between immigrant and native-born workers. I coded the patterns for each industry which, unfortunately, provides few recognizable patterns with which to analyze job competition. To ameliorate this problem, I created summary Tables 3 and 4 showing job competition patterns according to industrial change — growth and decline — for the three native-born groups at issue.

Does Competition Exist?

Table 3 provides a general summary of job competition patterns for the three native-born groups in the core and peripheral sectors in Los Angeles. The data in the two columns for each of these groups indicate the number of industries that fall into each job competi-

tion pattern. The first column provides the actual number of industries that fall under one of the five patterns, and the second column provides the percentage total of this figure.

The data in this table indicate that, indeed, both job displacement and complementarity exist in Los Angeles. However, more industries show complementarity rather than displacement for blacks and Mexicans, the two groups most vulnerable to job competition with immigrants because of their substitutability. Combining complete displacement with partial displacement yields an overall displacement trend, and combining complete complementarity and complementarity owing to immigrant job loss produces an overall complementarity trend.[51] Comparing the job competition trends of overall displacement with overall complementarity shows that immigrants complement native-born groups in much larger proportions than they displace them.[52]

Of particular note in Table 3 is pattern 5, which shows the number of industries in which immigrant groups were displaced by native-born workers. This finding suggests that, just as native-born workers are displaced as a result of increased immigration, immigrants are displaced in particular industries as a result of native-born employment gains. As the regional labor market fluctuates through cycles of growth and decline, different groups compete for different jobs, but displacement can harm either immigrants or the native born.

Does Industrial Change Matter?

The second inquiry of this section is whether industrial change — growth or decline — matters in stimulating or thwarting job competition. Table 4 lists the number of industries for each sector in which native-born workers were displaced or complemented by the employment of immigrants; it also separates the displacement and complementarity categories based on whether the industries grew or declined during the 1970s.[53] Industrial growth or decline may influence whether job displacement or complementarity occurs in an industry. In declining industries, displacement is more likely than in a robust growing industry.

In Los Angeles, more industries in the core grew — 18 of 27 — than declined, and complementarity was more likely to occur in those industries which grew than in those which declined. However, no clear patterns emerged to show that job displacement was more prevalent in the declining industries and complementarity was concentrated in the growth industries. This finding suggests that both instances of immigrant displacement and complementarity occur, regardless of whether an industry is declining or growing. Industrial change makes no difference in patterns of job competition caused by increased immigration.

In general, this first test shows data to be inconclusive for blacks and Mexicans; that is, I cannot conclude one way or the other that immigrants systematically displace or complement black and Mexican workers in Los Angeles. Test 1 does not signify that increases in immigration lead to the displacement of native-born labor. In fact, the only group that experienced instances of displacement was the white population. However, such displacement was concentrated only in the core. This finding is important because it suggests that (1) displacement may be occurring in high-skill as opposed to low-skill industries, contrary to what is usually argued, and (2) immigrants may be preferred over or be close substitutes for whites in high-skill industries. In either case, job displacement in industries is not occurring between immigrant and minority workers in Los Angeles.

Table 4

Effect of Immigrant Job Competition Patterns on Los Angeles Industries

Growth/Decline Patterns	Number of Industries Affected	Number of Industries Affected	Number of Industries Affected
Core Industries			
Displacement			
Growth	12	8	9
Decline	4	5	5
Total	*16*	*13*	*14*
Complementarity			
Growth	6	10	9
Decline	5	4	4
Total	*11*	*14*	*13*
Periphery Industries			
Displacement			
Growth	10	5	6
Decline	2	3	3
Total	*12*	*8*	*9*
Complementarity			
Growth	1	6	5
Decline	6	5	5
Total	*7*	*11*	*10*

Source: My estimates are based on data from the U.S. Census Bureau's 1970 PUS (1%) and 1980 PUMS (5%) files.

Furthermore, the following findings suggest a higher incidence of complementarity to the native born as a result of increased industrial employment of immigrants.

- Blacks and Mexicans had more industries (54% and 50%, respectively) with instances of complementarity than whites (39%).
- Whites, blacks, and Mexicans gained in employment share in several industries while immigrants lost in those same industries, suggesting that immigrants may be losing in their industrial employment share as a result of native gain.
- Instances of immigrant displacement and complementarity occur regardless of whether an industry is declining or growing. Industrial change makes no difference in stratifying complementary or displacement effects of increased immigration.

Occupational Repositioning

The foregoing data indicate the extent of immigrant and native access to various sectors of the economy, but they say little about the levels at which these workers are employed. Here, I examine occupational repositioning for the same ethnic groups. I employ two tests that correspond to two occupational typologies according to fifteen categories and

four segments. I have chosen to look at fifteen census-defined broad categories divided between growth and decline to assess, as in the previous test, whether occupational change — growth and decline — makes a difference in stratifying occurrences of job competition. The latter test divides all the census-defined occupations into four broad categories — independent primary, craft, subordinate primary, and secondary; see note 44 for a description of job characteristics for each of these categories. The test's primary purpose is to measure whether institutional barriers such as unions or credential (certificate) jobs make a difference in stratifying instances of job competition.

Between 1970 and 1980, the Los Angeles economy, like the national economy, shifted from producing goods to services, resulting in expanded white-collar and service occupations. Los Angeles showed a net growth of 350,000 jobs concentrated in the managerial, sales, goods-producing, and service occupations.

Table 5 provides data on the number of jobs per occupation for the total populations and by nativity. Immigrants gained in employment share in every occupation. Their largest gains were concentrated in the semiskill, craft, and clerical occupations, which coincidentally also had the largest employment losses for the native-born population. Almost half a million immigrants gained in occupational employment while natives lost more than 145,000 jobs.

An alternative method to classify occupations is by segmentation analysis.[54] The lower portion of Table 5 provides data on the number of jobs per occupational segment for the total population and by nativity. As the data for the four occupational segments show, the largest employer in 1970 was the subordinate primary, followed by the secondary, independent primary, and craft. This order changed in 1980, when the independent primary became the second largest employer. During the 1970s, occupations that are characterized in the subordinate primary declined by 2 percent. When disaggregated by nativity, the data show that native workers experienced the largest loss of jobs in the subordinate primary, secondary, and craft occupations. However, these losses were offset by the large growth of immigrant employment in each of the four segments.

Similar to industries in Los Angeles, occupational growth was concentrated among the immigrant and minority populations while whites and the natives showed a loss. What can shift-share methodology tell us about the occupational employment change for these population groups? Is competition a factor in white and native occupational job loss? In the following section I attempt to answer these two questions.

Shift-Share Model, Fifteen Categories (Test 2)

Data for changes in occupational employment for the total population in Los Angeles and for each ethnic group show that U.S.-born whites suffered significant job loss in Los Angeles while the other racial and ethnic groups offset that loss by phenomenal growth. These latter groups exceeded the expected job growth rate, in some cases by over 2,000 percent![55] These data reveal a different set of dynamics affecting the process of job change and concentration. As the Los Angeles economy grew, it absorbed large numbers of immigrants, mostly in the services and some white-collar jobs. White employment declined for the same reasons cited in an earlier study of New York City by Waldinger: the decline in white employment there was caused primarily by the older age, higher death rate, lower birthrate, and greater outmigration to the suburbs or other regions of the United States of whites in comparison with nonwhites.[56] In addition, Waldinger notes that a large cohort of European immigrants who arrived between 1900 and 1915 reached retirement age during the 1970s.[57] I address the extent and type of occupational job competition.

Table 5

Occupational Change in Los Angeles, 1970–1980 by Total Employment, Nativity, and Segments
(in thousands)

	Total Employment				Nativity					
					Immigrant			U.S. Born		
Occupations	1970	1980	Change	% Chg.	1970	1980	Change	1970	1980	Change
Management & administration	308	460	152	.49	37	79	42	271	380	109
Professional	604	646	42	.07	66	106	40	537	539	2
Sales	322	449	127	.40	37	78	41	284	370	86
Clerical	883	850	–33	–.04	86	136	50	796	713	–83
Craft	456	502	46	.10	68	143	75	388	359	29
Semiskill	557	437	–120	–.22	128	216	88	428	220	–208
Transport	108	120	12	.12	9	20	11	98	99	1
Laborers	162	221	59	.36	24	71	47	137	149	12
Household service	59	36	–23	–.38	10	19	9	48	17	–31
Protective service	39	55	16	.39	1	4	3	37	50	13
Food & food preparation	175	195	20	.11	28	63	35	147	131	–16
Health service	55	71	16	.30	5	16	11	49	55	6
Janitorial service	85	109	24	.29	12	36	24	72	73	1
Personal service	114	89	–25	–.22	11	18	7	102	71	–1
Farm, forestry, fisheries	17	53	36	2.10	5	20	15	12	32	20
Total	3,944	4,293	349	0.09	527	1,025	498	3,406	3,258	-148
Occupational Segments										
Independent Primary	858	1,132	274	.32	93	193	100	765	938	173
Craft	356	393	37	.10	54	107	53	301	285	–16
Subordinate										
Primary	1,688	1,658	–030	–.02	211	354	143	1,477	1,304	–173
Secondary	1,044	1,114	070	.07	175	376	201	869	0737	–132
Total	3,946	4,297	351	.09	533	1,030	497	3,412	3,264	–148

Source: U.S. Bureau of the Census, 1970 and 1980 Public Use Microdata Samples.

After I implemented the shift-share model on the fifteen occupational categories, several combinations of occupational gains and losses appeared for native and immigrant workers. For example, both natives and immigrants gained in employment share in the managerial and administration occupations but showed losses in the semiskill occupations. As with the analysis of industrial repositioning, these gains and losses reflect different instances of native displacement and complementarity that can partially be attributed to immigrant employment-share gain. Other factors such as occupational change, each region's general economic climate, and other variables not tested in this model can also affect both native and immigrant job loss in an occupation.

Table 6

Effect of Immigrant Competition Patterns on Los Angeles Occupations

Patterns	Number of Occupations		
	Whites	Blacks	Mexicans
Complete Displacement	2	2	1
Partial Displacement	7	3	2
Overall Displacement	9	5	3
Displacement Owing to Other Factors	2	1	2
Complete Complementarity	1	4	5
Native Complementarity Owing to Immigration	3	5	5
Overall Complementarity	4	9	10
Total	15	15	15

Source: My estimates are based on data from the U.S. Census Bureau's 1970 PUS (1%) and 1980 PUMS (5%) files.

Note: Totals do not include overall displacement or overall complementarity.

In Los Angeles, the occupations that suffered the severest decline in providing employment also produced the largest job losses for immigrants and natives. For example, semiskill occupations experienced the largest job loss — close to 120,000 jobs. Both immigrant and native employment shares in this occupation were negative and large, suggesting that job losses are attributable to factors other than job competition between immigrants and native-born workers. As Table 6 shows, the white population experienced partial displacement in more occupations than the black or Mexican population. This table then aggregates these patterns into two simple categories of either displacement or complementarity.[58] Los Angeles displayed more instances of complementarity than displacement for its black and Mexican populations; its white population, however, experienced more displacement than complementarity. Most whites in most occupations were partially, not completely, displaced, suggesting that the aggregated overall displacement subcategory is not as fraught with native displacement as its title implies. In general, Los Angeles immigrants complement natives in occupations more than they displace them, and displacement, when it occurs, is typically partial.

Shift-Share Model, Four Segments (Test 3)

My final analysis assesses the shift-share model results of four occupation categories derived from segmentation theory. Data on changes in occupational segment employment for selected racial and ethnic groups provide a glimpse of the changing employment composition for each group. The data show that whites were the primary losers of jobs in the craft, subordinate primary, and secondary segments. However, they gained by more than 81,000 jobs in the independent primary segment, suggesting that some of their losses in the other segments may have been the result of their upward mobility into this segment.

Table 7

Occupational Segment Shift-Share Model Results for Selected Ethnic Groups, Los Angeles, 1970–1980

	Employment			Change Owing to				
	1970	1980	Change	Industry Change	Inter-active Effect	Group Size	Share	Job Com. Patt.
Groups in Independent Primary								
NB White	675,900	756,940	81,040	216,288	81,108	–135,180	–68	PD
NB Black	39,500	85,220	45,720	12,640	45,425	32,785	295	CC
NB Mexican	24,300	49,180	24,880	7,776	24,786	17,010	94	CC
FB Mexican	6,200	30,140	23,940	1,984	23,932	21,948	08	
FB Latino	6,200	20,000	13,800	1,984	13,764	11,780	36	
FB Asian	8,600	49,180	40,580	2,752	40,506	37,754	74	
Groups in Craft								
NB White	241,600	204,260	–37,340	24,160	–24,160	–48,320	–13,180	PD
NB Black	26,600	33,580	6,980	2,660	6,916	4,256	64	CC
NB Mexican	21,700	30,480	8,780	2,170	8,680	6,510	100	CC
FB Mexican	12,900	43,920	31,020	1,290	30,960	29,670	60	
FB Latino	7,800	15,600	7,800	780	7,800	7,020	0	
FB Asian	3,700	15,020	11,320	370	11,285	10,915	35	
Groups in Subordinate Primary								
NB White	1,173,400	900,700	–272,700	–23,468	–269,882	–246,414	–2,818	PD
NB Black	145,950	196,790	50,840	–2,919	49,623	52,542	1,217	CC
NB Mexican	101,100	125,920	24,820	–2,022	25,275	27,297	455	CD
FB Mexican	45,900	118,830	72,930	–918	72,522	73,440	408	
FB Latino	25,150	48,440	23,290	–503	23,138	23,641	152	
FB Asian	16,200	69,510	53,310	–324	53,298	53,622	12	
Groups in Secondary								
NB White	584,800	430,540	–154,260	40,936	–152,048	–192,984	–2,212	PD
NB Black	149,950	148,450	–1,500	10,497	–1,500	–11,997	–1	CC
NB Mexican	93,900	109,400	15,500	6,573	15,024	8,451	476	CC
FB Mexican	73,900	206,370	132,470	5,173	130,803	125,630	1,667	
FB Latino	23,450	61,700	38,250	1,642	38,224	36,583	27	
FB Asian	13,200	40,590	27,390	924	27,324	26,400	66	

Source: My estimates are based on data from the U.S. Census Bureau's 1970 PUS (1%) and 1980 PUMS (5%) files.

Notes: To maintain consistency with the study emphasis on the native-born labor force, the Job Competition Pattern column provides data only for the native-born group of each segment.

NB = native-born; FB = foreign-born.

Table 7 presents the shift-share model results for each racial and ethnic group by occupational segment. These data measure the employment-share gain or loss for each group and provide some insights into the different job competition patterns described earlier. On the basis of the shift-share results on the occupational segments, whites were the only group that experienced instances of displacement as a result of increased immi-

grant employment share. Both native-born blacks and Mexicans complemented the presence of immigrants in each of the four segments, except for Mexicans in the subordinate primary segment. The subordinate primary sector was the only one that experienced a loss of jobs between 1970 and 1980, making it more vulnerable than the other segments to instances of job competition.

The job competition patterns for the occupational segments show overwhelmingly that immigrants played a minimal role in the displacement of native-born groups in each of the four segments. While whites did lose in each segment, these losses could very well be the result of their upward mobility into the independent primary segment, a situation suggested by the data results of the shift-share model. The nonwhite native groups gained in employment share, suggesting that immigrants do not displace them but rather complement their employment.

In general, the data indicate that blacks and Mexicans were complemented by increases in immigration in growing occupations. However, no discernible impact could be found on whites, blacks, and Mexicans in the occupations that declined — that is, even in a declining labor market, Los Angeles immigrants were not responsible for black, white, and Mexican job loss. Thus, Test 2 shows that increases in the occupational employment of immigrants do not lead to displacement of native-born labor. In fact, this situation arose only for whites in the growth occupations.

Test of this study focused on all the census-defined occupations classified into four segments. Data show that blacks and native-born Mexicans in the three primary and in the secondary segment were complemented by the presence of immigrants; that is, minority workers, with the exception of Mexicans in the subordinate primary segment, did not lose jobs in the four labor-market segments as a result of increased immigrant employment. The data also suggest that whites were partially displaced in every segment. Thus, to the extent that displacement between immigrants and natives is occurring in Los Angeles, it is primarily relegated to native-born whites, and to a lesser extent, Mexicans, but only in the subordinate primary. This finding is consistent with earlier data that showed whites to be the primary victims of occupational-segment job loss between 1970 and 1980.

Policy Implications

After carefully summarizing the main findings and discussing the hypotheses for each of the three tests, I conclude that the segmentation/queuing theory best describes what is occurring in Los Angeles's labor markets. While the results of this study are complex and many, several major findings are evident. One is that, overall, immigrants are not displacing native-born labor in disproportionate numbers. Instances are found, however, of sporadic or isolated job displacement between immigrants and native-born whites and Mexicans in some occupations and industries. However, the data show that complementarity is more frequent than displacement and that the white labor force has decreased significantly owing to factors other than immigration. These two findings taken together suggest a process of queuing, whereby whites vacate jobs that are filled by immigrant and minority labor. These findings suggest that immigrants do not contribute to or perpetuate an urban underclass.

The concern over the effects that immigration may have on the employment of natives, particularly other Latinos and blacks, was of primary interest in this study.

The job competition question, as argued in the underclass debate, postulates that low-skilled Latino immigrants may be a closer substitute for low-skilled U.S.-born Latinos and blacks than for other U.S.-born groups such as women, teenagers, and whites. As a result, competition in specific labor markets between immigrants and minority groups may result in the displacement of low-skilled U.S.-born Latinos and blacks, thus contributing to their already higher-than-average rates of unemployment. This formulation, however, fails to capture the structural attributes and changes that have occurred in the secondary and primary labor markets and their growth or decline.

Immigration, especially during economic boom periods, is often seen as a positive economic stimulus. Increased inflows of immigrants during boom and bust times can be complementary units of production to other nonimmigrant groups, as this research has shown. As immigration increases, the employment opportunities of U.S.-born workers also improve because of the rising demand for complementary workers and the increased demand for goods and services. That the entry of immigrants into local labor markets has a negligible and, at worst, mixed effect on U.S.-born workers' employment prospects is echoed by several prominent immigration scholars.[59]

Los Angeles Latino immigrants may serve as substitutes for some low-skilled groups and as complements to other workers. What accounts for some of the sporadic displacement evident in some of the occupations and industries in Los Angeles? It may be that employers prefer immigrant or other types of workers over black and white workers. Indeed, Kirshenman and Neckerman, Kirshenman, and Neckerman show that employers regard black workers, especially males, as more devious, argumentative, intimidating, and uncooperative than women or immigrants.[60] Employers may be relocating to suburban areas, thus relying on informal recruiting and transportation systems that exclude black workers from employment. Another good possibility is that employers may be excluding blacks and whites from jobs in particular industries because they prefer to hire recent immigrants who are more vulnerable to employer exploitation and not apt to complain. Because the data in this research suggest that an ethnic succession or job-queuing process is taking place in Los Angeles, I believe that employers may selectively choose immigrants over white and some black workers for labor markets in which their skills are tangible. Because these markets are rare, immigration is not a major contributor to a black and Latino underclass.

The immigration debate in California and other high immigrant-receiving states has mostly focused on the immigrant impact on labor supply rather than on structural problems in the U.S. economy and labor market. The primary concern in this debate is the cost associated with providing education, health care, welfare services, and employment to a burgeoning immigrant population, both legal and undocumented. As a result, policies that deny immigrants a public education, a driver's license, or even citizenship status for their children have been proposed to curb their flow. These solutions are shortsighted at best because they do not address the fundamental reason why immigrants come to this country: to work and make better lives for themselves, not to become dependents of a state.

The misguided Band-Aid policies being debated in California's capitol, rather than stymieing the movement of immigrants into this country, will have the unintended effect of further marginalizing a major portion of the population. The net effect of not providing education and health care to thousands of school-age children and adults will be an uneducated, unhealthy, and unemployed populace that will, in the long run, cost dearly. Public policies should instead focus on structural solutions, such as main-

taining and expanding our industrial job base and increasing employment and training programs. Additionally, policy analysts and social scientists need to further analyze the magnitude of and relationship between immigrant and native labor markets.

Present industrial policy or lack thereof serves as a magnet for cheap immigrant labor. The continued demand for cheap labor not only attracts immigrant labor, legal or otherwise, but also serves as a catalyst for poor labor-market conditions that in turn are more conducive to job competition between immigrants and other marginalized workers. The same industries demanding cheap or immigrant labor also have the largest number of workplace hazards, low wages and few benefits, and a poor environmental record. These deficiencies translate into substandard conditions of working poverty, especially for a family of four in 1992, when the poverty threshold was approximately $14,350. The burden of impoverishment falls not only on a family or individual but also on the state in terms of such expenses as future welfare rolls and unemployment benefits. Industrial policies that increase the minimum wage, favor the employment of native-born workers and the implementation of a national health care plan will make jobs, which previously did not provide medical and other benefits, more attractive to U.S.-born labor. While immigrants will still be attracted to these jobs, knowing that there is a well-established native labor force will discourage, to some extent, immigration for work purposes.

Job displacement for California workers, indeed the entire country, is attributable less to job competition with immigrants than to the massive exodus and closure of firms that the state suffered in the middle to late 1980s. Los Angeles provides a case in point. During the 1970s, the area actually showed an expansion in its manufacturing base when, according to the Bureau of Labor Statistics, Los Angeles accounted for approximately one-fourth of the net growth in manufacturing jobs for the entire country. By the 1980s, however, the Los Angeles economy, which was highly dependent on its defense and associated industries, began the rapid decline that persists. Though the area continues to maintain a readily available and cheap supply of labor, the adoption of somewhat tougher environmental laws, improved labor standards, and other "hostile" regulations throughout the state and regional areas such as Los Angeles, San Diego, and the Bay Area has been blamed for the departure of industries to more "friendly" environments and even cheaper labor.

Finally, because undocumented immigrants are such a small proportion of the legal immigrant population — fewer than 14 percent — and an even smaller proportion of the total population of California – fewer than 4 percent — their negative impact is negligible or marginal at best. An analysis of several of California's largest revenue-producing industries, such as agriculture and wine, reveals that the largest number of their employees are immigrants. These industries are vital to the state's economy and rely on immigrant workers because other types of labor are unwilling or unable to work in this area. Historically, immigrant labor has always been vital to California's growth and economy. Implementing shortsighted policies that hurt the employability of immigrants will in turn hamper the contributions they can make to the state's future economy. ❧

Notes

1. Job competition is one of several "costs" being argued in the California immigration debate. Other equally volatile immigration issues such as border patrol enforcement and undocumented immigration, federal reimbursement to state coffers for federal

immigration policies, and medical and health benefits to legal and undocumented immigrants, also at the forefront of the immigration debate, led to California's passage of Proposition 187. This proposition makes it illegal for undocumented immigrants and their children to participate in California's publicly funded education system, procure public health services, except for emergency care, and partake in other government-sponsored social services.

2. During the late 1980s, poverty rates were much higher than in the 1970s, especially for African-Americans and Hispanics. For Hispanics, the poverty rate increased from 28 percent to 39 percent between 1972 and 1987; for whites, it was 9.9 percent in 1970, 10.2 percent in 1980, and 10.5 percent in 1987; and for African-Americans, the percentages were 33.5, 32.5, and 33.1, respectively. While the poverty rate for the population as a whole has been stable around 13 percent since the early 1980s, young families have experienced a steadily increasing chance of being poor. Whereas one-quarter of those sixty-five or older had an income below the poverty line in 1970, only one-eighth did in 1987 (U.S. Department of Commerce, Bureau of the Census, *General Social and Economic Characteristics*, Summary Report, Vol. 1, Chapter C [Washington, D.C.: U.S. Government Printing Office, 1983]).

3. According to the U.S. Bureau of the Census, poverty has shifted from rural areas to the inner cities, particularly in New York, Chicago, Boston, Detroit, and Los Angeles. In 1960, 28 percent of rural households were poor compared with 13.7 percent in the central cities and 10 percent in the suburbs. By 1987, the rate had decreased to 14 percent in rural areas and 6.5 percent in the suburbs but climbed to 15.4 percent in the central cities. See U.S. Bureau of the Census, *Census of Population: 1970*, Subject Reports, "Low Income Areas in Large Cities," PC(2)-9B (Washington, D.C.: Government Printing Office, 1973); U.S. Bureau of the Census, Census of Population: 1980, Subject Reports, "Poverty Areas in Large Cities," PC-80-2-8D (Washington, D.C.: Government Printing Office, 1989).

4. The term "underclass," used sporadically during the last three decades, was first introduced in this country by Gunnar Myrdal in *Challenge to Affluence* (New York: Pantheon, 1962), and in his influential "The War on Poverty," *The New Republic* 150, no. 6 (1964): 14–16. For a thorough historical summary of its origins and varied definitions, see R. Aponte, "Definitions of the Underclass: A Critical Analysis," *Sociology In America*, ed. H. J. Gans (Newbury Park, Calif.: Sage Publications, 1990).

5. The rate of legal immigration to the United States in the 1980s was among the highest in its history, surpassed only by the flows of the first two decades of this century. Immigration during the first eight years of the 1980s averaged 575,000 admissions per year; the 1980 decennial census, in an estimate by J. Passel and K. Woodward, "Geographic Distribution of Undocumented Aliens Counted in the 1980 Census by States," U.S. Bureau of the Census (Washington, D.C.: Government Printing Office, 1984), enumerated nearly 2 million undocumented immigrants.

6. In the 1960s, nearly two-thirds of the legal immigrants who entered the United States annually came from Europe and Canada (45 percent and 12 percent, respectively). In the 1970s, the rate was cut in half; fewer than one-third of the new arrivals came from European nations and Canada, 28 percent and 3 percent, respectively. See L. Maldonado and J. Moore, "Urban Ethnicity in the United States: New Immigrants and Old Minorities," *Urban Affairs Annual Review*, 1987, 20. This shift was labeled the "new immigration" because of the centuries-long monopoly Europe had held on immigration to the United States. Between 1961 and 1981, legal immigrants from South America, Asia, and Africa numbered approximately 733,000, compared with 505,000 from Europe. See M. G. Wong, "Post-1965 Immigrants: Demographic and Socioeconomic Profile," in *Urban Ethnicity in the United States: New Immigrants and Old Minorities*, edited by L. Maldonado and J. Moore (Beverly Hills: Sage Publications, 1985). Like country-of-origin characteristics, the composition of immigrant skills also has changed during the past two decades. Borjas,

employing the Public Use Samples of the 1940, 1960, 1970, and 1980 censuses, shows that the gap between the skills and labor market — educational attainment, labor-force participation and unemployment rates, hours worked per year, and hourly wage rates for immigrants and natives — is growing over time, suggesting that immigrants of earlier years were more skilled than today's. See G. J. Borjas, *Friends or Strangers: The Impact of Immigrants on the U.S. Economy* (New York: Basic Books, 1990).

7. Recent immigrants locate primarily in a few metropolitan cities. In 1980, 40 percent of immigrant newcomers lived in either New York or Los Angeles. The 1980 census data for all ten metropolitan areas with the largest new immigrant populations reveal that New York City, Los Angeles, and Chicago received the largest numbers of documented and undocumented arrivals from the Third World.

8. Borjas, *Friends or Strangers.*

9. Figures are from the U.S. Department of Labor, *Handbook of Labor Statistics, Employment and Earnings 1985, Bulletin 2217* (Washington, D.C.: Government Printing Office, June 1985).

10. See J. Miles, "Blacks vs. Browns: The Struggle for the Bottom Rung," *Atlantic Monthly* 270, no. 4 (October 1992); R. LaVally, *California Together: Defining the State's Role in Immigration* (Sacramento: Senate Office on Research, 1993), Report No. 717-2; and M. Moreno-Evans, *Impact of Undocumented Persons and Other Immigrants on Costs, Revenues, and Services in Los Angeles County*, report prepared for the Los Angeles County Board of Supervisors, 1992; R. Louis and R. Parker, *A Fiscal Impact Analysis of Undocumented Immigrants Residing in San Diego County: Costs and Revenues of Significant State and Local Government Programs*, Report by the Office of the Auditor General (San Diego: Rea and Parker, 1992); R. Louis and R. Parker, *Illegal Immigration in San Diego County: An Analysis of Costs and Revenues*, Report to the California State Senate Special Committee on Border Issues (San Diego: Rea and Parker, 1993).

11. M. J. Greenwood and J. M. McDowell, *The Labor Market Consequences of U.S. Immigration: A Survey* (Washington, D.C.: Immigration Policy Group, U.S. Department of Labor, 1988).

12. V. M. Briggs, Jr., "Illegal Aliens: The Need for a More Restrictive Border Policy," *Social Science Quarterly* 56, no. 3 (1975): 477–491.

13. M. J. Piore, *Birds of Passage: Migrant Labor and Industrial Societies* (Cambridge: Cambridge University Press, 1979).

14. R. Waldinger, "Changing Ladders and Musical Chairs: Ethnicity and Opportunity in Post-Industrial New York," *Politics and Society* 15, no.4 (1987): 369–401.

15. Borjas, *Friends or Strangers;* D. G. Papademetriou, *The Effects of Immigration on the U.S. Economy and Labor Market*, Immigration Policy and Research Report 1, Bureau of International Labor Affairs, U.S. Department of Labor, 1989; Greenwood and McDowell, "The Labor Market Consequences of U.S. Immigration."

16. G. J. Borjas, "Substitutability of Black, Hispanic, and White Labor," in *Economic Inquiry* 21 (1983): 101; G. J. Borjas, "The Impact of Immigrants on the Earnings of the Native-Born," *Immigration: Issues and Policies*, edited by V. M. Briggs and M. Tienda (Salt Lake City: Olympus, 1984); G. J. Borjas, "Immigrants, Minorities, and Labor Market Competition," *Industrial and Labor Relations Review* 40, no. 3 (1987): 382–392.

17. Borjas, "The Impact of Immigrants."

18. F. L. Rivera-Batiz, S. L. Sechzer, and I. N. Gang, *U.S. Immigration Policy Reform in the 1980s: A Preliminary Assessment* (New York: Praeger, 1991).

19. Borjas, "Immigrants, Minorities, and Labor Market Competition."

20. Ibid.

21. J. Stewart and T. Hyclak, "An Analysis of the Earnings Profiles of Immigrants," *Review of Economic Statistics* 66 (1984): 2.

22. F. Bean, L. Lowell, and L. J. Taylor, "Undocumented Mexican Workers and the Earnings of Other Workers in the United States," *Demography* 25 (1988): 35–52.

23. R. Mines and P. L. Martin, "Immigrant Workers and the California Citrus Industry," *Industrial Relations* 23, no. 1 (1984): 139–149.

24. F. De Freitas, "Hispanic Immigration and Labor Market Segmentation," *Industrial Relations* 27, no. 2 (1988): 195–214; F. De Freitas and A. Marshall, "Immigration and Wage Growth in U.S. Manufacturing in the 1970s," *Proceedings of the Thirty-Sixth Annual Meeting*, 148-560, Industrial Relations Research Association, Madison, Wisconsin, 1984.

25. R. Waldinger, "Immigration and Industrial Change in the New York City Apparel Industry," *Hispanics in the U.S. Economy*, edited by G. J. Borjas and M. Tienda (Orlando: Academic Press, 1985).

26. T. Bailey, *Immigrant and Native Workers: Contrasts and Competition* (Boulder, Colo.: Westview Press, 1987).

27. S. Sassen, *The Mobility of Labor and Capital: A Study in International Investment and Labor Flow* (Cambridge: Cambridge University Press, 1987); Waldinger, "Changing Ladders and Musical Chairs."

28. S. L. Maram and J. C. King, "The Labor Market Impact of Hispanic Undocumented Immigrants: An Analysis of the Garment and Restaurant Industries in Los Angeles," study prepared for the Rockefeller Foundation, New York, 1983.

29. Waldinger, "Immigration and Industrial Change"; Maram and King, "The Labor Market Impact of Hispanic Undocumented Immigrants."

30. B. L. Lowell, "Regional and Local Effects of Immigration, Chapter 3," *The Effects of Immigration on the U.S. Economy and Labor Market*, Immigration Policy and Research Report 1, 47–95, Bureau of International Labor Affairs, U.S. Department of Labor, 1989.

31. Ibid.

32. F. D. Bean and M. Tienda, *The Hispanic Population of the United States* (New York: Russell Sage, 1987).

33. R. Waldinger and M. Lapp, "Immigrants and Their Impact on the New York Garment Industry," and T. Bailey and R. Waldinger, "Economic Change and the Employment of Immigrants and Native Minorities in New York City," papers presented to the U.S. Department of Labor Conference on Immigration, Washington, D.C., September 1988; Sassen, *The Mobility of Labor and Capital*; R. Waldinger, *Through the Eye of the Needle: Immigrants and Enterprise in New York's Garment Trades* (New York: New York University Press, 1986); Waldinger, "Changing Ladders and Musical Chairs"; Bailey, *Immigrant and Native Workers*.

34. B. L. Lowell, "Regional and Local Effects of Immigration."

35. A. Portes and R. L. Bach, *Latin Journey: Cuban and Mexican Immigrants in the United States* (Berkeley: University of California Press, 1985); A. Portes and A. Stepick, *City on the Edge: The Transformation of Miami* (Berkeley: University of California Press, 1993).

36. T. Muller and T. Espenshade, *The Fourth Wave: California's Newest Immigrants* (Washington, D.C.: Urban Institute Press, 1985); K. F. McCarthy and R. B. Valdez, *Current and Future Effects of Mexican Immigration in California* (Santa Monica: Rand Corporation, 1985); W. A. Cornelius, L. R. Chavez, and J. G. Castro, *Mexican Immigrants and Southern California: A Summary of Current Knowledge*, Center for U.S.-Mexican Studies Research Report, Series No. 36, La Jolla (San Diego: University of California, 1982); Maram and King, "The Labor Market Impact of Hispanic Undocumented Immigrants."

37. Muller and Espenshade, *The Fourth Wave*.

38. G. J. Borjas and M. Tienda, "The Economic Consequences of Immigration," *Science 235* (1987): 645–651.

39. Greenwood and McDowell, "The Labor Market Consequences of U.S. Immigration."

40. Waldinger, "Changing Ladders and Musical Chairs."

41. Ibid.

42. Ibid.

43. Ibid.

44. Dividing industries into core and peripheral sectors and occupations into segments is derived from dual labor-market theory, which proposes that the economic system is characterized by the existence of two distinct industrial sectors and four occupational segments. In the core sector, firms have oligopoly power in their product markets, employ large numbers of workers, have vast financial resources, are favored by government regulations and contracting, and employ workers who are likely to be union members. Firms in the periphery are smaller, have less influence over product markets, lack access to financial resources, and usually depend on subcontracting or retailing for larger firms. Jobs characterized in this category are low paying, nonunion, and exhibit high levels of turnover. Occupations are similarly categorized into four segments: (1) independent primary, (2) craft, (3) subordinate primary, and (4) secondary. Independent primary market jobs, which are characterized by educational credentials or state licensing of the occupation, offer a clear path for advancement, better pay, and a well-defined occupational structure. Subordinate primary jobs are characterized by the presence of unions and a technical or "machine-paced" system of labor control. Craft falls somewhere between these two categories. Secondary jobs are described as the worst, employing poorly educated workers, with high turnover, low pay, bad working conditions, and little upward integration.

45. Deconcentration refers to the departure of a group of workers from a specific segment of the labor market.

46. For a detailed explanation of shift-share methodology, see A. Bendavid-Val, "Relative Regional Industrial-Composition Analysis," in *Regional and Local Economic Analysis for Practitioners* (New York: Praeger, 1983) 67–78.

47. Latino refers to all the census-defined Hispanic subgroups — Puerto Ricans, Cubans, Central and South Americans — in the aggregate, except for Mexicans, who are analyzed separately and referred to as such.

48. I am limited to these two data sets because although other data, e.g., the Current Population Survey, may be more current, they do not have a large enough sample to analyze Latinos or Asians in specific labor markets in single SMSA regions. The decennial census, despite well-known and documented criticisms, is nonetheless unique for the detailed data it provides on ethnic, industrial, and occupational characteristics.

49. This is, of course, true in absolute numbers and proportionally because whites are by far the largest employed group in Los Angeles.

50. C. Tolbert, P. M. Horan, and E. M. Beck, "The Structure of Economic Segmentation: A Dual Economy Approach," *American Journal of Sociology* 85, no. 5 (1980): 1095–1116.

51. It is important to distinguish between complete and partial displacement because the former is an instance in which all three native groups have been displaced in a particular industry while the latter includes the displacement of one or two native-born groups. Nonetheless, I combine these two patterns to get an overall displacement trend while acknowledging that this combination is not as accurate — some native-born groups in an industry in this category may actually be gaining jobs — as if it were analyzed individually.

52. The exception to this pattern is for native-born whites in Los Angeles.

53. I aggregated the displaced row category to include the three displacement patterns (1–3), and the complementarity row category includes the two complement patterns (4 and 5) as discussed above.

54. D. M. Gordon, R. Edwards, M. Reich, *Segmented Work, Divided Workers: The Historical Transformation of Labor in the United States* (Cambridge: Cambridge University Press, 1982).

55. "Expected" growth rate calculates the number of jobs each group would have gained had gains been proportional to the growth experienced by the overall regional economy during this period, when Los Angeles employment grew by about 9 percent, from 3,948,900 jobs in 1970 to 4,298,860 in 1980.

56. Waldinger, "Changing Ladders and Musical Chairs."

57. Ibid.

58. Individual analysis of the five job competition patterns is important because it describes different types of displacements and complements. For example, the partial displacement category underemphasizes the overall displacement subcategory because it describes a situation in which only one or two native groups have experienced loss in their employment share, while one, two, or three immigrant groups have gained. Likewise, complete complementarity describes a situation in which both the native and immigrant population gain in their employment share while the complementarity owing to immigration describes a situation in which natives gain in their employment share while immigrants lose. It is important to distinguish between these two complementarity scenarios because the latter shows that immigrants can also be displaced in the job competition debate.

59. Borjas, *Friends or Strangers*; Greenwood and McDowell, "The Labor Market Consequences of U.S. Immigration"; L. J. Simon, *The Economic Consequences of Immigration* (Boston: Basil Blackwell, CATO Institute, 1989); R. D. Reischauer, "Immigration and the Underclass," *Annals of the American Academy of Political and Social Science* 501 (1989): 120–131.

60. J. Kirschenman and K. M. Neckerman, "We'd Love to Hire Them, But . . . The Meaning of Race for Employers," in *The Urban Underclass*, edited by C. Jencks and P. E. Peterson (Washington, D.C.: Brookings Institution, 1991); J. Kirschenman, "Gender Within Race in the Labor Market," paper presented to the Urban Poverty and Family Life Conference, University of Chicago, October 1991; K. Neckerman, "What Getting Ahead Means to Employers and Disadvantaged Workers," paper presented to the Urban Poverty and Family Life Conference.