

THE ETHNIC SUB-ECONOMY: EXPLICATION AND ANALYSIS OF A CASE STUDY OF THE JEWS OF MONTREAL

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Social scientific analyses of the relationship between minority group status and economic achievement have generally described and explained negative consequences for such groups in plural societies. The economic victimization of minority groups is due primarily to active discrimination on the part of the dominant group(s), and may range from attempted extermination (in which case economic penalties are of secondary importance), expulsion, concentration (on reservations or in ghettos), or legal discrimination (as in apartheid laws) to more subtle forms of "illegal" discrimination in employment or wages and institutional discrimination which reduces opportunities. All such discrimination will adversely affect the economic performance of a minority group and its members (Sowell, 1975).

Indeed, implicit in the phrase "equality of economic opportunity" is a notion of a single, complex economic system in which all individuals should be able to participate to the full extent of their abilities, extracting a fair economic reward. That reality departs from this image has been amply demonstrated in studies of ethnic and racial stratification (Duncan and Duncan, 1968; Farley, 1977) and in Gordon's (1964) construct of the "ethclass" in which minority group status practically coincides with (usually inferior) social class. Furthermore, as argued by current critiques of neo-classical labor economics, there are "dual" or "split" labor markets in which minorities, as well as other workers, are relegated to non-competitive, low paying jobs in depressed economic sectors (Bonacich, 1972; Cain, 1976).

A second type of economic victimization may result unintentionally from the voluntary actions of minority groups, who limit their economic activities and relations to members of their own groups. Immigrants arriving in reasonably open societies tend to seek initial employment through networks of contact within an existing ethnic community (Anderson, 1974). Ethnic economic segregation may have the advantage of linguistic familiarity, congenial work atmospheres, absence of "red tape," a recog-

nition of the employees' cultural or religious needs, and a perceived greater job security, all reinforced by ties of origin, family relationships, or sense of communal obligation.

Nevertheless, the consequences of such "voluntary" economic segregation are seen as negative, penalizing minorities by locking them into an "ethnic mobility trap" (Wiley, 1967) in which rewards or opportunities are less than those available in the mainstream economy. Such behavior inevitably produces less than full participation in post-industrial society (Porter, 1975) and penalizes not only the immigrants, but their descendants as well.

In opposition to the prevailing view, theoretical and empirical studies have identified certain groups for whom minority status may have positive economic consequences. These minority groups tend to be disproportionately represented as self-appointed entrepreneurs, who eventually achieve, for themselves or their children, a certain measure of relative economic success, notwithstanding the fact that at given points in their occupational careers, many of them struggle near or at the poverty line.

Light (1979) has reviewed three sets of theoretical explanations for the high degree of self-employment among Jews, Asians, and other minorities: (1) the cultural theory of entrepreneurship, in which the cultural values or social institutions of an ethnic heritage are seen as functional for successful enterprise; (2) middlemen minority theories, which emphasize the solidarity of sojourning minorities linked to a homeland; and (3) the disadvantage theory, which sees the trend to self-employment as a rational response to various forms of discrimination in the labor market.

All three approaches have been used to explain Jewish economic behavior, particularly business success and occupational mobility, in various societies (Eitzen, 1971; Glazer, 1958; Rosen, 1959; Slater, 1969; Sombart, 1969; Strodbeck, 1958). This paper will not adjudicate among these three approaches. Indeed, it would seem that the debate about the reasons for differing propensities among minority groups for self-employment may be losing its salience as an important contemporary sociological puzzle. The proportions of North Americans self-employed has been steadily diminishing, comprising 6.7% of American non-farm workers in 1973. Moreover, the self-employed do not earn more than wage earners (Light, 1980, p. 31).

In addition, we note the increasing heterogeneity of the self-employed category. Not only is there substantial variation in the scale and income of businessmen, but the rise of a new middle class of educated independent professionals along with the classic entrepreneurial middle class complicates the meaning of the self-employed status. The old self-employed small

businessman usually needed hard work, savings, business acumen, and pluck; the self-employed professional relies on educational achievement and recognized credentials.

Third, and related, is the growth in high status salaried occupations, whether as managers in large firms or as professionals in public or quasi-public bureaucracies (Bell, 1973). Such occupations bring greater rewards in prestige and income than do most self-employed occupations, and have become increasingly popular among Jews, Asian minorities, and other historic middlemen groups.

Thus, a label such as middleman minority may be descriptively misleading, ignoring the increasing occupational diversity found within minority groups. For example, Bonacich (1973) describes the high concentration of Jewish retailers in Stamford, Connecticut in the 1930's as evidence of the Jewish tendency to middlemen minority status even within a modern industrial setting. Yet, at the same time there were large numbers of working class Jews in nearby New York, as well as a growing number of salaried Jewish professionals.

Many analyses of the economic conditions of minorities contain fragmentary evidence, usually ethnographic, of the presence and use of economic networks operating within a given minority group. This study represents a beginning effort to systematically and quantitatively explicate the concept of the ethnic sub-economy, using the case of Jews in Montreal. The term "ethnic sub-economy" can be applied to any minority group—ethnic, religious, racial, linguistic in a plural economy. Jews can be considered as a religious and/or ethnic group.

THE ETHNIC SUB-ECONOMY

The "ethnic sub-economy" can be defined as a network of economic relationships which may link employees, employers, consumers, buyers, and sellers, of a specific ethnic group or minority. The image is one of a parallel economy. It need not be limited to one class, or one economic sector, or to one spatial area in a given urban setting. An ethnic sub-economy may exist regardless of the conditions of immigration of the group, attitude to the homeland, and degrees of hostility facing the group. The existence of an ethnic sub-economy may be established by tracing the relative frequency of economic transactions ethnic members have within and without their own group. Thus, members of an ethnic group can participate to a greater or lesser extent in the ethnic sub-economy. The boundaries are set behaviorally, not geographically. The ethnic sub-economy will include its

own markets for labor, capital, goods, services, and information, which may parallel those existing in the "mainstream" economy.

The ethnic sub-economy can be considered a general case, to include any configuration of ethnic economic behavior. Whether economic advantage or penalty accrues to participants in the sub-economy must be established empirically. The concept can describe an economically successful middleman minority, an immigrant enclave, or a depressed racial ghetto. An ethnic sub-economy may have a greater working-class or greater middle-class dimension; yet, it is conceived as a vertical social phenomenon, existing across social classes. Indeed, like the mainstream economy, its social class composition and industrial base may change over time.

The notion of an ethnic sub-economy is similar in some respects to the concept of a "cultural division of labor" by Hechter (1978). Just as a societal division of labor may be more or less "hierarchical" or "segmental," so may a sub-economy vary as to the class composition or the occupational-industrial concentration of its members. Hechter, however, posits a causal model in which ethnic solidarity is dependant on, among other things, high levels of intra-group interaction (including economic transactions). The data presented below suggest, however, that the relation between ethnic solidarity, variously defined, and frequency of intra-group economic interaction, may be more complex (or subtle) at the microsociological level of analysis.

An ethnic sub-economy would be relatively self-contained in the range of its economic activity. Whereas the "middleman minority," by definition, fulfills intermediary economic functions, linking ethnic groups or economic sectors, the ethnic sub-economy might be conceived as a potential total economy in miniature. Economic relations outside the group would be relatively infrequent (though, of course, they could not be eliminated) for those whose primary economic activity was within the group.

Studies of immigrant or minority groups often reveal forms of intra-group economic activity. Immigrant social histories are replete with such data (Howe, 1976). Sowell (1975) and Nelli (1967) argue that what is here called an ethnic sub-economy is an asset only for immigrants in ethnically stratified societies, easing the processes of initial adaptation and economic integration. They suggest that minorities should abandon their ethnic economic base following the passing of the immigrant generation.

Evidence for the existence of ethnic sub-economies can be seen in the structure of urban housing markets. Ethnic groups in Toronto report that they rent or buy housing predominantly from persons of the same ethnic origin (Weinfeld, 1977). A detailed study of rental housing in Montreal identified ethnic networks which operated in various neighborhoods to

promote exchanges of labor and information and to influence landlord-tenant relationships (Krohn et al., 1977). One study of the business elite in Quebec noted the marked tendency for large firms owned by Jews to recruit primarily Jewish persons for senior management positions (Sales, 1979, pp. 136-138). Another study of Montreal's Italians found them to be likely to work for or with other Italians (Boissevain, 1970, p. 21).

This study presents and analyzes data concerning the economic behavior of a random sample of Jewish household heads in Montreal. The objective is to attempt to establish the degree to which a Jewish sub-economy exists, and to begin an initial examination of some of the characteristics of one such sub-economy.

The analysis is focused within the Jewish group and is not concerned with relative Jewish over- or under-representation in certain economic classes or sectors. Rather, the aim is to identify the pattern of intra-group economic behavior, and address the following questions: (1) What are the dimensions of the Jewish sub-economy in Montreal? (2) To what extent is this an "immigrant" phenomenon; i.e., does it persist beyond the immigrant generation? (3) To what extent is participation in the Jewish sub-economy in Montreal associated with disadvantage, such as a perception of anti-Semitism, or with positive factors such as a "preference" for dealing with Jews or a high degree of religiosity which might channel interactions

TABLE 1
Occupational and Income Distribution of Jewish Household Heads in Montreal

| <u>CURRENT/LAST/USUAL</u> | | | |
|-----------------------------|-------------------|----------------------|-------|
| | <u>OCCUPATION</u> | <u>FAMILY INCOME</u> | |
| <u>Census</u> | | | |
| <u>Occupational</u> | | | |
| <u>Categories</u> | | | |
| Managers and administrators | 43.0 | Less than \$10,000 | 26.0 |
| Professional and technical | 12.3 | 10,000-19,999 | 24.9 |
| Clerical | 13.2 | 20,000-29,999 | 16.4 |
| Sales | 11.4 | 30,000-49,999 | 19.4 |
| Service | 1.8 | 50,000+ | 13.3 |
| Skilled labor | 7.9 | | |
| Other | 10.2 | | 100.0 |
| Not reported | - | | |
| | 100.0 | | |

to other Jews? (4) To what extent is participation in the Jewish sub-economy associated with either economic benefits or losses for the participants?

METHOD AND SAMPLE

The data were collected from a 1978 survey of 657 Jewish household heads in Montreal.¹ The sample was generated by creating a "master list" of Jewish households in Montreal and sampling randomly within the list. The master list eventually included an estimated 85% to 90% of all Jewish households in Montreal compared to census figures. A questionnaire containing 332 questions was administered to each subject in the form of a one-hour interview.

Table 1 presents the occupational and income distributions for the sample. The variance is substantial, particularly as regards the distribution by family income. Thirty-seven percent of the respondents were self-employed; 29.6% were college graduates (bachelor, masters, doctorate, or professional degree).

SIZE AND SHAPE OF THE JEWISH SUB-ECONOMY

Three questions were available from the survey questionnaire to ascertain the degree of individual participation in the Jewish sub-economy. They provide some indications of the dimensions of the phenomenon itself. The distributions for these questions are presented in Table 2.

Respondents were asked several questions about the "company, institution or organization you work with." We see that 24.4% indicated that Jews comprised the majority of the customers or clients of this firm or organization. In addition, 69.8% of the respondents indicated that the "majority of the executive management" was Jewish. (This latter figure includes those who were self-employed, either in business or the free professions. In fact, 33% of the sample work for other Jews.) In other words, only 30.2% of the sample were employees of non-Jewish firms or organizations.

More generally, respondents were asked to identify what proportion of their "business associates" were Jewish. As we see from Table 2, 35% of the respondents indicated that "all or most" of their associates (partners, suppliers, employees, employers, customers/clients, colleagues, etc.) were Jews. Only 6.2% indicated they had no business association or contact with Jews. Bearing in mind that Jews represent only four percent of the Metropolitan Montreal population, according to the 1971 census, this is a substantial amount of concentration.²

Studies of immigrant life and histories of Jewish economic integration suggest that firms operating in an ethnic sub-economy would be smaller (small shopkeepers, craftsmen, retailers, etc.) than those operating in the large scale mainstream economy. The respondents were divided into two groups: those whose firm/organization employed less than 50 employees, (64%) and those, 50 or more (36%). Of the former, 38.9% identified all or most of their business associates as Jews, compared to 25.2% of the latter (large firms). While those involved in smaller enterprises were, therefore, more likely to be participants in the ethnic sub-economy, we still find that significant numbers of those in large enterprises were also participants.

TABLE 2
Ethnic Background of Majority of ...

| I. Clients/Customers* | | II. Executive* Management (includes self-em- ployed) |
|--|-------------|---|
| English Canadian | 20.0 | 13.8 |
| French Canadian | 21.6 | 6.5 |
| Jewish | 24.4 | 69.8 |
| Other/Combina- tion | <u>34.0</u> | <u>9.9</u> |
| | 100.0 | 100.0 |
| | n=539 | n=550 |
| III. <u>AMONG MY BUSINESS ASSOCIATES*</u> | | |
| None are Jewish | 6.2 | |
| Few are Jewish | 20.3 | |
| Some are Jewish | 38.5 | |
| Most are Jewish | 23.5 | |
| All are Jewish | <u>11.5</u> | |
| | 100.0 | |
| | n=548 | |

* Excludes respondents indicating "don't know" or "not applicable."

PARTICIPATION IN THE JEWISH SUB-ECONOMY AND LENGTH OF RESIDENCE IN MONTREAL

Participation in an ethnic sub-economy, according to an assimilationist perspective,³ should be more typical of immigrants than of native-born members of an ethnic group, and of more recent immigrants compared to those who arrived earlier. This view would be based not only on a hypothesized pattern of preferences, but on the supposition that structural barriers, e.g., knowledge of the host language and majority group hostility, and thus exclusion from full economic participation, might be greater for (more recent) immigrants.

Table 3 presents the trend on generational participation in the ethnic sub-economy. Generation is measured as foreign born (first generation), those native born, but with both parents foreign born (second generation), and those with at least one parent native born (third generation or above). The data show no linear decrease in participation for the different generational groups.⁴ For example, for the third generation, 28.3% have primarily Jewish customers/clients, 60.6% work for themselves or other Jews, and 28.4% indicate that all or most of their business associates are Jewish.

A similar finding arises in comparing immigrants resident in Canada for different periods of time. The foreign-born respondents are divided into three roughly equal groups: those in Canada for less than 25 years, those resident for 25-44 years, and those in Canada for 45 or more years. There is no evidence of any decrease in participation in the Jewish sub-economy moving, from the "greeners" (more recent immigrants) to the old-timers.

The data suggest that in no way can the Jewish sub-economy in Montreal be considered a phenomenon of (recently arrived) immigrants. A similar finding can be inferred from data provided by Light (1979: 34), which indicates only a marginal difference, from 158 to 150, in the self-employment rate per 1,000 employed, comparing foreign-born and native-born of Russian stock (largely Jewish) in the United States.

ANTI-SEMITISM, RELIGIOSITY, AND PARTICIPATION IN THE JEWISH SUB-ECONOMY

Participation in the Jewish sub-economy is not limited to (more recent) immigrants. An alternate correlate of participation might be the perception of anti-Semitism. Those respondents who believe that non-Jews are basically anti-Semitic might seek to avoid any economic consequences of this anti-Semitism (note: all that is required is a perception of anti-Semitism, rather than a first-hand encounter with it or other objective evidence of its

TABLE 3
Length of Residence in North America by Participation in the Ethnic
Sub-Economy

| Generation | Indicators of Participation For all Respondents | | | | | | |
|-------------------------------------|--|-----------------|------------------|-----------------------|--|------------------|-------------------|
| | Ethnic Background of Majority of Customers/Clients | | | | Among my Business Associates. . . are Jews | | |
| | Jewish | Non-Jewish | Executive Jewish | Management Non-Jewish | None or Few | Some Most or All | |
| First | 19.8 | 80.2 (n=263) | 69.2 | 30.8 (n=276) | 32.7 | 33.5 | 33.8 (n=260) |
| Second | 29.3 | 70.7 (n=174) | 75.6 | 24.4 (n=180) | 21.5 | 38.2 | 40.4 (n=186) |
| Third + | 28.3 | 71.7 (n= 97) | 60.6 | 39.4 (n= 94) | 19.6 | 52.0 | 28.4 * (n=102) |
| <u>Years in Canada</u> | | | | | | | |
| <u>For Foreign-Born Respondents</u> | | | | | | | |
| less than 25 | 21.5 | 78.5 (n= 94) | 54.8 | 45.2 (n= 98) | 44.6 | 27.3 | 28.2 (n= 95) |
| 25 - 44 | 24.3 | 75.7 (n= 80) | 77.1 | 22.9 (n= 86) | 30.6 | 38.9 | 30.5 (n= 78) |
| 45 + | 23.0 | 77.0 (n= 89) | 74.6 | 25.4 (n= 92) | 18.2 | 36.4 | 45.5 (n= 87) * |

*Chi-square significant at $p < .05$. The reader will note that in those cases of significant differences in the generational patterns, the direction of the differences in no case conforms to the assimilationist expectation, that of decreasing levels of participation in the Jewish sub-economy with higher length of residence in North America.

existence). Alternatively, more frequent participants might come to believe, perhaps as a rationale for their behavior, in the prevalence of higher levels of anti-Semitism.

The data in Table 4 suggest that there are no significant differences in participation between those respondents perceiving more anti-Semitism and those perceiving less (see Appendix A for a discussion of the index of perceived anti-Semitism). For example, of those who perceive *little* anti-Semitism, 21.8% have Jews as a majority of customers, 68.1% work for themselves or other Jews; the corresponding percentages for those perceiving *much* anti-Semitism are 26.6% and 70.9%. Thus fear of anti-Semitism does not seem to be systematically associated with participation in the Jewish sub-economy.

An alternative voluntaristic factor associated with participation might be religiosity. As Howe (1976) has described, some of the early immigrant workers in the needle trade in New York enjoyed the relative freedom to observe the Sabbath and holidays as a result of working for a Jewish employer. Moreover, the demands of a Jewish community for religious products or services (kosher food, Hebrew teachers, etc.) would create employment and business opportunities for religious Jews. Such an explanation would correspond to the "special consumer demands" theory of ethnic enterprise for Oriental or European immigrants (Light, 1972, pp. 11-15). Thus, we might expect participation in the Jewish sub-economy to be greater for more religious Jews.

Table 4B presents data that indicate no difference between more or less religious Jews in their participation in the Jewish sub-economy (see Appendix A for a description of the index of Jewish religiosity). Among the least religious third of the respondents, there are 32.5% with all or most of their business associates Jews, 66.7% self-employed or working for other Jews, and 28.1% with primarily Jewish customers. The percentages for the most religious third do not differ significantly. Clearly, the Jewish sub-economy survives due to factors other than the religiosity of its participants.

Apart from a religious motivation, Jews may simply prefer to have economic dealings with other Jews due perhaps to custom, language (Yiddish or Hebrew) similarities, or similar cultural sensibilities. Respondents were asked to indicate degrees of (dis)agreement with the statement: "I prefer doing business with an establishment that I know is owned by Jews." Those with greater agreement might be expected to be greater participants.

The data in Table 4C indicate that Jews agreeing with this statement are indeed more likely to have a majority of Jewish customers or clients, and to indicate that all or most of their business associates are Jews. There is no

Table 4
Proportions of Respondents of Selected Characteristics by Nature of
Participation in Jewish Sub-Economy

| A. Perceived Anti-Semitism | Indicators of Participation | | | | | | |
|---------------------------------------|-------------------------------|------------------|-------------------------|-----------------|--|------|------------------|
| | Customers/Clients majority | | Executive Management | | Among my business associates ... are Jewish | | |
| | Jews | Non-Jews | Jews | Non-Jews | None or Few | Some | Most or All |
| Low | 21.8 | 78.2 (n=252) | 68.1 | 31.9 (n=270) | 28.5 | 39.4 | 32.1 (n=274) |
| High | 26.6 | 73.4 (n=244) | 70.9 | 29.1 (n=247) | 24.0 | 37.4 | 38.6 (n=276) |
| <hr/> | | | | | | | |
| B. Religiosity | | | | | | | |
| Low | 28.1 | 71.9 (n=167) | 66.7 | 33.3 (n=171) | 23.3 | 44.2 | 32.5 (n=172) |
| Medium | 20.9 | 79.1 (n=177) | 66.8 | 33.2 (n=190) | 28.7 | 36.2 | 35.1 (n=188) |
| High | 24.1 | 75.9 (n=170) | 76.0 | 24.0 (n=175) | 27.4 | 35.4 | 37.1 (n=175) |
| <hr/> | | | | | | | |
| C. Prefer doing business with..... | | | | | | | |
| Jews | | | | | | | |
| Disagree | 19.2 | 80.8 (n=329) | 67.7 | 32.3 (n=365) | 28.5 | 43.7 | 27.7 (n=375) |
| strongly or some- what | | | | | | | |
| Agree strongly | 35.6 | 64.4 (n=160)* | 73.9 | 26.1 (n=165) | 21.6 | 27.2 | 51.2 (n=145)* |
| or somewhat | | | | | | | |

* Chi-square significant at $p < .05$.

significant difference in proportions self-employed or working for other Jews. Thus, we have here some evidence (for two out of three indicators) that respondents' preferences are associated with participation in the Jewish sub-economy. Yet the minority tendencies are also quite striking. For example, of those Jews who do *not* prefer doing business with other Jews, we find 19.2% with primarily Jewish customers and 27.7% with Jews as most or all of their business associates.

COSTS AND BENEFITS OF THE JEWISH SUB-ECONOMY

Are participants in the Jewish sub-economy economically better or worse off when compared to Jews active in the mainstream economy?

Three measures of economic performance are analyzed: occupation, intra-generational mobility, and income. Occupation is measured by the Blishen score, an index of socioeconomic status computed for various occupations (Blishen, 1968). Intra-generational mobility is measured as the difference in Blishen scores between respondents' first full time job in Canada and their present (or last, usual) job. Income represents total family income.

Table 5 presents the data in tabular form. Looking at all three indicators of socio-economic achievement and all three measures of participation in the Jewish sub-economy, we find a consistent pattern (nine chi-squares) of no significant difference (at $p \leq .05$) in economic achievement between those respondents with greater and those with lesser degrees of participation in the ethnic sub-economy. We find no evidence of either economic costs or economic benefits associated with participation in the Jewish sub-economy.

Correlation and regression analysis (not presented in tables) were used to isolate the independent effects of participation in the Jewish sub-economy on economic achievement. The sample was divided into foreign-born and native-born respondents on the assumption that different processes might be at work for these two groups. The zero-order correlations confirmed the cross-tabular findings for both foreign- and native-born. (Participation in the Jewish sub-economy was measured by the proportion of respondent's business associates who are Jewish (Table 2, Section III). The correlations were .07, .04, and .01 with occupation, mobility, and income for foreign born, and were .10, .05 and .03 for the native-born. None of these are substantial in magnitude or significant statistically.)

A regression analysis controlled for the effects of age, sex, years in Canada (for the foreign-born), and education of the respondents for the same three dependent measures, occupation, mobility, and income. In the income equations, spouse's labor force status (employed or unemployed)

TABLE 5
Economic Achievement and Economic Segregation

| | Business Associates Who are Jews | | Ethnic Origin of Majority of Clients/ Customers | | Ethnic Origin of Majority of Executive Management | |
|------------------------------------|-------------------------------------|------------------------|---|------------------|--|------------------|
| | None or Few | Some All or Most | Non-Jewish | Jewish | Non-Jewish | Jewish |
| Occupation | | | | | | |
| High | 43.2 | 47.0 | 45.3 | 49.2 | 46.8 | 45.7 |
| Low | 56.8 | 53.0 | 54.7 | 50.8 | 53.8 | 54.3 |
| | 100.0 (n=132) | 100.0 (n=197) | 100.0 (n=384) | 100.0 (n=128) | 100.0 (n=160) | 100.0 (n=372) |
| Intra- generational Mobility | | | | | | |
| High | 45.5 | 46.4 | 47.8 | 34.4 | 40.0 | 47.2 |
| Low | 54.5 | 53.6 | 52.2 | 65.6 | 60.0 | 52.8 |
| | 100.0 (n=132) | 100.0 (n=196) | 100.0 (n=383) | 100.0 (n=128) | 100.0 (n=160) | 100.0 (n=371) |
| Income | | | | | | |
| High | 50.0 | 63.2 | 52.9 | 52.7 | 57.2 | 50.2 |
| \$20,000+ | | | | | | |
| Low | 50.0 | 36.8 | 47.1 | 47.3 | 42.8 | 49.8 |
| \$20,000 | 100.0 (n=121) | 100.0 (n=171) | 100.0 (n=338) | 100.0 (n=112) | 100.0 (n=145) | 100.0 (n=313) |

and respondent's occupation were also included as variables. Interaction effects of economic segregation and both years in Canada and education were estimated as well.

In none of the six equations (three each for native- and foreign-born) does the standardized beta for the effect of segregation on economic achievement attain statistical significance. The same is true for interaction effects. Those variables which are significant and which explain the major part of the variance in occupation, mobility, and income are sex, age and education of respondents. In no equation does economic segregation (entered last) explain more than 0.1% of the variance. The major finding would seem to be that reported economic segregation plays an insignificant role in the economic achievement of our respondents.⁵

DISCUSSION

It seems that a large number of Jews in Montreal participate, in varying degrees, in the communal economic system. The measures used in this study have been conservative. For example, respondents who answered that the *majority* of their customers were Jews were identified as participants; those with a large *minority* of Jewish customers (30%, 40%) were excluded, in the analytical categories. (Remember that Jews represent only 4% of the population of Metropolitan Montreal.) From the data in Table 2, we might estimate that between one-quarter and one-third of the respondents were almost exclusively economically active within the Jewish sub-economy.

To be sure, anyone with direct or indirect familiarity with North American urban life is aware of the existence of ethnic residential and commercial concentrations. In addition to a linguistic, English-French, division in Montreal, we find there are clearly identifiable Jewish, Italian, and Greek areas, as well as a Chinatown and a black area. What is difficult is to account for individual decisions to participate in such sub-economies.

Participation in the Jewish sub-economy of Montreal cannot be explained by the factor of immigration, by perceptions of anti-Semitism, or by religious correlates. Respondents who "prefer" dealing with other Jews are slightly more likely to participate. Yet, there are more participants in the Jewish sub-economy who do *not* prefer business dealings with Jews than there are those who do. Finally, there seem to be neither economic costs nor benefits associated with participation. Though it was not examined, it seems likely that a (mis)perception about relative economic payoff cannot explain the participation either. Stated differently, participation in the Jewish sub-economy is distributed randomly over occupational and income groupings.

The question remains: Why do many Jews in Montreal concentrate their economic activity among other Jews? The phenomenon might be explained by generational transmission, and the convenience of adopting inherited patterns of economic activity. Immigrants may pass on to second and third generations, established economic networks, which are no worse than any other new ones. Inertia may maintain them. The phenomenon may reveal weaknesses in the impersonal, universalistic assumptions of both neo-classical economics and functional sociology. Ascription persists, and may be functional in modern industrial societies (Mayhew, 1968). One subject for systematic investigation might be the role of the extended family in minority groups as a mediating agent in contemporary economic activity which could, of course, solidify the tie to the ethnic sub-economy.

Other explanations might include the role of residential distributions. Residence or the location of a respondent's workplace in the "Jewish" area might be associated with participation in the Jewish sub-economy. At a macro-sociological level, objective discriminatory forces may help channel some Jews into the Jewish sub-economy. (This factor is distinct from the microsociological, subjective perception of anti-Semitism, analyzed above.)

Several lines of research suggest themselves. Comparative research might establish the generalizability of the concept of ethnic sub-economy through quantitative studies of different minority groups in a number of settings. Certain environments may be more or less conducive to the existence of ethnic economic systems.

Of interest to sociologists might be the relation of participation in the ethnic sub-economy to other dimensions of ethnic life, such as the social cohesion of the group, residential or territorial segregation, political mobilization, patterns of cultural assimilation, inter-group conflict, and even intra-group conflict.⁶ In this study, the religious variable examined covers only one facet of ethnic identification. It may be that other forms of communal solidarity play a role. Indeed, one might attempt to unravel whether participation in an ethnic sub-economy is more likely cause or effect of such solidarity.

Of interest to urban economists would be details regarding ethnic consumption patterns, participation in the housing markets, links between manufacturing, wholesaling and retailing operations, membership in professional associations, the giving and receiving of credit, the use of information networks, and the occupational and sectoral profile of participants in the sub-economy.

Another line of research might lead to the development of a political economy of minority groups. Some minority groups, such as the Jews, are

characterized by a wide array of political and social institutions and formal organizations. Groups vary in their "institutional completeness," or the degree to which needs of members may be met through institutions and resources indigenous to the group, such as welfare organizations, churches, newspapers, social and cultural clubs, etc. (Breton, 1964). In the Jewish case, the degree of institutional completeness and the proliferation of local, regional and national organizations is so great, the term "polity" has been used to describe the Jewish community (Elazar, 1976). An ethnic polity consists of the voluntary, representative or quasi-representative organizations which are involved in decision-making and the provision of services.

Minority groups differ in the degree to which they may be organized, internally, as a polity. The ethnic sub-economy may be considered as the economic analogue to the ethnic polity. Activity in both is voluntary and may be independent of economic (or political) participation in the mainstream societal systems. One might speculate as to the relation between the establishment of a successful ethnic polity and the extent of participation in the ethnic sub-economy.

A more complete elaboration of the workings of an ethnic sub-economy would include treatments of both "public" and "private" sectors. This paper has focused on the private sector of the Jewish sub-economy. The public sector of the ethnic sub-economy would be sustained through the pattern of philanthropic contributions or fee for services used to support welfare institutions, churches, and other cultural, social, or political institutions (these revenues could also include government grants). The funds would be used in part to employ communal public servants. Some portion might also be reallocated to other, perhaps more needy, members of the group. In the Jewish case, the public sector of the Jewish sub-economy is considerable. For example, Elazar has estimated a total Jewish communal budget of \$2 billion in the United States (1976: 293-313).

Using standard economic measures, it might be possible to obtain from survey data, or in other ways, quantitative estimates of the size of an ethnic sub-economy, including both public and private sectors. One might compute average and total revenues for participants, as well as other economic indicators, such as rates of return, productivity, economic growth, etc.

Analysis of the bases of economic power of elites within any minority group—whether within or without the sub-economy—may be useful in understanding the dynamics of intra-communal politics. One might ascertain whether the links between power and wealth operative within minority communities flow through the sub-economy or through the mainstream economy. Journalistic accounts (Newman, 1979) might be supplemented by systematic scientific studies.

Appendix A

I. PERCEIVED ANTI-SEMITISM

Responses to the following two questions,

- | | |
|---|---|
| 1. Do you feel there is prejudice against Jews in Quebec? | Yes, a great deal. Yes, some. Yes, a bit. No, none. |
| 2. "Anti-Semitism" is a problem in this city. | Strongly agree. Agree somewhat. Don't know. Disagree somewhat. Strongly disagree. |

were combined into an additive ordinal index of perceived anti-Semitism (correlation of .47, alpha reliability coefficient of .64), which was used in subsequent analyses. (The index of perceived anti-Semitism ranges from a low of 2 to a high of 9, with a mean of 5.78 and a standard deviation of 1.90.) Scores between 2 and 6 were recorded as low, those 7-9 as high.

II. RELIGIOSITY

An ordinal, additive index of religiosity was computed from responses to:

1. Apart from weddings or bar-mitzvas, how often do you attend synagogue religious services?

--Never.
--Primarily on the High Holidays.
--Primarily on the major Holidays.
--On major Holidays and some Sabbaths.
--All Sabbaths and Holidays.
--Daily.

2. Is it all right for Jews to marry non-Jews?

--Strongly agree.
--Disagree somewhat.
--Don't know.
--Agree somewhat.
--Strongly disagree.

3. How well do you read Hebrew?

--Very well.
--Fairly well.
--With some difficulty.
--With great difficulty.
--Not at all.

4. The number of the following six rituals observed by the respondent:

- Take part in a Passover Seder.
- Keep Kosher at home.
- Light Sabbath candles.
- Fast on Yom Kipper.
- Refrain from eating bread on Passover.
- Light Chanukah candles.

The index of religiosity ranges from a low of 4 to a high of 22, with a mean of 14.2 and a standard deviation of 4.4. The inter-item correlation is .42, the alpha reliability coefficient is .74. The index is recoded with values of 4-11 low, 12-16 medium, and 17-22 high.

NOTES

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1. For a thorough review of the sampling procedure, see Weinfeld and Eaton (1979). The survey had been commissioned as a means to facilitate community planning by the Allied Jewish Community Services and the Canadian Jewish Congress in Montreal.

2. This degree of intra-group economic interaction within the Jewish group may not be atypical for other ethnic groups in Montreal. Impressionistic evidence suggests that the English and French, as well as smaller groups such as the Italian and Greek, might also operate in part, at least, within the ethnic sub-economy. One of the prerequisites for the existence of an ethnic sub-economy (as opposed to a middleman minority) might be a minimum threshold size of a group in order to satisfy the specialization and differentiation needed in any economic system. The Jewish population of Montreal, 109,000 according to the 1971 census, would seem to be sufficiently large, as would the other groups listed above.

3. According to this perspective, all forms of participation in the host society should increase with the transition from the immigrant to the native born generation. Residential dispersion, more complete acculturation, higher educational attainment, would all contribute to making an ethnic group member more comfortable in competing economically with those outside the group, for positions not tied to the origin group itself. This would represent a form of structural assimilation, as described by Gordon (1964).

4. In this case, and in subsequent tabular analyses, findings of statistically insignificant differences (at $p \leq .05$) will be noted. Of course, one cannot prove "the null hypothesis." Finding insignificant chi-square values in a specific sample does not theoretically rule out significant differences in other samples. Thus, we present the findings here as suggestive, though of strong substantive interest. Their value is reinforced by the cumulative pattern of insignificant or unexpected relationships.

5. See note 4. The same argument applies for statistically insignificant beta coefficients.

6. Smaller sub-economies may exist *within* minority groups. Thus, Hassidic Jewish sects may exhibit patterns of economic segregation from other Jews as well as from the economic mainstream.

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