

THE JOB GHETTO

Katherine Newman and Chauncy Lennon

One of my students expressed the conventional "wisdom" this way: "If people want to bad enough, they can get a job and make something of themselves. It might not be a great job, but at least it's a job. No one has to be poor in this society." In this 1995 article, Katherine Newman and Chauncy Lennon challenge such widely held assumptions about the availability of employment in our society.

To fix the welfare mess, conservatives say, we should stop making life on the dole so comfortable, cut benefits, and force overindulged welfare moms to go out and find honest jobs. Unskilled foreigners can find work, so why can't AFDC¹ recipients? With unemployment rates down, these expectations sound reasonable, particularly to middle-class Americans with stagnating incomes. The premise that jobs are available for those willing to take them is a great comfort to politicians with budget axes in hand and to conservative commentators calling on them to slash benefits. After all, they can claim they're not really casting poor women and children into the streets; they're just upholding the American work ethic.

But can just any warm body find a job? For the past two years, we have studied the low-wage labor market in Harlem, focusing on minimum-wage jobs in the fast-food industry, which are typical of the employment opportunities many reformers have in mind for welfare recipients. After all, these jobs presumably

demand little skill, education, or prior work experience—or so the public believes.

The fast-food industry is growing more rapidly than almost any other service business and now employs more than 2.3 million workers. One in 15 Americans working today found their first job at McDonald's—not including Burger King and the rest. As a gateway to employment, fast-food establishments are gaining on the armed forces, which have long functioned as a national job-training factory. No wonder the average citizen believes these jobs are wide open! Yet, in inner cities, the picture looks different. With manufacturing gone, fast-food jobs have become the object of fierce competition.

Downward Pressures

Between 1992 and 1994, we tracked the work histories of 200 people working in fast-food restaurants in central Harlem, where according to official data about 18 percent of the population are unemployed and about 40 percent live below the poverty line. These numbers are typical of the communities where many long-term recipients of public assistance will have to look for work if their benefits are cut off. Some 29 percent of the households in Harlem receive public assistance.

¹Aid to Families with Dependent Children, a form of welfare.—Ed.

Katherine D. Newman and Chauncy Lennon, "The Job Ghetto" from *The American Prospect* (June 23, 1995), <http://www.prospect.org>. Reprinted with permission from *The American Prospect*, 1710 Rhode Island Avenue NW, 12th floor, Washington, DC 20036. All rights reserved.

Although the 200 workers in our study receive only the minimum wage, they are actually the victors in an intense competition to find work in a community with relatively few jobs to offer. At the restaurants where they work, the ratio of applicants to hires is approximately 14 to 1. Among those people who applied but were rejected for fast-food work in early 1993, 73 percent had not found work of any kind a year later, despite considerable effort. Even the youngest job hunters in our study (16- to 18-year-olds) had applied for four or five positions before they came looking for these fast-food jobs. The oldest applicants (over 25) had applied for an average of seven or eight jobs.

The oversupply of job seekers causes a creeping credentialism in the ghetto's low-wage service industries. Older workers in their twenties, who are more often high school graduates, now dominate jobs once taken by school dropouts or other young people first starting out. Long-term welfare recipients will have a tough time beating out their competition even for these low-wage jobs. They will be joining an inner-city labor market that is already saturated with better educated and more experienced workers who are preferred by employers.

Winners and Losers

We tracked nearly 100 people who applied for these minimum-wage jobs but were turned down, and compared them to the fortunate ones who got jobs. The comparison is instructive. Even in Harlem, African Americans are at a disadvantage in hiring compared to Latinos and others. Employers, including black employers, favor applicants who are not African American. Blacks are not shut out of the low-wage labor market; indeed, they represent about 70 percent of the new hires in these jobs. But they are rejected at a much higher rate than applicants from other ethnic groups with the same educational qualifications.

Employers also seem to favor job applicants who commute from more distant neighborhoods. The rejection rate for local applicants is higher than the rate for similarly educated individuals who live farther away. This pattern holds even for people of the same race, sex, and age. Other studies in the warehouse and dockyard industries report the same results. These findings suggest that residents of poor neighborhoods such as central Harlem are at a distinct disadvantage in finding minimum-wage jobs near home.

Mothers of young children face particular problems if they can't find jobs close to home. The costs and logistical complexities of commuting (and paying for longer child care hours to accommodate it) are a big burden.

In searching for jobs, "who you know" makes a big difference. Friends and family members who already have jobs help people get work even in the fast-food industry; those isolated from such networks are less likely to get hired. Personal contacts have long been recognized as crucial for getting higher-skilled employment. This research suggests that contacts are important at the bottom of the job ladder, too.

Native-born applicants are at a disadvantage compared to legal immigrants in securing entry-level work. In fact, even though central Harlem residents are nearly all African American, recent immigrants have a higher probability of being hired for Harlem's fast-food jobs than anyone else. Interviews with employers suggest that they believe immigrants are easier to manage in part because they come from countries where \$4.25 an hour represents a king's ransom. Whether or not employers are right about the tractability of immigrants, such attitudes make it harder for the native-born to obtain low-wage jobs.

The people who succeed in getting these minimum-wage jobs are not new to the labor market. More than half of the new hires over the age of 18 found their first jobs when they

were younger than 15 years of age. Even the people rejected for the minimum-wage positions had some prior job experience. Half of them also began working before they were 15 years old. Welfare recipients with no prior job experience, or no recent job experience, are going to be at a disadvantage in the competition.

"They Expect Too Much"

One explanation often advanced for low employment in poor communities is that the poor have unrealistic expectations. In this view, they are reluctant to seek (or take) jobs that fall below a "reservation wage," which is supposedly far above the minimum. We asked job seekers who were refused these entry-level jobs what they were hoping for and what wages they would accept. Their desires were modest: \$4.59 per hour on average, which is quite close to the minimum wage. The younger the job-seeker, the lower was the expectation.

These job seekers were willing to accept even more modest wages. On average the lowest they would take was \$4.17 per hour, which is less than the minimum level legally permitted for adult workers. It is striking that many applicants previously had higher salaries; the average wage for the best job they had ever held was \$6.79 per hour. Many of central Harlem's job hunters are suffering from downward mobility, falling into the minimum-wage market even though they have done better in the past.

Comparing job seekers to jobholders shows the intensity of employment competition in

the inner city, but it doesn't tell us how welfare recipients will fare. What assets do welfare recipients bring to the competition compared to other job hunters? The news is grim.

Nationally, one-third of the long-term welfare recipients have received high school diplomas. Recently hired fast-food workers in central Harlem have completed high school at a higher rate—54 percent. Almost 40 percent of welfare recipients have not held jobs in the year preceding their enrollment in welfare. Yet even the central Harlem applicants rejected for fast-food jobs have had more job experience. They have held an average of more than three jobs before applying for these positions.

In short, it is simply not the case that anyone who wants a low-wage job can get one. As is true for almost any glutted labor market, there is a queue of applicants, and employers can be fairly choosy. When conservatives point to the success of immigrants as proof that jobs are available for welfare moms, they are ignoring the realities of the inner city. Ethnic minorities of all kinds are already locked into a fierce struggle for scarce opportunities at the bottom.

When they go looking for jobs, welfare recipients go to the back of a long line. Policymakers should neither fool nor comfort themselves with the notion that welfare mothers can simply go out and get jobs. Investment in public employment and tax incentives for private employers will be needed on a massive scale if anything like that rosy scenario is to come about. Even then, the competitive hurdles facing the very poor will be high and many better-qualified people will be out there looking to leap over them.