Immigrant Enclaves: An Analysis of the Labor Market Experiences of Cubans in Miami

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Data from a longitudinal sample of Cuban émigrés are used to test competing hypotheses about the mode of incorporation of new immigrants into the U.S. labor market. Classic theories of assimilation assumed a unified economy in which immigrants started at the bottom and gradually moved up occupationally, while they gained social acceptance. Recent dual labor market theories define new immigrants mainly as additions to the secondary labor market linked with small peripheral firms. Multivariate analyses confirm the existence of the primary/secondary dichotomy but add to it a third alternative condition. This is the enclave economy associated with immigrant-owned firms. While most immigrant enterprises are small, competitive ones, enclave workers show distinct characteristics, including a significant return to past human capital investments. Such a return is absent among immigrant workers in the secondary labor market. Causes and implications of these findings are discussed.

The purpose of this study is to examine the extent to which the phenomenon of self-enclosed minorities modifies general labor processes in the U.S. economy. Empirical data with which to address this question come from a sample of recently arrived Cuban émigrés.

The classic sociological literature on immigrant minorities uniformly portrayed the adaptation process as one in which initial economic hardships and discrimination gave way to gradual acceptance by members of the dominant groups and eventual assimilation. With minor variations, different authors identified the culmination of the process as the entrance of immigrants, or their descendants, into the mainstream of the economy and their cultural fusion with the majority (Handlin 1951; Warner and Srole 1945; Wittke 1952). More recently, Gordon (1961, 1964) distinguished

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the ideal types of cultural pluralism and Anglo-conformity, but still the
overriding theme was that of blending in and contributing to national wel-
fare. Thus the major goal of immigration research was to document the
barriers to assimilation confronted by various minorities and to orient
policy decisions at the national and local levels toward their removal.

During the 1960s and in the wake of militant protests by urban ethnic
minorities, a new critical literature arose. Spearheaded by the writings of
black authors (Carmichael and Hamilton 1967; Malcolm X 1967), this
literature documented the tenacity of barriers against entrance of blacks
and other "unmeltable" ethnics into the better-paid and more prestigious
occupations. Such scholars as Robert Blauner (1972) took up the theme
and went on to explore the historical role played by the exploitation of
these groups in the development of the American economy. Borrowing a
concept developed by González Casanova (1965) in Mexico, the exploita-
tion of nonwhite minorities was termed "internal colonialism."

The assimilationist and internal colonialist perspectives offered diamet-
rically opposite predictions about the fate of racial and ethnic minorities
in the United States. According to the first, gradual learning of the culture
and acquisition of occupational skills would open the way for entrance into
"middle-class" society; according to the other, cultural assimilation of these
groups was irrelevant since their subjection and exploitation in the labor
market were preconditions for the continuing growth of U.S. capitalism.

Later research has advanced our knowledge of the role of race and eth-
nicity in the American class structure. It has, by and large, confirmed the
persistence of racial differences in status and income even when cultural
skills and past individual attainments are taken into account (Duncan
1969; Jencks 1972; Portes and Wilson 1976; Gordon 1971). Other recent
studies have tended to concentrate on the specific manner in which blacks,
Chicanos, and other minorities have become inserted into the U.S. labor
market and on the historical evolution of their condition. As a consequence,
the earlier and broader concepts of internal colonialism and colonized mi-
norities have become progressively abandoned in favor of those of seg-
mented class structure and its variants in the industrial economy: "split"
and dual labor markets (Bonacich 1972; Gordon 1972).

Since all these perspectives have been concerned with phenomena at the
center of the American political economy, they have neglected others taking
place at the fringes but having definite theoretical implications. These per-
tain to immigrant minorities which remain spatially concentrated in a par-
ticular city or region. The distinctive characteristics of these groups are that
they are less culturally assimilated than native ethnic minorities, tend to
cling to their languages and customs, and frequently do better economically
than minorities in the mainstream economy. The resilience and economic
achievements of these enclaves do not fit well the predictions of either assimilation theory or internal colonialism. Nor, as we will see, is their case satisfactorily explained by dual labor market theories, as currently developed.

Some recent studies have significantly advanced our understanding of self-enclosed immigrant minorities. Most of these have had, as empirical base, the situation of Asian immigrants (Bonacich, Light, and Wong 1977; Sung 1967). To our knowledge, however, the existence of an enclave labor market distinct from those in the general economy and the factors leading immigrants to remain thus confined have not been systematically explored.

The purpose of the following sections is twofold: first, to describe the historical origins of a different immigrant enclave—Cuban émigrés in Miami; second, to examine whether the members of an enclave labor force can be distinguished empirically from immigrants who have taken jobs in the general economy. Before proceeding to description and analysis, however, we discuss recent theories of the evolution of the U.S. economy and the dual labor market as an appropriate framework for the subsequent analysis.

DUAL LABOR MARKETS AND IMMIGRATION

The Dual Economy

Analyses of the dual economy (Averitt 1968; Galbraith 1971) are based on the recognition that monopolistic tendencies in industry are no longer a statistical anomaly but constitute perhaps the defining feature of advanced capitalism. Monopoly firms are governed by principles different from those employed to describe firm behavior under competitive conditions. Averitt refers to the monopolistic sector as the “center economy”; Galbraith terms it the “industrial state.”

With attention concentrated on long-run stability, center firms tend to gain gradual control of the many contingencies which make the existence of peripheral firms problematic. Center firms are able to make full use of economies of scale and to structure productive organizations which are both geographically dispersed and vertically integrated. These firms have moved in recent years to control their sources of supply in technology and raw materials and their markets. Market control is effected through oligopolistic pricing and through the molding of consumer tastes by mass advertising (O’Connor 1973). To insulate themselves further from market contingencies, monopoly firms develop large cash reserves and stabilize their labor force through training programs and promotional ladders or “internal markets” (Edwards 1975).
The notions of dual or segmented labor markets were originally developed independently of the theory of the dual economy. These notions began inconspicuously as a series of empirical observations about ghetto employment (see Doeringer et al. 1969; Baron and Hymer 1968; Ferman 1968). Some of the most consistent findings were that there seemed to be little relationship between investment in human capital—either formal education or job-training programs—and employment. There was a remarkably high level of job instability. For those who averaged 35–40 hours per week, wages were low, often below the poverty line; the discipline in their jobs was often harsh and arbitrary; there appeared to be an absence of ladders to success, most jobs usually providing almost no opportunity for promotion.\(^2\)

In short, central city jobs appeared to be cut off from the rest of the economic system. Individuals, usually minority members, who were caught in these labor markets had little hope for escape. Thus, various investigators were led to postulate the existence of a dual labor market. The primary labor market has the positive characteristics of stability, chances for promotion, high wages, and good working conditions, while the secondary labor market has the negative traits outlined above (Wachtel 1972). Gordon (1971) pursued the implications of this division and found that the predominant proportion of occupational mobility (measured as job changes) was within these labor markets with very little mobility between them.

Over time, it became clear that these findings converged with the emerging theory of the dual economy. The primary labor market corresponds to the center economy, the secondary labor market resides in the periphery. The market power of monopoly firms enables them to pass on increases in costs to consumers and, hence, finance the advantageous condition of their workers. The periphery, being subject to the constraints of competition, must maintain low wages, otherwise firms may be forced into bankruptcy. Low wages and absence of internal ladders of promotion encourage rapid turnover of workers. For some economists, job instability is the defining characteristic of the secondary labor market (Piore 1975).

\(^2\)Doeringer and Piore (1971) add the following hypothesis: not only does the secondary labor market possess negative characteristics; it also encourages the development of negative psychological characteristics in the labor force that services the secondary market. Particularly, over time there is a gradual rapprochement between poor working conditions in the secondary labor market and poor work habits of minority workers, such as arriving at work late and general task irresponsibility. The main problem with this hypothesis is that of separating contextual labor market effects from those due to individual work habits. To avoid such overlap, the hypothesis must specify psychological characteristics that endure even when the worker has found a job in the primary labor market. Such a hypothesis would require special data and analysis and is beyond the scope of this paper.
Immigrant Workers and Economic Dualism

The contemporary literature on international migration deals primarily with movements sharing two characteristics. First, they are displacements of labor, that is, of individuals who migrate with the intention of selling their labor power in places of destination. Second, they tend to occur from less economically developed areas to economically developed centers. Recent historical studies of immigration to the United States and Western Europe have emphasized the increasing importance of immigrant labor in the development of these advanced economies (Rosenblum 1973; Burawoy 1976; Castles and Kosack 1973; Sassen-Koob 1978).

Contemporary immigration to the United States has become fragmented in ways that parallel the situation described by dual labor market theories. On the one hand, immigration laws have moved toward encouraging migration of highly skilled foreign workers and professionals; on the other hand, they have formally barred the less skilled from entry into the country (Keely 1979). Thus, for example, the amended 1965 Immigration Act reserves the third and sixth preference categories for professional, technical, and skilled workers in short supply in the country.

Further, the U.S. Department of Labor maintains a Schedule A of occupations for which there is "a shortage of workers willing, able, qualified, and available." Individuals in these occupations receive special privileges when applying for an immigrant's visa. In recent years, Schedule A occupations have included physicians and surgeons, nurses, speech therapists, pharmacists, and dietitians.

The effect of these regulations has been to encourage a flow of immigration directed to the primary labor market. Highly qualified immigrants find employment in large-scale firms, research institutions, public and private hospitals, universities, and the like (Stevens, Goodman, and Mick 1978). The numerical extent of this flow is not insignificant. In 1977, 62,400 foreign professionals, managers, and technicians were admitted to the United States for permanent residence (U.S. Bureau of the Census 1978, p. 86).

Given existing regulations, it is not surprising that the occupational distribution of legal immigrant cohorts in recent years compares favorably with that of the domestic labor force. For example, during the 1970s the percentage of professional and technical workers among occupationally active immigrants has consistently exceeded that in the U.S. civilian labor force (Portes 1978). Nor is it surprising that studies focusing on legal immigration report significant upward occupational mobility after several years (North 1978), absence of discrimination in pay and work conditions (Stevens, Goodman, and Mick 1978; North 1978), and an economic situation equal to or better than that of domestic workers (Chiswick 1978).
On the other hand, a numerically larger flow of immigrants is composed of individuals with few skills who find employment in the low-wage menial occupations identified with the secondary labor market. Low-wage labor immigration bypasses occupational selection procedures of the immigration law through several channels. First, workers in less developed territories under U.S. jurisdiction can generally travel without restrictions to the mainland. The most important case is Puerto Rican migration. Though formally a domestic movement, migration from Puerto Rico has many of the same characteristics as international labor flows from Third World countries (Maldonado 1979).

Second, an immigrant group already in the United States can avail itself of family reunification provisions and other clauses of the present immigration law to continue the movement from the source country. A substantial proportion of Asian immigration, from countries such as Korea, and of legal Mexican immigration appears to be of this type (Bonacich 1978; Alba-Hernandez 1978).

Third, and most important, illegal or undocumented immigration into the United States currently brings in hundreds of thousands of low-skill workers. Though no reliable figures on the magnitude of illegal immigration exist, even the most conservative estimates place it significantly above that of total legal immigration. Apprehensions by the U.S. Immigration and Naturalization Service, used as a very rough indicator of the magnitude of the illegal flow, exceeded one million in 1976 and again in 1977 (U.S. Immigration and Naturalization Service 1978). The main source of illegal immigration is Mexico, but increasing flows from the Dominican Republic, the British Caribbean, Colombia, and Central America have also been detected (Cornelius 1977).

Dual labor market writings dealing with recent immigration have focused primarily on the flow directed to the secondary labor market. These studies have dealt, for example, with the situation of Puerto Rican migrants in Boston (Piore 1973), Korean and other Asian immigrants on the West Coast (Bonacich 1978), and undocumented Mexican immigrants throughout the Southwest and Midwest (Barrera 1977; Bustamante 1975). Along with domestic minorities, new immigrant workers are defined as additions to the more vulnerable labor pool destined to the low-wage, unstable occupations of the peripheral economy. Past occupational experience and other investments in human capital count very little for these immigrants because, unlike workers in the primary sector, they are hired primarily because of their vulnerability rather than their skills (Galarza 1977; Bach 1978; Bustamante 1975).

A recent paper by Bonacich (1978) has argued that immigrant entrepreneurs fulfill "middleman" functions by exploiting their own national group in the interest of larger firms in the center economy. With this sole
exception, however, the dual labor market literature has not regarded immigrant labor and immigrant economy activity as phenomena deserving special attention. If only by default, these theories define immigrant enterprises as just one more segment of the peripheral economy. The logical derivation from this perspective can be formalized as follows:

1. New immigrant workers will concentrate in the secondary labor market. With the exception of those who gain access to the primary sector, immigrants will share all the characteristics of peripheral employment, including low prestige, low income, job dissatisfaction, and the absence of return to past human capital investments. The situation of workers employed by immigrant enterprises will not differ from those in the larger secondary labor market.

This prediction and the general characterization of "entrapment" in the peripheral economy are contradicted by the experience of at least some immigrant groups. The case of the Japanese (Boyd 1971; Daniels 1971; Petersen 1971) is well known, but other studies have highlighted similar experiences among other national groups such as the Chinese (Sung 1967; Light 1972). For the Koreans, Bonacich notes the proliferation of immigrant businesses and the mobility opportunities that they make available (Bonacich, Light, and Wong 1977).

It should be noted also that the situation of these minorities is not adequately portrayed by aggregate studies of legal immigration. As seen above, the positive characterization of immigrant mobility in these studies is based largely on the arrival of professional, managerial, and skilled talent encouraged by current immigration provisions. The aggregate statistics reflect insertion of these immigrants into the primary labor market, but they fail to capture the distinct phenomenon of immigrant enclaves.

For these last groups, it appears that although new arrivals are forced to work hard for low wages, they do not find upward mobility channels blocked. Many immigrants manage to move up either within existing enterprises or by setting up new businesses. A charted path seems to exist in several of these instances leading from hard labor in the firm of another immigrant to gradual promotion culminating in another business concern.

Some social psychological explanations have been advanced for the economic success of some immigrant minorities (Hagen 1962; Kurokawa 1970; Eisenstadt 1970). A more compelling structural reason, however, appears to be the existence of advantages for enclave enterprises which those in the open competitive sector do not have. Put succinctly, immigrant enterprises might manage to create a workable form of vertical integration by developing ethnically sympathetic sources of supply and consumer outlets. They can organize unorthodox but effective forms of financial and human capital reserves by pooling savings and requiring new immigrants to spell a tour of duty at the worst jobs. These advantages may enable...
enclave firms to reproduce, albeit imperfectly, some of the characteristics of monopolistic control accounting for the success of enterprises in the center economy.

A necessary condition for the emergence of an economic enclave is the presence of immigrants with sufficient capital. Capital might be brought from the original country, as is often the case with political exiles (Fagen, Brody, and O'Leary 1968), or accumulated through savings. Individuals with the requisite entrepreneurial skills might be drawn into the immigrant flow to escape economic and political conditions in the source country or to profit by the opportunities offered by a preexisting immigrant "colony" abroad.

Although the data presented below do not permit direct analysis of immigrant firms, they allow a test of an important additional hypothesis, which directly contradicts conventional predictions as stated in hypothesis 1:

2. Immigrant workers are not restricted to the secondary labor market. In particular, those inserted into an immigrant enclave can be empirically distinguished from workers in both the primary and secondary labor markets. Enclave workers will share with those in the primary sector a significant economic return to past human capital investments. Such a return will be absent among those in the "open" secondary labor market.

A review of the recent history of Cuban immigration and the development of the Cuban enclave in Miami is presented next as an introduction to the empirical analysis.

CUBAN IMMIGRATION AND THE DEVELOPMENT OF THE CUBAN ENCLAVE

The immigrant flow giving rise to the Cuban enclave in Miami has political rather than economic roots. Massive Cuban immigration to the United States began with the advent of Fidel Castro to power in January 1959. The first émigrés, members of the overthrown Batista regime, represented a small minority. As the revolution consolidated, however, it began to implement a populist program contrary to the interest of the dominant classes. Immigration increased as landowners, industrialists, and former Cuban managers of U.S.-owned enterprises left. Others left in anticipation of new measures as the revolution accelerated the transformation of the Cuban class structure; many came to Miami to organize a military force with which to overthrow the Castro government. From mid-1959 to October 1960, approximately 37,000 émigrés came, most of them well to do and many bringing to the United States considerable assets (Thomas and Huyck 1967).

After the defeat of the exile force in the Bay of Pigs in April 1961, the
flow of refugees accelerated further and its composition began to diversify, reaching down to the middle classes and even sectors of the urban working class (Clark 1977). By the end of 1962, official figures reported 215,323 Cuban émigrés in the United States.

To process this massive flow, the Kennedy administration established the Cuban Refugee Program (CRP) under the secretary of Health, Education, and Welfare. The arrival of Cuban refugees in Miami was viewed at the time as a source of strain aggravating the depressed economy of the area. Thus, efforts of the Cuban Refugee Emergency Center, established by the CRP in Miami, concentrated on relocating the émigrés throughout communities in the United States. Cuban lawyers were transformed into language teachers and sent to high schools and colleges in the North. Others found widely varied occupations, often with the support of private charity organizations. To insure that relocation proceeded smoothly, the center made emergency welfare aid contingent on acceptance of job offers when available. By 1967, 251,000 Cuban émigrés had registered with the CRP, and 153,000 had been relocated away from Miami. The program was widely regarded in federal circles as a complete success (Thomas and Huyck 1967).

With many ups and downs, which included the establishment of a “family reunification” airlift by agreement of the two governments, the inflow of Cuban émigrés continued during the next decade. At the end of 1976, official figures for Cuban refugee arrivals in the United States totaled 661,934 (U.S. Immigration and Naturalization Service 1977). During this entire period, the relocation program conducted by the Cuban Refugee Center continued. By the early 1970s, there was evidence, however, of a significant return migration to Miami. In 1973, a survey estimated that over 25% of Cubans residing in Miami were returnees from other U.S. locations (Clark 1973). The proportion at present should be, if anything, higher.

Cultural and climatic reasons have obviously much to do with return decisions. More important, however, there is evidence that relocated émigrés used their period in northern areas much as other migrants have used their stay in high-wage industrial regions: as an opportunity for accumulating capital. Small-scale investments by returnees from the North were added to those made with capital brought from Cuba to consolidate an immigrant economic enclave.

Cuban-owned enterprises in the Miami area increased from 919 in 1967 to about 8,000 in 1976. While most of them are small scale, some employ hundreds of workers. Enclave firms tend to concentrate on textiles, leather, furniture, cigar making, construction, and finance. An estimated 40% of the construction companies are Cuban owned, and émigrés control roughly 20% of the local commercial banks (Time 1978; Clark 1977). There are
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also some investments in agriculture, especially sugar cane plantations and sugar mills.

Enclave firms in the service sector include restaurants (a favorite investment for small entrepreneurs), supermarkets, private clinics, legal firms, funeral parlors, and private schools. In 1976, the population of Spanish origin in Dade County (Miami) was estimated at 488,500 or 33% of the total. About 82% of this population is Cuban. Over half of the population in the municipalities of Miami and Hialeah is Cuban (Clark 1977). Numerical concentration and diversity of economic activities allow many immigrants to lead lives restricted almost completely to the enclave. This is especially true among those employed in Cuban-owned firms.

More important, newly arrived émigrés in Miami have an option of economic incorporation not available to other immigrant minorities. It remains to be seen, however, whether their participation in the enclave economy possesses empirically distinct characteristics or whether competitive immigrant-owned enterprises merely reproduce those labor processes associated with the broader peripheral economy.

METHOD

Data Collection

Data for this study come from a sample of Cuban immigrants interviewed at the point of arrival in the United States during the fall of 1973 and spring of 1974. The sample was reinterviewed three years later during 1976–77. Unlike more established groups of émigrés, recent immigrants usually lack the capital to go into business by themselves and, hence, must join the labor market. They are employed by firms in the primary and secondary markets as well as by enclave enterprises. It is this characteristic which makes the sample suitable for testing the hypotheses above. In all, 590 new immigrants were interviewed during the original survey. All had arrived in the United States via Miami and had stayed in that city.

The first survey met with considerable initial obstacles. The two daily flights or “airlifts” between Cuba and Miami had been suspended just before the beginning of data collection, thus closing the only major source of new immigrants. While Cubans continued to leave via Spain, few could come to the United States since they required a permanent resident’s visa. In October 1973, however, Secretary of State Kissinger signed an executive resolution authorizing Cuban exiles in Spain to come to the United States as parolees. Flights were organized to transport those wishing to come. These “family reunion” flights had Miami as their major point of destination.
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Through the cooperation of agencies organizing these flights, newly arrived émigrés were contacted and interviewed at their place of residence. No available data on the population of Cuban émigrés exist against which to compare sample results. The U.S. Immigration Service data on Cuban immigrants pertain to those who adjusted their status to that of permanent residents. It takes a minimum of two years before new émigrés can effect this adjustment. Hence, official figures for “new” Cuban immigrants do not pertain to those who actually arrive in the country during a given year. Excluding refusals (6%), the sample is, however, coterminous with the universe of exiles during the survey period since most new arrivals were contacted.

The original sample was limited to males aged 18–60 and not dependent on others. This excludes women, children, and the aged. Restriction of the sample to males in the productive ages was dictated by the many complexities of an exploratory study and the impossibility of dealing adequately with all categories of immigrants. Priority was given to family heads and economically independent individuals who, in this immigrant group, are overwhelmingly adult males.

In 1976–77, three years after the first survey, a follow-up was conducted. Difficulties of tracing respondents are well known and have been the subject of a growing methodological literature (Eckland 1968; McAllister, Butler, and Goe 1973). Difficulties were compounded in this case by the unique characteristics of the sample. On the basis of a series of field techniques and the efforts of a number of people, a total of 427 cases were located and reinterviewed. This represents 72% of the original sample or 76% if respondents who died or left the United States are discounted. Practically all follow-up respondents had stayed in Miami.

A high attrition rate presents a serious challenge to any attempt to correlate U.S. experiences with the characteristics of the original sample as a whole. We assessed the extent of this bias by comparing means for the original and follow-up samples and correlating a “Missing” dummy variable with a series of first-wave variables. Following Astin and Panos (1969), we also entered major first-wave predictors of income into a stepwise procedure with “Missing” as the dependent variable.

None of these results indicate the presence of a significant bias. Table 1 presents correlation and regression coefficients linking first-wave predictors with “Missing.” Not a single correlation differs significantly from zero. All $\beta$ weights are small, and the joint amount of variance explained in the “Missing” variable is 2%. While it is still an inferential leap to assume the absence of bias among second-wave variables, these results provide some assurance about the validity of generalizing the findings to the original sample. We interpret results accordingly.
Data Analysis

The ensuing analysis is conducted in two parts. First, we assess the extent to which a range of variables differentiates immigrants in the three labor markets: primary, secondary, and enclave. The set of variables selected for this analysis pertains to the work situation and the quality of life the immigrant has experienced in the United States. According to the theoretical discussion above, we expect to find systematic differences in occupational prestige, economic stability, occupational and income satisfaction, perception and experiences of discrimination, interaction with Anglo-Americans, and other related variables between immigrants employed in center and peripheral firms. If hypothesis 2 holds, we would also expect enclave workers to emerge as an empirically distinct group, but approaching some of the characteristics of workers in the primary sector.

For this part of the analysis, we employ discriminant analysis (Van de Geer 1971, pp. 243–72; Klecka 1975). Discriminant analysis allows the specification of a nominal reference variable which is used to extract whatever significant discriminant functions exist in a set of independent variables. The maximum number of functions is one fewer than the number of subpopulations. If fewer than the maximum possible number of discriminant functions are significant, then some of the subpopulations are not empirically distinguishable from each other, at least in regard to the variables included in the analysis.

Second, we examine processes of occupational and income attainment within each labor market. Independent variables for this analysis are
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those conventionally included in human capital and status-attainment models of income (Mincer 1970; Sewell and Hauser 1975), plus those representing skills specifically relevant to immigrant populations. If hypothesis 2 holds, immigrants in the secondary labor market will show the least return to prior attainments and human capital, while those in the primary and enclave labor markets will exhibit similar, and higher, levels of return for their past investments. Different processes of attainment will be reflected in significant variations in metric regression coefficients across the three labor markets.

The major problem for the two parts of the analysis is the establishment of criteria for assignment of immigrants to one or another labor market. Identification of those in the enclave is the most straightforward. All immigrants indicating employment in firms owned by Cubans were assigned to the enclave. A total of 143 cases, or 33% of the follow-up sample, were classified as enclave workers.

The division of the rest of the sample into primary and secondary sector is more problematic. Economists have used as criteria both the structural characteristics of occupations and industries and the demographic characteristics of their respective workers (Edwards 1975). Since part of our purpose is to test for differences in the characteristics of immigrant workers, we have used only the first type of criteria for our definition of primary and secondary sectors. Three criteria were employed: (1) The presence of an "internal labor market" or promotional ladder within the industry (Doeringer and Piore 1971); particularly, occupation/industry classifications wherein at least 25% of the workers had "considerable" opportunities for advancement were considered as candidates for the primary labor market (for more detailed information on this criterion see Freedman [1976], appendix C). (2) The median establishment size: occupation/industry classifications within which more than 10% of the workers were employed in firms with more than 1,000 workers were candidates for the primary labor market. (3) Occupation/industry classifications with average wages higher than $6,000 per year were candidates for the primary labor market.

Only those occupation/industry categories that were high on all three criteria were classified in the primary labor market. In the general U.S. population, this classification would result in 54% of the workers being assigned to the primary labor market (Freedman 1976, p. 21). In our immigrant sample, the corresponding figure is 36% of the follow-up sample.

These criteria represent necessary approximations to the primary/secondary division. Given the characteristics of the labor market in Miami, an area dominated by tourism and small industry (Fagen, Brody, and O'Leary 1968), the likely direction of bias is toward assignment to the primary sector of immigrants actually employed in competitive enterprises.
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The effect of this error is conservative, since it would attenuate actual differences across labor markets, thus reducing the chances for statistical differences.

RESULTS

1. We first test the hypothesis that immigrants in the dual and enclave labor markets can be empirically distinguished on the basis of their experiences and socioeconomic situation in the United States. For this analysis, a set of the 12 most pertinent independent variables was selected. Four of these are objective indicators: present occupational prestige, measured in Duncan SEI scores; home ownership, an indirect measure of economic stability; number of relatives living in the United States; and objective information about U.S. society. The fourth is a composite index formed by the unit-weighted sum of six items measuring knowledge of political and economic facts. Factor analysis indicated a clear unidimensional structure and a high level of internal consistency.3

The rest of the variables are subjective indicators measuring such attitudes as income satisfaction, desire to change occupations, desire to return to Cuba, and willingness to come to the United States if the experience had to be repeated. Three additional subjective variables are self-reports: opportunities for relating with Anglo-Americans, perceived discrimination against Cubans in the United States, and personal experiences of discrimination. In the subsequent analysis, all variables are coded in agreement with their labels. Variable means and standard deviations are presented in the Appendix.

Results of this analysis are presented in table 2. Included are standardized discriminant function coefficients, relative percentages for each eigenvalue, canonical correlations, and group centroids. Wilks's $\lambda$'s have been transformed into $\chi^2$s and probability levels are also presented. The analysis yields two significant discriminant functions. Canonical correlations in each case represent the association between the discriminant function and the $m - 1$ set of dummy variables representing the $m$ different subgroups. Canonical coefficients for both are modest but not insignificant.

3 The U.S. information index is constructed by the sum of correct responses to six factual questions: (1) name of the current vice-president of the United States, (2) name of the governor of the state, (3) knowledge of the meaning of social security, (4) knowledge of the effect of home mortgage interest on personal income tax, (5) knowledge of the annual interest rate charged by common credit cards (e.g., "Master Charge"), and (6) knowledge of the approximate interest rates charged by commercial banks on personal loans. These items were entered into a principal components factor analysis. All loadings exceed .45 and the first factor explains 65% of the common variance. Successive factors produce eigenvalues lower than 1.0. Internal consistency, as measured by Cronbach's $\alpha$, is .691.

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### TABLE 2
**Discriminant Analysis of Characteristics of Cuban Immigrants in Three Labor Markets**

<table>
<thead>
<tr>
<th>Variables</th>
<th>First Function</th>
<th>Second Function</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupational prestige</td>
<td>0.14</td>
<td>−0.27</td>
</tr>
<tr>
<td>Home ownership</td>
<td>0.22</td>
<td>−0.13</td>
</tr>
<tr>
<td>Relatives in United States (N)</td>
<td>0.31</td>
<td>0.13</td>
</tr>
<tr>
<td>Information about U.S. society</td>
<td>−0.07</td>
<td>−0.57</td>
</tr>
<tr>
<td>Income satisfaction</td>
<td>−0.40</td>
<td>−0.12</td>
</tr>
<tr>
<td>Desire to change occupations</td>
<td>0.02</td>
<td>−0.35</td>
</tr>
<tr>
<td>Plans to move to another country</td>
<td>0.27</td>
<td>−0.04</td>
</tr>
<tr>
<td>Would not come to United States if he had to do it over</td>
<td>0.10</td>
<td>0.25</td>
</tr>
<tr>
<td>Would return to Cuba if things changed there</td>
<td>0.27</td>
<td>−0.04</td>
</tr>
<tr>
<td>Opportunities for relating with Anglos</td>
<td>−0.70</td>
<td>−0.02</td>
</tr>
<tr>
<td>Perceived discrimination against Cubans in United States</td>
<td>0.33</td>
<td>0.07</td>
</tr>
<tr>
<td>Personal experiences of discrimination</td>
<td>0.13</td>
<td>−0.55</td>
</tr>
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<td>Eigenvalue-relative percentage</td>
<td>60.8</td>
<td>39.2</td>
</tr>
<tr>
<td>Canonical correlation</td>
<td>0.38</td>
<td>0.32</td>
</tr>
<tr>
<td>$\chi^2$</td>
<td>90.00</td>
<td>36.00</td>
</tr>
<tr>
<td>$P$</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

| Group centroids:                                |                |                 |
| "Enclave"                                       | 0.49           | −0.02           |
| Primary labor market                            | −0.32          | −0.30           |
| Secondary labor market                          | −0.25          | 0.52            |

The nature of the two discriminant functions can be gleaned from the standardized coefficients. Disregarding signs for the moment, the first and most important function is defined by opportunities for relating with Anglos, desire to change occupations, perceived discrimination against Cubans, and number of relatives living in the United States. The second discriminant function is defined by income satisfaction, personal experiences of discrimination, plans to move to another country, information about U.S. society, and occupational prestige.

The most important results, however, are the group centroids, for they bear directly on the hypotheses above. These are the average discriminant scores for each group on the two functions. The significant $\chi^2$ for the first function is mostly due to distance in the reduced function space between the enclave group and the other two. In other words, immigrants in the primary and secondary markets are undistinguishable in this function, but both are empirically distinct from immigrants in the enclave. This result clearly supports hypothesis 2 and disconfirms the view of enclave workers as only one segment of the secondary sector.

Looking now at the direction of coefficients, enclave membership appears associated with more relatives living in the United States, lesser opportuni-
ties for relating with Anglo-Americans, and stronger inclinations to return to Cuba if political conditions were to change. These results appear predictable. Less predictable, perhaps, membership in the enclave economy is also linked with lesser interest in changing occupations and with higher perceptions of discrimination against Cubans in the United States.

The second discriminant function rearranges the groups differently. In this case, the significant difference in the reduced function space is that between the enclave and primary sector, on the one hand, and the secondary sector, on the other. The difference between the first two groups is insignificant. Thus, in this second dimension, which is closely defined by variables reflecting occupational and economic conditions, immigrants in the enclave are nearer those in the primary sector. This result again supports hypothesis 2. Predictably, membership in the secondary labor market is associated with lesser income satisfaction, lesser occupational prestige, lesser information about U.S. society, and less willingness to come to the United States if the decision had to be taken again. Surprisingly, however, secondary sector membership is also related to lesser reported experiences of discrimination in the United States.

Taken as a whole, these findings challenge the view that workers confined to an immigrant enclave share in the disadvantages of those in the secondary labor market and are undistinguishable from the latter. The variables available in these data at least suggest that the experiences and economic situation of immigrants can separate those in the enclave economy from those in the "open" labor market along a major axis and bring together enclave and primary workers, in opposition to those in the secondary labor market, along a second.

2. Having established systematic differences in terms of current experiences and situations among the three labor markets, we must examine whether the economic effects of background variables, in particular, past investments in human capital, also differ across them. In this part of the analysis, we compare the effects of predictors conventionally included in

4 A possible explanation is that the low positions occupied by secondary sector workers shield them from confronting barriers in the dominant society which are experienced by immigrants in higher-status occupations, especially those in the center economy.

5 Another way to display these results is with regression analysis, which has the advantage of being more readily understood. Unfortunately, regression analysis is not suitable for our purposes at this stage. It affords no easy way to assess the empirical distinctiveness among three categories of a nominal variable with reference to a list of dependent variables. However, in order to get a rough assessment of the comparability of our findings with regression results, we turned our hypotheses around and estimated the multiple correlations between the list of variables as independent variables and the three labor markets as three dummy dependent variables. The multiple correlations range from .28 to .37 and are roughly similar to the canonical correlations we report for the discriminant analysis.
human capital and status-attainment models on three dependent variables in each labor market. These dependent variables are principal occupation in Cuba, present occupation in the United States, and present income. Independent variables include father’s and mother’s education, father’s occupation, respondent’s education in Cuba, education since arrival in the United States, and age. Occupational variables are coded in Duncan’s SEI scores, education in Cuba is coded in years completed and in the United States in completed months, and income is the respondent’s present monthly earnings in dollars.

In addition, we include as predictors two variables not generally found in human capital models but indicative of important skills for newly arrived immigrants. One is the index of information about U.S. society described above. The other is an objective test of knowledge of English. This is an index constructed by the sum of correct answers to eight items, each asking the respondent to translate a word or sentence from English into Spanish. As with the U.S. information index, the knowledge-of-English index was constructed after factor analysis had indicated a clear unidimensional structure and high reliability.6

All parental variables, education, principal occupation in Cuba, and age were measured during the first interview. All other variables, including items in the information and knowledge-of-English indices, were measured during the second. Income is regressed on independent variables in its natural form since skewness in the distribution does not justify a log transformation. Conclusions would not be altered by such transformation, but it would obscure the substantive interpretation of coefficients. Means and standard deviations of all the variables are presented in the Appendix.

Regressions of income and occupation on independent variables are presented in table 3. Figures in the table are metric coefficients; those which meet the standard criterion of exceeding twice their standard errors are enclosed in parentheses. If hypothesis 1 is correct, the pattern of regression results for immigrants in enclave firms should be similar to that of immigrants in the secondary sector. For both groups, effects of human capital and past attainments on occupation and income should be significantly weaker than among immigrants in the primary sector. If hypothesis 2 is correct, on the other hand, enclave and primary sector workers should be similar and register greater returns to their past attainment and skills than those in peripheral firms.

In addition to present occupation and income, we have included occu-

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6 The test is designed to measure English comprehension at elementary and junior high school levels and includes sentences like “There is a horse near the church” and words like “guilt” and “surplus.” All item loadings exceed .65 in a principal components factor analysis. The first unrotated factor accounts for 70% of common variance, with no secondary factor having an eigenvalue of 1.0 or higher. Internal consistency (α) for this index is .94.
<table>
<thead>
<tr>
<th>Dependent Variables</th>
<th>Father's Occupation</th>
<th>Father's Education</th>
<th>Mother's Education</th>
<th>Education in United States</th>
<th>Knowledge of English</th>
<th>Information about U.S. Society</th>
<th>Age</th>
<th>Occupation in Cuba</th>
<th>Present Occupation</th>
<th>$R^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupation in Cuba</td>
<td>0.017</td>
<td>0.905</td>
<td>0.405</td>
<td>3.446</td>
<td>...</td>
<td>...</td>
<td></td>
<td>...</td>
<td>...</td>
<td>0.394</td>
</tr>
<tr>
<td>Occupation in United States</td>
<td>-0.216</td>
<td>-0.677</td>
<td>1.600</td>
<td>3.296</td>
<td>0.146</td>
<td>-0.988</td>
<td>0.742</td>
<td>0.176</td>
<td>0.183</td>
<td>0.333</td>
</tr>
<tr>
<td>Present income</td>
<td>1.683</td>
<td>0.256</td>
<td>-13.027</td>
<td>-3.212</td>
<td>-0.059</td>
<td>-14.462</td>
<td>51.667</td>
<td>-2.414</td>
<td>0.041</td>
<td>0.208</td>
</tr>
</tbody>
</table>

| Enclave             |                     |                   |                   |                          |                     |                               |     |                   |                   |      |

<table>
<thead>
<tr>
<th>Primary Labor Market</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupation in Cuba</td>
<td>0.131</td>
<td>(1.474)</td>
<td>-1.571</td>
<td>3.158</td>
<td>...</td>
<td>...</td>
<td></td>
<td>...</td>
<td>...</td>
<td>0.359</td>
</tr>
<tr>
<td>Occupation in United States</td>
<td>0.120</td>
<td>0.132</td>
<td>-0.129</td>
<td>1.883</td>
<td>-0.154</td>
<td>(1.676)</td>
<td>-0.094</td>
<td>0.557</td>
<td>(0.272)</td>
<td>0.307</td>
</tr>
<tr>
<td>Income</td>
<td>1.178</td>
<td>2.070</td>
<td>-1.803</td>
<td>-2.671</td>
<td>-5.544</td>
<td>9.448</td>
<td>47.417</td>
<td>-3.803</td>
<td>1.909</td>
<td>0.255</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Secondary Labor Market</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupation in Cuba</td>
<td>0.100</td>
<td>0.483</td>
<td>-0.791</td>
<td>3.237</td>
<td>...</td>
<td>...</td>
<td></td>
<td>...</td>
<td>...</td>
<td>0.334</td>
</tr>
<tr>
<td>Occupation in United States</td>
<td>-0.115</td>
<td>-0.543</td>
<td>1.792</td>
<td>0.211</td>
<td>-0.256</td>
<td>-0.796</td>
<td>-0.712</td>
<td>-0.440</td>
<td>(0.338)</td>
<td>0.210</td>
</tr>
<tr>
<td>Income</td>
<td>-0.977</td>
<td>-3.530</td>
<td>19.575</td>
<td>-9.186</td>
<td>-1.296</td>
<td>0.604</td>
<td>6.616</td>
<td>-5.357</td>
<td>1.628</td>
<td>0.143</td>
</tr>
</tbody>
</table>

Note.—Numbers are metric regression coefficients. Coefficients exceeding twice their SEs are enclosed in parentheses.
Labor Experiences of Cubans

pation in Cuba as a dependent variable to check the possibility that contemporary differences across labor markets are not a result of structural market characteristics in the United States but of individual traits. It is conceivable that systematic differences in the causal relationships among variables predated the arrival of immigrants in the United States and account for those found at present. This would run contrary to dual labor market theory, according to which such differences are due to structural characteristics of the firms where immigrants become employed.

Results in table 3 show a fundamental similarity in determinants of principal occupation in Cuba across the three labor markets. While modest reliable effects are associated with age in one subsample and father's education in another, the major determinant of occupation in all three groups is education. Each year of completed education yields a reliable gain of roughly three SEI prestige points in each subsample. These coefficients are so strong that they quadruple their respective standard errors in all three groups.

Although in Cuba education resulted in a clear occupational return for all immigrants, the same is not true in the United States. Education has sizable positive effects on present occupation for immigrants in the primary and enclave labor markets but not for those in the secondary sector. In terms of the overall pattern of results, past individual attainment and background variables explain roughly one-third of the variance of present occupation in the primary and enclave subsamples but only one-fifth in the secondary sample. The latter figure is due only to the inertial effect of principal occupation in Cuba on present occupation. These results lend clear support to relationships predicted by hypothesis 2.

Stronger evidence against the definition of enclave enterprises as an extension of the peripheral economy is provided by the regressions of income. Only two individual attainment variables—present occupation and the index of information about U.S. society—have significant effects on income. These effects, however, are quite strong and they are limited to the primary and enclave subsamples. Net of other variables, each additional point of occupational prestige represents a reliable gain of over $3.00 per month in both subsamples. More important, each unit change in the six-point information index yields a net gain of $47 per month in the primary sector and $52 in the enclave. Metric coefficients corresponding to information about the United States triple their respective standard errors in both subsamples. In contrast, not a single significant effect of past attainment or human capital indicators on income is found in the secondary labor market. While total explained income variance is modest in all cases, the figure for the secondary subsample is the lowest.

These results reinforce those in the first part of the analysis in showing the similarity of immigrant workers employed in center and enclave firms
and their common and systematic differences from those confined to the peripheral sector. Taken as a whole, these findings support dual labor market predictions concerning the different yield of human capital investments in different sectors of the economy but correct their routine assignment of immigrant workers to the secondary labor market. For Cuban immigrants at least, the payoff of education, occupational status, and objective information appears as great among those employed in enclave enterprises as for those working in the mainstream center economy.

CONCLUSION

The data analysis above has shown the impossibility of automatically merging enclave workers into the peripheral economy and the fact that they reproduce, in a number of ways, the characteristics of those in the primary labor market. Strictly speaking, these results cannot be generalized beyond the universe of Cuban émigrés from which they were drawn. Nonetheless, although the Cuban political exodus clearly possesses many unique characteristics, these results are in general agreement with past qualitative and historical analyses of other immigrant groups. The significance of our findings is that they provide, for the first time, quantitative evidence of the empirical distinctness of an enclave labor force and the limitation of dual labor market theories for understanding its character. Additional research is required, however, to test the possibility of generalizing these results to other immigrant minorities.

The literature available in this area seems to agree that the development of immigrant enclaves requires two conditions: first, the presence of immigrants with sufficient capital and initial entrepreneurial skills; second, the renewal of the enclave labor force through sustained immigration (Sung 1967; Bonacich, Light, and Wong 1977). Our hypothesis that the findings above can be replicated for other immigrant minorities is based on the fact that these conditions are not unique to the Cuban case, nor do they appear to require the unique circumstances of a political exodus. Other charted paths seem to exist through which other immigrant groups have fulfilled them, as the case of the Japanese and the more recent one of the Koreans indicate.

Future research in this area must consider not only the situation of individual workers but also the structural characteristics of immigrant enterprises. Such research would help elucidate a contradiction in the existing literature. On the one hand, the economic success of such groups as the Japanese, the Cuban, and the Korean has been noted repeatedly; on the other, the exploitation which immigrant workers suffer at the hand of immigrant entrepreneurs has been stressed.

Bonacich (1973, 1978), for example, analyzes with insight the functions
that immigrant entrepreneurs play with respect to larger firms in the center economy. As "middleman minorities," they enact economic directives from above and channel upward profits extracted from the exploitation of their respective groups. Enclave entrepreneurs can help cheapen labor costs for larger firms by the exploitation of the more vulnerable immigrant labor force. This might take the form of either intermediate input production for larger enterprises or a modern "put-out" system in which finished consumer goods, such as clothing, are produced in the enclave under contract for larger manufacturers.

Though speculative at this point, we hypothesize that the contradiction between the image of success and the image of exploitation of immigrant enclaves is more apparent than real. The line of reasoning pursued in the foregoing analysis suggests that the low-wage labor of immigrant workers is what permits survival and expansion of enclave enterprises which, in turn, open new opportunities for economic advancement.

Immigrant entrepreneurs make use of language and cultural barriers and of ethnic affinities to gain privileged access to markets and sources of labor. These conditions might give them an edge over similar peripheral firms in the open economy. The necessary counterpart to these ethnic ties of solidarity is the principle of ethnic preference in hiring and of support of other immigrants in their economic ventures.

The economic expansion of an immigrant enclave, combined with the reciprocal obligations attached to a common ethnicity, creates new mobility opportunities for immigrant workers and permits utilization of their past investments in human capital. Not incidentally, such opportunities may help explain why many immigrants choose to stay in or return to the enclave, forgoing higher short-term gains in the open economy.

Additional research is required to test this interpretation and examine possible differences across immigrant groups. At this point, we note only that this interpretation is in line with the results above insofar as they indicate that enclave workers are not better off initially, but that they are subsequently rewarded for skills and past investments in human capital.

Findings presented in this paper reintroduce a topic not adequately accounted for by theories of immigrant assimilation or internal colonialism, or by recent writings on the dual economy and dual labor markets. While often described in journalistic and qualitative terms, the phenomenon of immigrant enclaves and its theoretical implications have not received sufficient attention in the sociological literature. The results presented above raise perhaps more questions than they answer. Still, the remarkable geographic concentration of this sample and the differences detected for immigrants employed in center, peripheral, and enclave enterprises suggest the significance of the phenomenon and the need for additional research on the topic.
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APPENDIX

** VARIABLE MEANS AND STANDARD DEVIATIONS **

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Father's occupation (SEI scores)</td>
<td>28.51</td>
<td>20.38</td>
</tr>
<tr>
<td>Father's education (years)</td>
<td>6.10</td>
<td>3.21</td>
</tr>
<tr>
<td>Mother's education (years)</td>
<td>5.59</td>
<td>2.45</td>
</tr>
<tr>
<td>Education in Cuba (years)</td>
<td>8.57</td>
<td>3.67</td>
</tr>
<tr>
<td>Education in United States (months)</td>
<td>2.99</td>
<td>5.89</td>
</tr>
<tr>
<td>Knowledge of English (correct answers)</td>
<td>2.69</td>
<td>2.74</td>
</tr>
<tr>
<td>Information about U.S. society (correct answers)</td>
<td>3.26</td>
<td>1.76</td>
</tr>
<tr>
<td>Age (years)</td>
<td>42.20</td>
<td>7.64</td>
</tr>
<tr>
<td>Occupation in Cuba (SEI scores)</td>
<td>39.76</td>
<td>24.46</td>
</tr>
<tr>
<td>Present occupation (SEI scores)</td>
<td>30.58</td>
<td>21.48</td>
</tr>
<tr>
<td>Present income (dollars per month)</td>
<td>647.05</td>
<td>293.71</td>
</tr>
<tr>
<td>Home ownership (yes = 1, no = 0)</td>
<td>.14</td>
<td>.35</td>
</tr>
<tr>
<td>Relatives in United States (N)</td>
<td>4.39</td>
<td>5.26</td>
</tr>
<tr>
<td>Income satisfaction (low = 1 to high = 3)</td>
<td>2.09</td>
<td>.96</td>
</tr>
<tr>
<td>Plans to move to another country (yes = 1, no = 0)</td>
<td>.05</td>
<td>.22</td>
</tr>
<tr>
<td>Would not come to the United States if he had to do it over (yes = 1, no = 0)</td>
<td>.04</td>
<td>.20</td>
</tr>
<tr>
<td>Would return to Cuba if things changed (yes = 1, no = 0)</td>
<td>.72</td>
<td>.45</td>
</tr>
<tr>
<td>Opportunities for relating with Anglos (very few = 1 to many = 4)</td>
<td>1.40</td>
<td>1.02</td>
</tr>
<tr>
<td>Perceived discrimination against Cubans (yes = 1, no = 0)</td>
<td>.30</td>
<td>.46</td>
</tr>
<tr>
<td>Personal experiences of discrimination (never = 0 to frequently = 3)</td>
<td>.76</td>
<td>.96</td>
</tr>
</tbody>
</table>

REFERENCES


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