DOCUMENT RESUME

ED 274 736 UD 025 133

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TITLE	Report to the Ford Foundation by the Task Force on Economic Well-Being and Employment.
PUB DATE	20 Jul 83
NOTE	46p.
PUB TYPE	Reports - Research/Technical (143)
EDRS PRICE	MF01/PC02 Plus Postage.
DESCRIPTORS	Elementary Secondary Education; Employment Patterns; Ethnic Discrimination; Health; Higher Education; *Hispanic Americans; *Immigrants; Population Trends; Public Policy; *Research Needs; Trend Analysis

ABSTRACT

A research and policy agenda for addressing issues related to the Hispanic worker in the United States is provided in this report, which was prepared by the Ford Foundation's Task Force on Employment and Economic Well-Being. First, the theoretical basis of the Task Force's recommendations is outlined. This was based on the observation of three trends: the historically lower social and economic characteristics of Hispanics in the United States; the restructuring of the economy (associated with the decline of manufacturing and the rise of high-tech industry); and the demographic restructuring of the labor force (which has widened the gap between high-paying, "professional" jobs and low-paying service jobs). Following this discussion, six recommendations are presented and discussed: (1) research should be conducted at all appropriate sub-ethnic, regional, migration status, and industry levels (to ensure the identification of relevant problems and solutions); (2) international studies should be made of labor flows from Latin America and Mexico to the United States and their impact on the employment of American Hispanics; (3) analysis of the relationship between Hispanic workers and organized labor should be funded; (4) the abilities of the Job Partnership Training Act programs to provide employment opportunities for Hispanics in all sectors with regionally-oriented programs should be studied; (5) priority should be given to programs which encourage research on the relation of Hispanic small businesses to community development; (6) research should provide a theoretical framework and empirical analysis of how macro- and micro-dimensions of the labor market differentially structure worker-employer outcomes. Two appendices include a list of Task Force participants and summaries of working sessions on Hispanic businesses and entrepreneurship, Hispanic immigrant labor, training and labor market discrimination, and statistical data on questions of labor market outcomes. (KH)

Report to the Ford Foundation

by

The Task Force on Economic Well-Being and Employment

July 20, 1983

Prepared by

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TASK FORCE BACKGROUND

The purpose of the Task Force on Hispanic Employment and Economic Well-Being was to consider the role of the Hispanic worker in the United States and to develop and prioritize a research and policy agenda which addresses key research gaps in this general area. Deliberations which led to the development of this task emphasized the need to develop a research and policy agenda which would integrate macro-level factors, such as the changing occupational structure of the United States economy, with micro-level factors, such as individual achievement.

The range of issues which fall under the rubric of "Employment and Economic Well-Being" is so broad that a strategy of defining subtopics was adopted to take advantage of specialists in the respective fields, as well as to make manageable the task of integrating macro and micro-level dimensions. Six subtopic areas were thus developed, of which the following four were elaborated.

Hispanic Immigrant Labor - The purpose of this topic was to consider the present and future role of immigrant workers from Latin American and Mexico in the U.S. economy.

Labor Market Discrimination - The focus of this topic was to be on the factors which influence Hispanic employment outcomes (i.e., employment, unemployment, full time vs. part time, etc.)

Training and CETA - The purpose of this topic was to consider the relationship between job training programs and employability.

Entrepreneurship and Small Business Development - The purpose of this topic was to consider policy strategies for the development and expansion of Hispanic small businesses.

Selection of Participants

Selection of task force participants proceeded along several concurrent lines. The advisors to the Ford Foundation in a round table session developed lists of suggested participants for each of the five task forces. The proposed participant list for the Task Force on Employment and Economic Well-Being was amplified to assure participation from individuals with varying degrees of experience, relevant areas of expertise, and sectors of influence (i.e., academic, governmental and practitioner). Appendix A lists the participants for each of the subtopic areas.

Task Force Process

As proposed to the Ford Foundation, the process followed by the task force was to convene meetings of appropriate individuals in each of the subtopic areas to deliberate the major issues of the area and to collectively develop specific research and policy recommendations. An additional final session was planned to integrate the discussions and recommendations of each of the subgroups into a final report to the Ford Foundation.

During the preliminary discussion related to each subgroup meeting, it was clear that the concepts related to one particular subtopic area, "Labor Market Processes and Structures", in fact, represented an overarching framework for the entire issue of Hispanic employment and economic well-being. Thus, it was decided that discussion on this topic should evolve out of the deliberations of each of the other subtopic areas and be used as the framework for the final report of the task force.

Four meetings of subtopic areas were planned and held. In chronological order, they were: "Entrepreneurship and Small Business Development", "Hispanic Immigrant Labor", "CETA and Job Training", and "Labor Market Discrimination."

The crucial element of the process of this task force was in the preparation for each of the meetings on the four subtopics. Prior to each meeting, each selected participant was contacted and lengthy discussions were held on the topic area to develop the meeting agenda. These discussions with each participant several weeks in advance of the actual meeting allowed us to gain a sense of the issues each participant considered most important. We then developed, in continuing discussions with each participant, an agenda for the meeting structured around these crucial issues. These pre-meeting discussions and the resulting agendas ensured that all participants arrived at the meetings prepared to deliberate the issues identified as the most important, and thus provided the basis for focused discussions that led to rapid consensus on specific research and policy recommendations. After each meeting, a summary of the recommendations was circulated to participants for comments. Using these comments, we prepared the four reports included in Apendix B of this summary.

The preparation of this report involved integrating the structural issues discussed at each of the four meetings with the specific research and policy recommendations of each subgroup. As it turned out, the changing structure of both the international and domestic economy was the issue which framed the deliberations and recommendations of each of the subtopic groups. This issue was most expansively articulated by the subgroup on "Hispanic Immigrant Labor", and thus it was decided to expand the framework which evolved from this session into the framework for the recommendations of the task force as a whole. Several members of the subgroup on "Hispanic Immigrant Labor" were then enlisted into the effort of developing the framework which came out of that meeting into a framework for the task force's final recommendations for research and policy. That framework and the recomendations of the task force constitute the following sections of this report.

THEORETICAL BASIS AND FRAMEWORK

The United States is undergoing a major restructuring of its economy. This restructuring process has been referred to by some as the shift from a smokestack economy to a "high-tech", or information, economy. While the heated debate regarding the benefits and ramifications of this process will continue for many years, most agree that the restructuring process is changing the national occupational structure and the nature of work.

The lower social and economic characteristics of Hispanics in the United States have been recognized for some time. If Hispanics are to improve their socio-economic status throughout the 1980's, the strategies and tactics for making those improvements must be based not upon the economy of the 1970's, but rather upon the emerging economy of the 1980's. More specifically, these strategies and tactics must emerge from an examination of the implications and possibilities of the changing economy for Hispanics.

The Task Force on Employment and Economic Well-Being undertook the task of systematically considering the role of Hispanic workers on a societal, workplace, and individual level within the context of the emerging economy. In its discussions, the task force focused upon the implications and possibilities of the changing economy for Hispanics with respect to the selected topic areas. This section briefly discusses some of the most important economic trends and then outlines some of the implications for Hispanics.

Emerging Patterns of Growth

The present transformation of the United States economy involves patterns of growth and decline significantly different from those of the immediate post-World

War II period. Three closely interlinked processes are central to these new patterns of growth and decline: the technological transformation of work; the decentralization of manufacturing and office work; and the internationalization of the economy generally. Taken together, these processes are giving rise to a restructuring of industrial, locational, and occupational patterns. As a result, industrial sectors, geographic areas, and occupational categories, which now account for a significant share of growth in the U.S., are, to a large extent, not those once central to economic growth in the United States. Briefly, these new growth patterns involve: a) the expansion of centers for the production and export of advanced services, including finance, management and other technical services; b) the growth of high-tech research and production centers; c) the expansion of a high-income stratum of professional, technical and managerial occupations; and d) the dramatic increase in demand for low-wage jobs. As reports on the so-called "rust bowl" indicate, these growth patterns have operated to the disadvantage of a large number of middle-sized and small urban areas dependent upon the old manufacturing complex that was once the primary sector of the U.S. economy. These changes have also been disadvantageous to a large stratum of middle-income white and blue-collar workers whose jobs have been eliminated by the decline of the old manufacturing complex and the technological transformation of work.

Changes in Industrial Patterns

The technological transformation of work has made possible the decentralization of manufacturing and office work and accelerated the internationalization of the economy. This process is illustrated by large corporations, which are becominng increasingly larger and more complex, as well as government, which is faced with a

more complex environment in terms of regulatory issues, provision of basic infrastructure, research, and so forth. Size and complexity have increased the need for centralized management and control functions by corporations and government. This, in turn, has given rise to the growth of specialized producer services, the most dynamic sector in the economy today.

The technological transformation of work has also enabled high-tech industries to become the second largest growth sector in the United States. Technological transformation is, to a great extent, the computerization of work, and computerization is the microprocessor. Both in its most simple and complex forms, the microprocessor has become the latest basic industry in highly developed economies. It is around the development, production and use-designs of the microprocessor that the high-tech industries have emerged. Computerization makes possible the expansion of industry across urban areas, across regions of the country and across international borders.

Changes in Locational Patterns

Given the significance of producer services and high-tech industries for the 1980's, it is significant to note that these have distinct spatial patterns. For a variety of reasons that can be grouped under the notion of agglomeration economies, producer services tend to concentrate in major urban centers. Some of these cities, notably New York and Los Angeles, are global centers for the production and export of these services. Others, notably Houston, Denver and Atlanta, are regional centers. It is worth noting that the export of producer services is the fastest growing export in the United States and that income from sales abroad represents between thirty and sixty percent of income for the leading firms in various kinds of services.

High-tech industries have tended to cluster in areas with abundant supplies of both highly-trained technical personnel and low-wage labor for production and assembly, such as California and Texas. Hispanic workers are heavily represented in most of the regions of the country or metropoiitan areas which are key centers for producer services or high-tech industries.

Changes in Occupational Patterns

In occupational terms, producer services and high-tech industries reveal a strong tendency towards polarization, with concentrations of jobs either in high-income, high-skill jobs or in low-income, low-skill jobs. While manufacturing has the highest concentration of jobs in medium income sectors, producer services has almost half its jobs in the next to lowest earnings class and a third of its jobs in the highest paying earnings class. Likewise, high-tech industries generate a moderate supply of very high-income professional and technical jobs and a vast supply of low-wage assembly and production jobs. Many of the latter jobs have, in fact, been shifted to overseas to low-wage countries as part of the increasing internationalization of the economy.

There has also been an expansion of low-wage jobs in the manufacturing sector, as a result of the expansion of sweatshops and industrial homework and the technological transformation that has induced a downgrading of a variety of jobs. These trends, plus the rapid growth of high-technology industries characterized by a large share of low-wage jobs in production, have expanded greatly the supply of dead end, low-wage jobs. These trends also entail a disenfranchisement of workers, as reflected by the drop in levels of unionization most visible in areas with rapid growth in high-tech industries such as Los Angeles and Orange Counties.

In sum, labor demand is polarizing into two divergent trends. First, there has been a pronounced expansion in the supply of high-income professional and technical jobs associated with the growth of the advanced services and headquarters complex in areas such as New York and Los Angeles and the major regional centers, further fed, in the case of Los Angeles, by high-tech industries. Besides the increase of such jobs associated with the growth of these sectors, the technological transformation of the work process has upgraded a vast array of what used to be middle-income jobs. Second, there has been a pronounced expansion of low-wage jobs associated with the recomposition of industry, an outcome of a) the technological transformation of the work process which has, besides upgrading, also downgraded a vast array of jobs through the transfer of skills into machines and, b) changes in the industrial mix, notably the decline of older, established maufacturing industries and the rise of high-tech industries.

IMPLICATIONS

The obvious implication of these trends is that Hispanic workers must be prepared for the changing employment structure of the emerging economy. It is possible to document a long-term structural problem by which Hispanics have been left behind during major changes in the economic structure of the United States. For example, Hispanic agricultural workers were displaced by the mechanization of agriculture, moved late into the industrial structure, and then occupied the lower ends of the occupational strata. If Hispanic workers are not to be left behind once again, then significant efforts must be made to carve out a niche in the emerging occupational strucutre. Such efforts clearly involve the appropriate orientation of job training programs, small business development, and labor organization.

At the same time, however, it must be recognized that the emerging growth sectors, as yet, represent a relatively small proportion of all jobs and that the magnitude of their future role in the U.S. economy is not clear. The overwhelming majority of jobs are not in the new growth sectors. Most of the economy is stable and the issue for Hispanics remains the same as always: their relatively high unemployment rate, especially among Hispanic youth, their undereducation and lack of appopriate job skills, and their concentration at the lower ends of the occupational strata where mobility is limited or non existant.

Moreover, although much has been said about the national decline of the manufacturing sector, predictions of the demise of durable goods manufacturing may be premature. The resurgence of the auto industry is one indicator that at least some of those industries presumed to be in decline may be capable of adapting to changing economic circumstances through automation and retooling of their production processes. If so, a significant issue is the extent to which these industries will retrain their present work force which, particularly in the Midwest, includes many Hispanics.

At least as profound an issue as the restructuring of the economy is the restructuring of the labor force. There are strong demographic indications that Hispanics will represent an increasing share of the available work force of the future. While often overlooked, the difference in median age of the majority of the population and Hispanics is about eight years. Thus, the future labor force will consist of a relative aging Anglo labor force and a proportionately higher share of youthful, minority, entry-level workers. The logical assumption is that these entry level workers will fill jobs as they are vacated by the older labor force. However, given their present levels of undereducation and lack of appropriate job skills, Hispanic entry-level labor is unprepared to occupy many of these jobs, either in the relatively

stable sectors of the economy or in the new growth sectors and may face increasing competition from immigrants for low-wage jobs requiring few skills.

It is with these trends in mind, that is, the historically lower social and economic characteristics of Hispanics in the United States, the restructuring of the economy, and the demographic restructuring of the labor force, that the Task Force developed the following recommendations.

RECOMMENDATIONS

A great deal of research is needed regarding the present Hispanic labor force. All such research should analyze the major ethnic subgroups (i.e., Mexican origin, Puerto Rican origin, etc.) separately. Historically, each ethnic subgroup has had distinct patterns of occupational entry, concentration and mobility. Such research should also be conducted at appropriate regional and industry levels to ferret out patterns hidden within national statistics. Still another significant level of analysis is to compare the occupational strata of native-born, long-term resident and immigrant Hispanics. These categories may also be linked through appropriate intergenerational studies.

Recommendation 1: That the research suggested by the Task Force on Economic Well-Being and Employment be conducted at all the appropriate sub-ethnic, regional, migration status, and industry levels to ensure the identification of relevant employment issues, problems, and solutions.

Immigrant Labor

The present patterns of growth and decline have significant implications for the status of Hispanics in the U.S. economy during this decade. One of the most

controversial of these has to do with immigrant labor. It is important for policy purposes to recognize that immigrants are filling low-wage jobs primarily created by economic growth, rather than by economic decline. It is a misconception that low-wage jobs are primarily generated in declining sectors and that immigrants mostly provide labor for these sectors, which, in the absence of cheap labor, would not survive. It is the expansion of low-wage jobs generatd by major growth sectors that is a key factor in the continuation at ever higher levels of the current immigration.

This fact raises two major questions for policy and research. First, what is the link between the changing international economic and social conditions in Mexico and Latin America and the nature and magnitude of immigration flows? Secondly, what impact do immigrant flows have on the domestic economy and on employment opportunities for domestic workers? Presently, too little is known about the direct and indirect displacement of present workers or job-seeking Hispanics with equivalent job skill levels.

Given these questions, the Task Force on Employment and Economic Well-Being suggests:

Recommendation II: An immediate funding effort to encourage international studies of labor flows from Latin America and Mexico to the United States and the impact of immigrant workers on the employment of native-born Hispanics, long-term Hispanic residents of the United States and non-Hispanic workers.

Hispanic spokespersons have expressed displeasure with many of the blatantly stereotypic and xenophobic statements which place the blame for unemployment and general economic recession on Hispanic immigrants. Because the general public cannot distinguish between immigrants and non-immigrant Hispanics, these negative viewpoints have an overlapping impact upon all Hispanics in the United States. The

best method to counter these negative statements is not with countercharges, but with empirical research regarding the role of Hispanic immigrant labor, its relation to changes in the domestic economic structure, and to employment prospects for native-born Hispanics, long-term Hispanic residents, and non-Hispanic workers.

Studies are needed in host countries of Latin America, particularly Central America, which follow immigrants to the United States (and return) and attempt to understand the perceptions of employment opportunities in the United States and the methods of recruitment and job search. How these patterns may differ from native Hispanic workers needs to be understood. Studies also need to be made of the levels of initial employment by type of job and firm, the attempts to segregate Hispanic immigrant workers from other workers, the opportunities for job mobility, promotion and patterns of layoffs. Additional studies are also needed to understand the attitudes of union officials to Hispanic immigrant workers, the means used to unionize immigrant labor and the possiblity of jointly organizing immigrant and native-born workers. Whether past experience with governmentally-sponsored unions typical of Mexico and other Latin American countries affect immigrants' responses to unions in the United States needs to be investigated as well. The role of Hispanic small businesses should also be investigated in terms of hiring Hispanic immigrant labor. Job development training programs are normally not available to non-U.S. residents. The means by which immigrants obtain training through informal means would be informative in developing training strategies for all Hispanics.

Finally, attention must be given to regional differences in immigrant flows. Of particular interest are Puerto Rican Island and Mainland labor flows. While Puerto Ricans are not technically regarded as immigrants, but rather as migrants, the actual labor flows are distinct in ways more significant than their proper legal definition.

The economic ties between the mainland and the island economy may be utilized as a model of the impact of economic dependency between nations and its repercussions on labor flows, wage rates, twin industries, and the effects of tariffs on Hispanic workers. As U.S. industries continue to internationalize, Puerto Rico may serve as a lesson of approaches to economic development to reinforce, reconsider or avoid altogether. Mexico, Guatemala, El Salvador and other Latin American nations each present distinct labor flows which need to be considered on a country-to-country basis while recognizing their collective impact. It is the general agreement of all participants that the methodology for studying any of the questions be multileveled.

Organized Labor

Recommendation III. As the future U.S. economy comes to depend upon low-wage Hispanic labor, the improvement of their economic condition will focus upon efforts to organize this sector of the labor force. A major funding effort is requested to analyze the relationship of organized labor to Hispanic workers.

Presently, the vast majority of Hispanic workers are still in the lower levels of the occupational spectrum. As indicated above, a few of the more fortunate, better-trained Hispanics will have multiple occupational opportunities in the near future. Most Hispanic workers will continue to seek jobs in the ever-growing service sector. While these jobs have limited mobility, are repetitive and of an assembly nature, they represent countless opportunities for Hispanics to gain some degree of eocnomic stability. Wages in and of themselves, however, will probably remain level or show little increase over time due to international competition from other low-wage countries. Thus, organizing workers, particularly those in major growth areas, becomes a crucial element to improving the economic well-being of Hispanic workers.

Non-wage benefits gained through collective bargaining could serve to improve the status of Hispanic workers. A major policy concern for a decade will be that of improving the well-being of workers without losing their jobs to low-wage countries or encouraging "runaway industries". Hispanic workers' past experiences with organized labor and the changing roles of organized labor require empirical attention.

Studies are needed to understand the role of unions in the areas where Hispanics are concentrated. The design of such studies must take into account the significant differences between the experiences of Puerto Ricans in the New York metropolitan area, which has a long history of uionization, and Mexican-origin persons in the Southwest, the states of which have historically been "right to work". How these past histories impel or inhibit Hispanic workers to act collectively needs to be analyzed. The role of immigrant workers also needs to be reviewed. The use of low-cost immigrant labor to impede unionization efforts has been noted, but less notable are the successful efforts to unionize immigrant labor and to upgrade those positions. Unions also need to be studied in terms of their willingness to open doors for Hispanic workers by means of apprenticeship programs and membership. The willingness of unions to undertake advanced training and placement of trainees from job development programs also needs to be considered.

Recent efforts by U.S. unions to interact with unions in Mexico and Latin America have met with limited success. Whether the possibility exists for binational union membership in the future should also be considered as one which could change the face of international labor flows.

Without a doubt, the relationship between unions and Hispanics in the emerging economy should be the foci of serious study and analysis to understand the future economic well-being of Hispanic workers. Organizing efforts of Hispanic workers

primarily employed in declining firms will likely result in firm closures and the loss of those jobs. Whether these Hispanic workers migrate to other areas, await new developments, or take other jobs, may be less important than the attitudes that emerge toward unionization efforts and loss of jobs. Will they be less reluctant to unionize thereafter? By contrast, unions may be more successful in raising the cost of Hispanic labor in the growth sector industries without threatening the survival of these firms. These workers may be expected to have more positive attitudes; however, they are also likely to be annoyed by the lack of aggressiveness on the part of unions who are under constant pressure from foreign competition, as well as from the ongoing internationalization of U.S. industries, which continue to place the most labor-intensive aspects of production in low-wage countries. How organized labor and low-wage Hispanic labor face the future together or apart must be a high-priority area for research and policy.

Job Training

The importance of job training for Hispanics has previously been indicated. Job training programs in the United States are in a state of flux given the reorientation of the Comprehensive Employment and Training Act (CETA) into new legislation, the Job Partnership Training Act (JPTA). Hispanic spokespersons consider the impacts of CETA upon Hispanic workers as generally positive and successful.

Recommendation IV: The restructuring of the economy appears to imply some reorientation of job training programs from old growth sectors to producer services and high-tech sectors as well as certain kinds of service sector occupations. JPTA programs should be analyzed for their abilities to provide employment opportunities for Hispanics in all sectors with regionally-oriented programs.

Undoubtedly, monitoring of JPTA will be undertaken by the Department of Labor; however, there are several crucial studies regarding job training which exceed the immediate concerns of the Department of Labor. While job training programs must first be concerned with individual employment, studies need to be conducted that consider the long-run stability of the family and the community in which these workers reside. The relationship between individual economic well-being and community development needs investigation to take advantage of the linkages. JPTA also relies upon public-private sector councils to guide the training programs and to provide meaningful job placement services. The relationship of these councils to the local Hispanic community also needs to be reviewed to assess the sensitivity that these councils have for the employment barriers that Hispanics face in the emerging economy. Finally, job training programs must take into consideration regional differences in industrial and occupational structures. Job training programs would be expected to differ between regions; however, it should also be expected that the design of these programs will take into account the distinct Hispanic groups, their characteristics, such as Spanish language usage, and the influx of immigrant groups.

Small Business Development

The future role of Hispanic small business development should be viewed in terms of the changing status of the Hispanic labor force, the emerging economy, and job development. Hispanic small businesses are emphasized here as one of several stabilizing factors which are capable of creating jobs, providing economic opportunities, developing community leadership, and enhance the development of the community.

Small businesses are perhaps best able to provide transitional work opportunities for Hispanics. While most small businesses have limited promotion and mobility possibilities, even short-term employment can provide new workers with meaningful work experiences, new skills, and act as a point of departure for other employment opportunities. Several observers have noted that Hispanic small businesses usually employ other Hispanics. This role, along with the growth of the economic base provided by small businesses for community development, has been overlooked by researchers.

Recommendation V; Programs to encourage research on the relation of Hispanic small businesss to community development are to be given priority in research and policy development.

At present, too little is known and understood regarding the role of successful businesses and management's sense of accountability to the local community. Small businesses which manage to penetrate the high-tech and producer-service sectors should be studied for lessons as to how best to adapt to the changing economy. Also the relationship between Hispanic small businesses and non-Hispanic businesses need to be investigated to understand the formal and informal mechanisms by which these businesses negotiate fair and just agreements. Immigration is also of concern here. Immigrant labor may play a significant role in these businesses and immigrants often serve as the primary market for some businesses. The nature of these ethnic-oriented businesses in meeting the product needs of newly-arrived immigrants also needs to be analyzed.

In sum, research on Hispanic small businesses provides a means by which the interrelat[illegible]s between one aspect of the economic structure can be tied to commu[illegible]pment.

Labor Market Discrimination

The barriers to employment for Hispanics must be understood within the context of education, immigration history, ethnicity, job training, employer biases, and unionization - all ultimately structured by, and inseparable from, the industrial, locational and occupational patterns that are part of the emerging economy. Studies which utlilize a broad viewpoint regarding labor market discrimination must be given priority.

Recommendation VI: Funding should be provided to encourage research which develops a theoretical framework and which empirically analyzes how macro- and micro-dimensions of the labor market differentially structure worker/employment outcomes.

Past research has provided an understanding regarding the individual (human capital) factors related to employment outcomes. Studies are now needed which link individual factors to job recruitment, employer biases, and within-firm interactions which enhance or inhibit employment, placement, and promotion within firms. Also, studies are needed that recognize regional differences and ethnic differences among Hispanic groups. Finally, gender differences should be considered at all levels of analysis.

The methodological issues surrounding the measurement of discrimination have been, and will remain, problematic. However, the complexity of the issue should not be allowed to discourage research, but rather used to challenge innovative research on this topic. Particular emphasis should thus be given to research proposals which seek to verify discriminatory patterns using methodologies not normally associated with these type of studies.

Policy Group in Hispanic Economic Well-Being and Employment

A review of the above discussion indicates that the well-being and economic status of Hispanics is inseparable from the large and complex changes taking place in the U.S. economy. Hispanic advances in socioeconomic status will depend, as always, upon micro-level efforts such as personal incentives, creation of opportunities, and matching of ability to job skills. While the individual worker or job seeker is more immediately concerned with such efforts, improvement in the well-being and economic status of Hispanics as a whole will require a perspective of individual achievement within the context of the changing economy.

Recommendation VI: To assist in the development of that global perspective, this task force recommends the formation of a Policy Group on Hispanic Economic Well-Being and Employment.

The purpose of this Policy Group would be threefold:

1) The first purpose of the Policy Group would be to prepare reports which focus on the consequences of the changing economy for Hispanic workers. Given the universal nature of the changes in the economy, there will be many efforts by public officials, economists, and policy makers to analyze and consider the consequences of these changes. A major role of the Policy Group would be to review and synthesize these publications into reports focusing on the consequences for Hispanic workers, immigrant workers, job seekers, etc. The level of sophistication would be minimized so that these reports can be disseminated widely, with the concerned citizen and citizen groups being the target audience.

2) The second purpose of the Policy Group would be to serve as an information source on Hispanic concerns for funding agencies, departments of the federal

government, congressional appropriations committees, and program agency heads. As such an information source, the Policy Group would focus on the economic status of Hispanic workers in the expanding economies of the Southwest and Southeast, the stagnant economy of the Midwest and the shifting economy of the Northeast. Efforts would be made to detail the contrasts between these areas so that policy makers can have access to materials which outline the heterogeneity among regions, ethnic subgroupings and metropolitan areas. In short, the heterogeneous needs of Hispanics located in distinct areas of the nation would be emphasized to avoid a single approach to the problems of Hispanic economic well-being in the United States.

3) The third purpose of the Policy Group would be to serve as a communication link between the federal government and Hispanic groups. As such, the role of the Policy Group would be two-fold. The first would be to review and disseminate information on federal legislation which may impact Hispanics. Recently legislation regarding immigration reform, job training and employment, small business development, urban enterprise zones and aging, among others, have been discussed and, in some cases, enacted. There does not exist, however, a central location for analysis of the consequences of such legislation for Hispanics nor for dissemination of such information to Hispanics. It is this gap which the Policy Group would fill.

The second role of the Policy Group would be to serve as a forum where legislators and Hispanic leaders can interact to discuss the consequences of legislation before it is enacted. This forum can play a crucial role in facilitating communication between policy makers and Hispanics, especially when the consequences of proposed legislation are unclear.

CONCLUSION

This report does not attempt to list all the possible studies, but rather attempts to illustrate the need for research in several crucial topic areas which emanate from the theoretical framework. This report also points to the need for multileveled studies (i.e., at the national, regional, state, local, and individual levels), using varied methodologies (e.g., survey, longitudinal panels, ethnogrpahic case studies, etc.) for regional economies of the Southwest, Midwest, Northeast and the Southeast to fully probe the present and future role of Hispanic labor in the United States economy.

APPENDIX A

Task Force Participants

I. Hispanic Business Enterprise and Entrepreneurship

Leo Estrada - UCLA

Luis Aranda - Arizona State University

Eileen Aranda - Arizona State University

Steve Happell - Arizona State University

William Flewellyn - Small Business Development Center

Antonio Furino - University of Texas at San Antonio

II. Immigrant Labor

Leo Estrada - UCLA

Saskia Sassen-Koob - CUNY

Rebecca Morales - UCLA

Robert Bach - State University of New York at Binghamton

Gil Cardenes - University of Texas at Austin

Rudolfo de la Garza - University of Texas at Austin

III. Training and Ceta

Leo Estrada - UCLA

Fred Romero - Department of Labor

Carol Jusenius - National Commission or Employment Policy

Roger Granados - La Cooperativa

Sue Berryman - Rand Corporation

Henry Santiestevan - Santiestevan and Associates

Tony Gomes - SER-Jobs for Progress

IV. Labor Market Discrimination and Statistical Data Needs

Leo Estrada - UCLA

Marta Tienda - University of Wisconsin at Madison

Carol Jusenius - National Commission for Employment Policy

Robert Bach - State University of New York at Binghamton

Richard Santos - University of Texas at Austin

George Borjas - University of California at Santa Barbara

Marc Rosenblum - EEOC

APPENDIX B

Summaries of the Working Sessions of the Task Force on Economic Well-Being and Employment

Report of the Task Force

on

Hispanic Business Enterprise and Entrepreneurship

The task force on "Hispanic Business Enterprise and Entrepreneurship" met on January 11, 1983 at Arizona State University in Tempe, Arizona. Task force members included Leo Estrada (convenor), Luis Aranda (ASU), Eileen Aranda (ASU), Steve Happell (ASU), William Flewellyn (Small Business Development Center), and Antonio Furino (University of Texas at San Antonio).

The objectives of the task force were to consider policy strategies conducive to the development and expansion of Hispanic small business.

Hispanic-American business has much in common with other minority-owned enterprises as well as small business in general. The scarcity of information on small business and on minority firms has made certain generalizations inevitable, but new evidence on minority and non-minority small enterprises and on the peculiarities of minority sub-groups is emerging and points toward novel directions for policy and future research.

The business viability of minority enterprises has become an issue in major areas of public and private sector policy. Critics attacking traditional government assistance to ailing minority businesses as ineffective and wasteful have left present-day decision makers with difficult choices and inevitable political liabilities.

In the early 1970's, researchers began the systematic investigation of minority firm behavior, but their findings were biased by limited samples. Information on minority business activity at the "micro" level was a by-product of loan programs

targeted to socially or economically disadvantaged business persons. Inevitably, investigations based on that data uncovered high a incidence of loan defaults and marginally viable business enterprises. In 1979, a research project, funded by the then Office of Minority Business Enterprise, created a new data base containing, for the first time, larger and more viable minority businesses in sufficient number to allow the study of minority firm profitability, debt, liquidity, and asset management. Comparision of the studies conducted during the early 1970's with the recent investigations strongly suggest that the future of minority business development rests on programs directed to viable, aggressive and potentially successful minority entrepreneurs.

A new set of hypotheses, as interesting as they are dissimilar to those found in traditional discussions on minority business, are emerging from the recent research findings.

A) A population of aggressive, success-hungry, risk-taking, highly leveraged and profitable minority firms is emerging in non-traditonal lines of minority business activity.

B) These firms compensate for limited access to capital with production processes more labor-intensive than those employed by their non-minority counterparts. The high employment multiplier characterizing minority growth industries increases the economic and social benefits to be derived from expanding minority business enterprises.

C) Many of these firms fail because their size and financial structure make them highly vulnerable during the "pulsating" phases of business development and the inevitable swings of the business cycle, and not because of lack of business acumen or potential.

D) Higher business formation rates, sustained growth, and lower failure rates for minority enterprises can be atained by reaching these success-bound firms and facilitating positive economic forces already at work.

Given these hypotheses, traditional viewpoints should be re-examined and minority business development justified as an effective way of nurturing values essential to the maintenance and prosperity of a free-market economy while investing in high-return business ventures. In this context, minority business development becomes part of a broader strategy of societal welfare. Moreover, successful Hispanic businesses offer important role models and serve as important linkages between the Hispanic community and other groups. Such an approach to Hispanic business development would thus directly contribute to the well-being and development of Hispanic communities.

Following this approach, the task force recommended a mix of reseach efforts and programs aimed at Hispanic business development. They may be considered separately or in combination with some or all of the others.

I. Research

It is imperative for effective policy on Hispanic business development that there be adequate research and testing of the hypotheses discussed above. The intellectual

challenge of reconciling minority business behavior to the theory of the firm is that of drawing a realistic profile of the minority business universe consistent with constructs of micro-economic theory. This task has been impaired by data limitations. Findings from recent research provide evidence that certain groups of minority businesses are viable, successful, and have a propensity to grow, but, also, that their financial profiles and business environments differ from those of their non-minority counterparts. These differences are related to differences in ownership, firm size, factors endowment and access to capital markets not clearly identified in the theoretical framework economists normally use to describe and predict firm behavior.

Recent research has provided insightful, but segmented, views of minority business behavior. A need exists for a careful review and evaluation of the research literature, for a synthesis of the theoretical implications of the research findings, and for the systematic construction of a conceptual framework capable of directing policy and future research. A plan to pursue this objective through research spanning a period of several years should be drawn.

As a first step, research should focus on developing a directory of Hispanic small business which would include information on age of business, Standard Industrial Classification, market use, sales, employment, background of managers and owners, and legal status. The information available from Minority-Owned Business is insufficient to understand factors related to expansion, success, failure, etc. A directory would enable researchers to access, more productively, other data bases, enrich secondary data, and seek additional primary information. As a result, researchers would be able to monitor failures and identify factors of failures which are particular to Hispanic or minority small business. This information would be an essential contribution to the design of policy directed at the development and

maintenance of Hispanic enterprise. Although a directory would quickly be dated, efforts to update would be less costly once base information is gathered.

II. New Centers modelled after the Small Business Development Center (SBDC) initiative are needed in areas with high levels of Hispanic business. SBDC's are currently government-funded programs (housed in universities) aimed at assisting small businesses though general education, training and technical assistance. At present, most SBDC's are located in the eastern and southeastern United States. With the exception of an SBDC currently projected for Texas, no center is operating in regions where most Hispanic-American businesses presently exist. Due to the complex process of establishing SBDC's, an initiative is needed to bring together the parties who should be applying for the funds to establish these programs.

III. Centers patterned after the National Science Foundation's (NSF) Innovation Center Experiment should be supported to assist the emerging entrepreneurship of Hispanic-American businessmen.

The National Science Foundation began the Innovation Center Experiment in 1973 in order to assess the ability of universities to nourish a deliberately pragmatic effort to increase American entrepreneurship and innovation. The experiment was concluded in 1981 and is now under evaluation.

The objective of the Innovation Centers as stated by the NSF Program was "to determine if the combination of formal classroom training in engineering and business theory and hands-on clinical experience in generating new ideas, developing and evaluating new products, and initiating new ventures can increase...the probability of the...participants to become successful entrepreneurs." Therefore, the experiment

couples innovation (the act of introducing something new or novel), the entrepreneur, a clinic where special problems are studied by concrete examples and the expertise available in the university. Preliminary evidence suggests that the Innovation Center Experiment has been a success, that the main elements of a model for widespread adoption have been created, and that the program benefits among others: students aspiring to become entrepreneurs, entrepreneurs requiring assistance, inventors requiring evaluation of their ideas, venture capitalists interested in growth opportunities, and industries requiring new products. The support of such centers directed at Hispanic businesses and Hispanic business students would help Hispanic enterprise evolve technologically and thus would accelerate the development process for potentially successful firms and entrepreneurs.

IV. If proposed legislation for Free Enterprise Zones is enacted, the Zones could represent a major vehicle for Hispanic-American business development if Hispanic businesses understand the purpose of the program and are prepared to take advantage of the new opportunities. A program should be established which provides Hispanic entrepreneurs with the information they need to participate in this program.

The Free Enterprise Zone legislaiton as presently formulated calls for:

Since its purpose is to create employment and to encourage businesses to locate in areas of high unemployment, Hispanic businesses could benefit from the liberal tax incentives while providing employment for the community.

Report of the Task Force

on

Hispanic Immigrant Labor

The task force on "Hispanic Immigrant Labor" met on February 11, 1983 at the University of Texas at Austin. Task force members included: Leobardo Estrada (convenor), Robert Bach (State University of New York at Binghamton), Saskia Sassen-Koob (CUNY-visiting at UCLA, Spring 1983), Rebecca Morales (UCLA), Gil Cardenes (University of Texas at Austin), and Rudolfo de la Garza (University of Texas at Austin.)

Hispanic immigrant labor is an important and timely topic for research funding for two primary reasons. First, immigration reform is presently a hotly debated political issue. If immigration reform legislation is successful, it will have important consequences for both the economic structure and the social organization of work. Second, the issue of Hispanic immigrant labor arises in the context of the profound industrial restructuring now taking place. Thus, effective policy on Hispanic immigrant labor requires analysis of the role of Hispanic immigrant labor in the restructuring process and at the same time, of the impact of this process on immigrant labor. Such analysis involves looking at the ongoing changes in the job structure (for example, firm location, wage structures, unionization, changing skill requirements, transformation of the labor process) and at the differential organization of groups with the labor market in response to, and as facilitator of, these changes.

The issues of immigration reform, industrial structure, and labor market organization are clearly inseparable. Yet, in order to look at their interaction, research must avoid the traditional polarities within the literature, most prominently, push-pull analyses and analyses which separate supply and demand. It is important that research regarding immigrant labor focus on the interrelationships between labor market organization, industrial structure, and government policy as each concerns Hispanic immigrant labor.

The task force emphasized the importance of research in this direction. Such research would not only be timely on a policy level, but would also yield information of significant value to Hispanic leaders, decision-makers, and community-based organization representatives in the design and implementation of policy and programs to meet Hispanic community needs.

The task force outlined the following three areas for research in the recommended direction. Research in each of these areas should concern itself with spatial (regional, national, local), sectoral (type of industry), and community or group (women, national origin groups, youth) levels of analyses.

I. The Social Organization of Labor Markets.

Research in this area would involve looking at:

A) the structure of job supply especially for Hispanic immigrant labor - what kinds of jobs, in what areas are the various Hispanic immigrant groups finding employment?

B) the consequences of a large supply of Hispanic immigrant labor on the structure of job supply - for example, do wage levels fall, is there displacement of local labor?

C) changes in the production process with respect to Hispanic immigrant labor - are such changes, such as expansion of low-skill jobs in the high tech industry, in part a response to the availability of immigrant labor? What is the impact of such changes on the immigrant labor force?

II. The Social Organization of Ethnic Work

Research in this area would look at:

A. informal job recruitment channels for Hispanic immigrants (how are immigrant groups linked to jobs?)

B. ethnic enterprise as a job source for Hispanic immigrants (do ethnic enterprises provide jobs which help the social and economic transition of immigrants or which delay that transition?)

C. the social boundaries of types of jobs (what variables define job clusters, e.g. language, undocumented status?)

D. the economic well-being of Hispanic immigrant families (how does work affect the day-to-day lives of immigrant families?)

III. The Role of the Government as an Organizer of Labor Markets, specifically of the Hispanic immigrant labor market.

Research topics in this area include:

A. immigration policy reform (employer sanctions, amnesty consequences)

B. enforcement (of labor standard laws, immigration policies, etc.)

C. policies which directly or indirectly structure labor markets for Hispanic immigrants (e.g. training programs, taxes, tariffs, the Border Industrial Project, the Caribbean Basin Initiative, minimum wage laws)

D. the ability of Hispanic immigrant groups to influence government policy on labor market conditions as a means of protecting their well-being in the labor market.

The task force emphasized the need for non-government research support in this area since immigrant labor often is fearful and concerned with limiting its contacts with governmental agencies. It thus seems appropriate to encourage the promotion of a large-scale and encompassing program of research which could include binational studies of immigrants in their country of origin as well as the country of destination.

Report of the Task Force

on

Training and CETA for Hispanics

The task force on "Training and CETA for Hispanics" met on March 15, 1983 at the National Commission for Employment Policy in Washington, D.C. Task force members included Leo Estrada (convenor), Fred Romero (Department of Labor), Carol Jusenius (National Commission for Employment Policy), Roger Granados (La Cooperativa), Sue Berryman (Rand Corporation), Henry Santiestevan (Santiestevan and Associates), and Tony Gomes (SER-Jobs for Progress). The objective of the task force was to attempt to determine what is known and not known about how Hispanics have fared under federally-sponsored training programs and to identify issues of the future.

The task force recognized that its discussion had to take into account two special factors. First, when considering research questions in this area, it is necessary to distinguish between (1) those that would be of interest to the Federal Government, and hence likely to be addressed by the Research Office of the Department of Labor or by the National Commission for Employment Policy, and (2) those, which while important to the Hispanic community, may not be of direct relevance to the Federal Government's role. The second factor is that operations under the Job Training Partnership Act (JTPA), which replaced the Comprehensive Employment and Training Act (CETA), are about to begin. Under JTPA, there are changes in program orientation that may prove to be of significance to the Hispanic community:

1. Under JTPA's provision for Private Industry Councils, the business community takes on a major role--working in partnership with local elected officials--in determining the types of training programs that will be run at the local level.

2. State governments assume a larger role and the Federal Government a lesser role than under CETA.
3. Stipends for program participants will be severely limited under JTPA.

What Do We Know from the CETA Experience?

From the Federal Government's perspective, the goal of training programs is to increase the employment and earnings' prospects of participants. Federally-sponsored evaluation projects have focused on this perspective. Using the Continuous Longitudinal Manpower Survey, research has found that under CETA:

1. Hispanics are less likely to participate in training programs than would be expected given their proportion of the eligible population, all other things being equal.
2. Once in training programs, Hispanics, more than Whites or Blacks, were likely to be in classroom training (basic skills and English as a second language.)
3. Hispanic women, like White and Black women, were likely to be trained for occupations which offered lower wages than those for which men were being trained.
4. Training programs raised the earnings of women over the levels estimated as occurring in the absence of the programs, primarily becauset the women were subsequently employed for longer periods rather than because they earned more per hour. Training programs were not found to have a significant impact on the earnings of men. No separate analyses have been done for Hispanics.

New Research Areas

1. Why did Hispanics participate less in CETA than might have been expected? Was it due to individual choice? Was there discrimination on the part of program operators who are not Hispanic?

Answers to these questions require knowledge of the number of Hispanics in training programs by type of training program operator. For example, was it only (primarily) Hispanic community-based-organizations that served Hispanics while Blacks and Whites were served by all types of training operators? Information on this question would help us to understand how Hispanics are likley to fare under JTPA, and what changes in the law, regulations, or in the day-to-day operations of local programs might be needed.

2. Why were Hispanic women more likely that men to be trained for lower paying occupations (such as secretaries and clerks)? Was this the women's choice, reflecting perhaps social background factors? Or is this outcome a reflection of program operators' decisions about the types of jobs which are "appropriate" for women? Given that all women average lower earnings than men, and further, that Mexican-American women have been found to earn less than other groups of women (NCEP research), this question is of special concern to the Mexican-American community.

3. What is the effect of training on the earnings of Hispanic men and women? The research results, for all men and women, may or may not be applicable to Hispanics. Since White non-Hispanics comprise the vast majority of the population studied, the findings reflect the experience of this group, and not necessarily the experience of Hispanics or Blacks.

These research questions focus on the effects of training on individuals. There is a second area of research, which is of less interest to the Federal Government, but of potential significance to the Hispanic community: What has been the role within the Hispanic community of training programs and of Hispanic community-based organizations that offer the programs?

There are two aspe s to this question. One is at the local level--how important have Hispanic-run training programs been to improving the welfare and stability of their communities? The second area is at the National level--how important have Hispanic organizations been in promoting the interest of the Hispanic population? These are important questions. As resources for training programs have declined, many Hispanic organizations have experienced severe budget and staffing cuts. If the organizations have been of little or no use to the Hispanic community, then these cuts may not matter. However, it is unlikely that this is the case. Thus, it would be important to know those areas--economic or political, local, state or national--where Hispanic organizations have been effective in the past. This information would assist Hispanic organizations in focusing their limited resources on those areas in which they have a comparative advantage.

One specific suggestion emerged from this concern about the role of Hispanic organizations. The suggestion was to develop a Hispanic "policy group." The purposes of this group would be (1) to monitor and review JTPA developments and research from the Department of Labor and other agencies and groups that bear on Hispanics, (2) to communicate likely useful information to the Hispanic organizations, and (3) to communicate matters of Hispanic concern to the Department of Labor, other relevant federal departments, and the Congress.

The task force recognized that the Department of Labor and the National Commission may have an interest in some of the areas discussed above. The task force agreed that discussions between the Ford Foundation and relevant federal agencies would be useful to permit the possibility of joint funding of projects and to avoid needless duplication of effort.

At the same time, the group believed that issues pertaining to the role of Hispanic community-based organizations under JTPA are unlikely to be of priority interest to the Federal Government. While the issues are critical to understanding ways to enhance the welfare of the Hispanic community, it is believed that without non-government support, little would be done in this area.

Report of the Task Force on Hispanic Labor Market Discrimination and Statistical Data Needs on Questions of Labor Market Outcomes

The task force on "Hispanic Labor Market Discrimination and Statistical Data Needs on Questions of Labor Market Outcomes" met on March 30 and 31, 1983 in Washington, D.C. The two day session was a joint meeting of Leo Estrada's task force on "Hispanic Labor Market Discrimination" and Marta Tienda's task force on "Statistical Data Needs on Questions of Labor Market Outcomes." Task force members included: Leo Estrada (convenor-UCLA), Marta Tienda (convenor-University of Wisconsin), Robert Bach (State University of New York at Binghamton), Richard Santos (University of Texas at Austin), George Borjas (University of California at Santa Barbara), Carol Jusenius (National Commission for Employment Policy), and Mark Rosenblum (EEOC).

The objectives of the task force were to consider the implications of research regarding the school to work transition, barriers to full employment, employment outcomes, and the effects of sex, nationality, immigration history, and training on worker outcomes. The task force was asked to focus specifically on significant research gaps and on problems related to the measurement of employment related variables.

The area of Hispanics and labor market discrimination is replete with empirical findings which require extensive research. In general, existing data indicate that

Hispanics experience less market discrimination, as reflected by the income gap, than Blacks, but there exists considerable disagreement as to the magnitude of discrimination and its sources. For example, is discrimination in the labor market an outcome of human capital variables associated with race or ethnicity? Or is it an outcome of ethnic or racial bias at the level of the firm, industrial sector, or region? Finally, what role does labor market discrimination play in the social organization of labor markets in general, and what is the relationship of this organization to larger institutional processes such as changes in the industrial structure, government policy, unions, and so forth?

Even if there is agreement that Hispanics experience some unknown quantity of labor market discrimination, there are important research gaps which limit our understanding of the process by which discrimination occurs. In large part, these gaps are due to the data available to study this phenomenon. Most of what is presently known is based on statistical relationships between wage differentials and race or ethnicity. Thus, little is known about other aspects of labor market discrimination which may be linked to race and ethnicity but not directly to wage differentials, such as harassment, job training, promotion opportunities, and discipline.

Given these gaps in our understanding of labor market discrimination, the task force strongly recommended the following areas for research: 1) pre-market variables of labor market discrimination and 2) labor market characteristics that are conducive to discrimination, defined more broadly than wage differentials. Because this research is largely exploratory at this time, these areas should first be investigated through case studies from which hypotheses for statistical analysis can be generated.

I. Pre-Market Variables

Several studies based on the SIE indicate that wage discrimination is largely an effect of endogenous, or human capital, variables, in particular, education and language. However, there is a need for further research on the relationship between ethnicity and human capital variables. For example, with respect to education, there is a need for research that assesses how education outcomes are affected by variables such as language, ethnic density and immigration history, as well as family and community goals. With respect to language, past studies indicate that people who speak better English get better jobs. Research is needed to establish why some groups resist learning English and the relationship between language and employment.

II. Market Variables

Knowing that human capital variables are related to labor market outcomes in different ways for Hispanic national origin groups does not automatically tell us about the actual process of discrimination in the marketplace. Such research should investigate not only wage differentials, but also other indicators of discrimination such as wage growth over time, safety records, job segregation, harassment, training and promotion opportunities, and turnovers and layoffs. As a first step, EEOC complaints submitted by Hispanics should be reviewed to determine the ways in which Hispanics perceive discrimination. Case studies at the level of the firm should be undertaken to understand the process of discrimination at the point of recruitment as well as on the job. Such studies should be followed by comparative studies which exam[illegible] discrimination varies according to characteristics of firms such as size, industrial sector, and geographic location.

Conclusion

Investigation of pre-market, or human capital variables of labor market discrimination and market variables of discrimination will yield important information on the relationship between ethnicity, human capital variables and labor market outcomes. Ultimately, this research will yield information on the extent to which ethnic labor market discrimination may be viewed as an educational or legal issue. However, to fully understand labor market discrimination, it is necessary to also look at the relationship between labor market discrimination and the social organization of labor markets in general. Human capital variables are important not simply in themselves, but in relation to the structure of the labor market in general . Thus, research on labor market discrimination must also focus on the relationship between ethnic labor market discrimination and the institutional processes which help to shape the social organization of labor markets. For example, how do the present changes in the industrial structure impact labor market outcomes and what is the role of ethnic labor market discrimination in shaping these changes? To what extent are self-employment, ethnic enclave employment, military service, and public sector employment strategies on the part of ethnic labor to avoid, or get around, discrimination in other sectors? What role do governement policies, such as immigration policy, play in labor market outcomes? What role do unions play? What role do geographical factors such as journey to work and residential segregation play? Such studies should be undertaken on the levels of the region, industrial sector, communities, and groups defined according to sex, national origin, life cycle, and immigration history.