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ETHNIC MINORITY BUILDERS:
A COMPARATIVE STUDY OF BRITAIN AND THE UNITED STATES OF
AMERICA ON AFFIRMATIVE ACTION IN THE BUILDING INDUSTRY.

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Submitted for the degree of
Doctor of Philosophy

The University of Aston in Birmingham.
JULY 1988

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Ethnic Minority Builders:

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The research is a comparative study which examines the potential for the economic development of a black (Afro-Caribbean) minority community in a white majority society through the experiences of one industry - construction. Particular emphasis is placed on economic development through small enterprise. The research is empirically based on interviews and fieldwork carried out in Britain and America. It is argued that the construction industry has a colour blind approach to the needs of Britain's black workers, notably in the area of craft and management training. Black owned business plays a marginal role in the industry, so the research investigates ways to improve this position. Evidence is brought on the exclusion of black building workers and contractors from urban renewal housing repair and maintenance programmes in Birmingham. Other constraints to business development are discussed. In making comparisons with America the thesis explores three positive/affirmative action policies; Contract Compliance, Minority Business Programmes and the value of Self-Help organisations. It evaluates the potential for positive action in the British construction industry. The main conclusions are that there is a need for central government to take a lead in promoting positive action to combat the effects of racial discrimination. The potential for economic development through equal opportunity employment from the policy known in Britain as Contract Compliance is limited because of the fragmented and casualised structure of the industry. However, there is scope for improving access for black workers to training courses, and for the provision of sub contracting opportunities targeted at black owned enterprise that is linked to management training schemes.

Key Words.

Construction. Black workers. Positive action.

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ABBREVIATIONS

AAP	Affirmative Action Program.
ABC	Associated Builders and Contractors.
AFL/CIO	American Federation of Labor/Congress of Industrial Organisation.
AMC	Association of Minority Contractors.
ASA	American Subcontractors Association.
BAT	Bureau of Apprenticeship and Training.
BCRC	Birmingham Community Relations Council.
BEC	Building Employers Confederation.
BIC	Business in the Community.
BICPP	Birmingham Inner City Partnership Programme.
CBI	Confederation of British Industry.
CETA	Comprehensive Employment and Training Act.
CITB	Construction Industry Training Board.
CRE	Commission for Racial Equality.
CP	Community Programme.
DOT	Department of Transport.
DBE	Disadvantaged Business Enterprise.
DLO	Direct Labour Organisation.
ECA	Electrical Contractors Association.
EEOC	Equal Employment Opportunities Commission.
EETPU	Electrical Electronic Telecommunications and Plumbing Union.
ESRC	Economic and Social Research Council.
FHWA	Federal Highway Administration.
FMB	Federation of Master Builders.
GAO	General Accounting Office.
GLC	Greater London Council.
GMBATU	General Municipal Boilermakers and Allied Trades Union.
HBBA	Handsworth Black Builders Association.
HES	Handsworth Employment Scheme.
HIS	Home Improvement Service.
HTF	Handsworth Task Force.
ICPP	Inner City Partnership Programme.
JIB	Joint Industry Board (for the Electrical Contracting Industry).
LPWA	Local Public Works Act.
MARTA	Metropolitan Atlanta Rapid Transit Authority.

MBDA Minority Business Development Agency.
 MBDC Minority Business Development Center.
 MBE Minority Business Enterprise.
 MSC Manpower Services Commission.
 NAMC National Association of Minority Contractors.
 NICEIC National Inspection Council for Electrical Installation Contracting.
 OFOCP Office of Federal Contract Compliance Programs.
 OMBE Office of Minority Business Enterprise.
 R&M Repair and Maintenance.
 SAC State Apprenticeship Councils.
 SBA Small Business Administration.
 SEMTA South Eastern Michigan Transportation Authority.
 STAA Surface Transportation Assistance Act
 TGWU Transport and General Workers Union.
 TUC Trades Union Congress.
 UCATT Union of Construction and Allied Trades and Technicians.
 UCW United Construction Workers.
 USOCR United States Commission for Civil Rights
 VAT Value Added Tax.
 WBE Women (owned) Business Enterprise.
 WMCC West Midlands County Council.
 YTS Youth Training Scheme.

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SECTION ONE

INTRODUCTION

CHAPTER 1.

INTRODUCTION: THE STUDY IN CONTEXT

When Handsworth erupted in the middle of last year politicians were quick to point out that ten million pounds had been spent in Handsworth in the previous year, mainly on building. In an area where 8 out of 10 black people between the ages of 16 and 25 are unemployed, not one black person from that area, or from any other area for that matter, was employed by the contractors who carried out the work.
(Julienne 1986 p54)

1.1. Handsworth Through Three Perspectives.

In September 1985 youths rioted in the Lozells area of Handsworth in Birmingham. In the immediate aftermath experts and amateurs alike gave their opinion on the direct and underlying causes of the disturbance. The official response from the West Midlands Police Authority, and from Birmingham City Council, was each to commission a report. To complement the debate the West Midlands County Council invited a team of researchers into the city to carry out an investigation which would document the perspective of the black people of Handsworth and show the context from which the event arose.

Out of this flush of activity emerged three reports. Each report had its own perspective, used its own concepts and in some instances its own language, to record the story of what happened in September 1985.

The Report of the Chief Constable of the West Midlands located the cause of the riot in the anti-police attitudes of a small section of the local community and a small group of persons involved in the local drugs scene (Dear 1985 p53). The Dear report represents what could be termed the 'conservative' perspective.

The Independant Inquiry into the Handsworth Disturbances (Silverman 1986), which was commissioned by Birmingham City Council because the Government refused to set up its own official

enquiry (such as Scarman in Brixton in 1981), has a much wider perspective than the Dear report. It focusses on social conditions in Handsworth. This inner city area is typified as one displaying symptoms of multiple deprivation with high unemployment levels, poor education standards, unfit housing and bad police-youth relations. All these factors, the Silverman report concludes, combined to play a part in the social conditions which form the backdrop to the riot. The Silverman report could be termed the 'liberal' perspective.

A Different Reality (Review Panel 1986) is the third report. Commissioned for the black community by the Race Relations Committee of the West Midlands County Council (WMCC). The report offers a 'black' perspective on events. It describes itself as an account of black peoples' experiences and grievances before and after the Handsworth rebellion of September 1985.

So by the end of that year (1986) there were three reports, typified here as 'conservative', 'liberal' and 'black', which emerged from events in Handsworth. I have kept these three perspectives in mind throughout the thesis, because they demonstrate that there is no general consensus of opinion on any matters pertaining to what might broadly be termed 'race relations', not even among ethnic groups themselves. Keeping the three perspectives in mind allows some understanding of the different view points, and is therefore essential if any meaningful understanding and advances are to be made in this field of social policy.

A significant factor about A Different Reality is that the report contains a lengthy critique on the role of the Urban Programme in general, and of Urban Renewal in Birmingham in particular, in increasing the perception of relative disadvantage experienced by inner city black residents. Such urban area based policies as the Inner City Partnership Programme (ICPP) which funded much of the building work referred to in the opening quotation, have the goal of dealing with the structural effects of inner city economic decline and not with racism. The White Paper, the Policy for the Inner Cities (HMSO 1977) which proposed the ICPP, quite clearly stated that dealing with the problems of racial discrimination was

the province of the Commission for Racial Equality (CRE). The same white paper assumed that from spending public funds on targeted geographical areas, there would be a trickle down effect on the residents, which would automatically include a large percentage of Britain's black and Asian population.

A second aspect which emerged from both the Silverman Report and the Review Panel Report, concerned complaints about the contracting practices of the building industry. In Birmingham work funded from the Urban Programme was assumed to benefit urban residents, but contractors failed to recruit local or black labour. Much of the building work involved 'enveloping' and house repair programmes, in which black labour would expect to be employed; hence the quotation above from Julienne which was made with reference to the potential benefit of Contract Compliance policies aimed at the building industry.

The publicity which these claims received was particularly useful to me, because up until that time respondents to my initial enquiries about black builders in Birmingham (black in this context refers to people of Afro-Caribbean origin, see Appendix A) were making a number of conflicting statements such as (a) Birmingham had very few black or minority contractors, or (b) Birmingham had a lot of black contractors and they were getting plenty of work, or (c) the problem, if one existed (and most respondents from the white community denied that there was a problem) lay with the black builders and not with city officials or white contractors. With the publication of the reports the whole question of black worker involvement in the construction industry began to receive greater public interest.

1.2. The Aims and Objectives of the Thesis.

The underlying theme of this thesis is the economic development of a black minority community in a white majority society, through the experiences of one industry - construction.

The original aim of the research has been to investigate the alleged exclusion of black building contractors and workers from Urban Renewal housing repair programmes in Handsworth, an inner

city area of Birmingham. Arising from this investigatory research has been a second objective. This objective has been to analyse the outcome of equal opportunity employment policies, such as Contract Compliance and Minority Business Programmes in the construction industry in America, drawing comparisons with similar policies in Britain with a view to assess their potential in the British context.

The research has not set out to test hypotheses, although it has been based on certain underlying assumptions. First, that racial discrimination plays a significant role in determining the life chances of black people and second, that government intervention through equal opportunity policies and positive action can contribute to bringing about social change.

Racial discrimination lies at one end of a continuum, at its opposite end is equality of opportunity. The concept of direct racial discrimination receives less emphasis in this thesis than the concept of colour blindness. Racial discrimination in Britain is unlawful. Most organisations would acknowledge that they must not discriminate on the grounds of race or ethnic origin, but that is all they do to combat racial discrimination. There are sufficient grounds for believing that as far as indirect and institutional discrimination is concerned, the situation is rather different. There is evidence that the colour blind approach to race relations still holds a predominant position in the minds of many British people.

A colour blind perspective is one that claims everyone is treated equally, regardless of race or ethnic origin. In fact such an ideology does not produce equal treatment at all; a lack of sensitivity to the dimension of race means that employers remain ignorant of race issues (Green 1987). In the Probation service, for instance, Green argues that a colour blind attitude has meant a failure to recognise the disadvantage suffered by blacks in the education system, as a result fewer black people train as Probation Officers and service delivery in the Probation service has failed to develop new procedures to meet the special needs of black clients (Green 1987).

Similarly, a colour blind approach in the trade unions is demonstrated by this statement to the GLC survey of trade unions from the TGWU,

All members are equal, therefore no problems. To have it separate means we are facing the race issues rather than the class war.
(GLC 1984c p24).

The colour blind concept can become muddled up with other discourse on equal opportunity, as demonstrated by the Leader of the Labour Group in Birmingham, replying to a call for the implementation of an equal opportunity policy within Birmingham City Council he said,

A Labour Council will have to be colour blind which does not mean blind to colour, but appreciative of those who are black, those who are women, those who are disabled in any way, are of equal stature with the rest of the community [they] will have to be given the same privileges which are available to those of us who are not disadvantaged.
(Knowles 1983).

One of the major findings of the thesis is that the construction industry, taken as a whole, displays a colour blind approach to the needs of black and Asian workers in Britain and that it is an attitude which hinders the furtherance of equal opportunity policies.

In this introductory chapter the reasons for choosing the construction industry as a base for black economic development are explained. Empirical evidence of black disadvantage in employment is shown. Then the arguments put by supporters and opponents of positive action as a policy are discussed and the reason for making comparisons with America are justified.

1.3. Black Workers in Britain.

In the article quoted above Julianne (1986) lays the blame for a black exclusion from Handsworth building projects on racism in the construction industry. It is not an unreasonable assumption to make. Twelve years on from the passing of the Race Relations Act 1976 there is still considerable evidence to show that substantial

racial discrimination in all areas of employment continues to hold back the economic development of black people. For example, Brown and Gay observed

very little change over the period 1974-1982 in the types of jobs in which blacks are found. (Brown and Gay 1985 p30).

Another source of information on black employment patterns, the Labour Force Survey (final tables published in January 1987), shows considerable occupational and industry diversity between workers of Afro-Caribbean origin and Asian or white workers. Unemployment rates are higher amongst black workers. Young men in particular experience the highest unemployment rates, Afro-Caribbeans at twice the rate (33%) of their white counterparts (16%). A worrying aspect of high youth unemployment rates, which are sustained over a long period of time, is that these unemployed years coincide with a time in the life cycle when under normal circumstances workers would be laying down the basis for future promotion to supervisory or management positions.

In comparisons drawn with earlier surveys of the labour force the conclusion in 1987 is that similar patterns of employment survive, the relative position of different ethnic groups has remained broadly the same and so has their distribution among regions and industries.

Brown (1984) offers a variety of explanations for these differences in employment patterns including:

- the differential educational backgrounds of workers from different ethnic groups;
- lack of fluency in English among many Asian workers;
- different residential locations;
- an ethnic minority labour market which seems in some respects different from that of white workers;
- racial discrimination, both direct and indirect.

None of these factors, Brown asserts, can be treated in isolation from each other.

From research designed specifically to test the latter explanation, Brown and Gay (1985) found that racial discrimination at the point of recruitment is an important factor in perpetuating the employment patterns of minority workers. Despite the Race Relations Act 1976 Brown and Gay found there was evidence that showed the continuing and in some ways worsening of overall disadvantage of black people in the job market.

One difficulty in tackling discrimination at the point of recruitment is that in the normal way of events a black applicant who is discriminated against rarely has the evidence, without inside information, to back up that claim. Research on selection and interview processes (Jenkins 1986) reveals some of the subtle ways in which exclusion is perpetuated. Jenkins concludes that in a depressed employment market, black and minority workers are even less likely to be given equal opportunity in employment than in expansionary years. As the Birmingham builders relate in Chapter five, many black people are only too aware of racial discrimination against them, but they are often reluctant to assume it occurs as frequently as the work of Brown and Gay and others suggests. Black people recognise a need to live with racism whatever the cost in social, economic and psychological terms to themselves.

1.4. Policies to Counter Racial Discrimination.

Efforts to deal with black employment disadvantage in Britain have been limited. Up until the 1980's the response from central government in Britain has taken the form of anti-discrimination legislation, programmes of compensatory funding usually channelled through local authorities under the Urban Programme and measures to restrict further black immigration. In the 1980's the capital and revenue funds allocated through the Urban Programme have been cut, or redistributed, while at the same time local government spending capacity has been constrained. There is no evidence that anti-discrimination legislation will be strengthened in the foreseeable future, while immigration laws, citizenship rights and deportation continue to beset black people's life chances in Britain.

Yet, from the 'liberal' or 'black' perspective outlined earlier, there is clearly an urgent need for new initiatives and ideas for alleviating black deprivation and unemployment through the introduction of equal opportunity policies. When there is a recognition and a willingness on the part of policy makers to take up the initiative, positive action is one equal opportunity option currently available to both local and central governments. Positive action is a general term which describes any measure that is taken to encourage employees and potential employees, or to provide training for employees who are members of a particular racial group, who have been under represented in particular work. Positive action can also be introduced to help the black and minority owned business sector. The Home Affairs Committee (1987) have recommended the use of positive action to counter the disadvantage of race in employment,

If the current imbalances are to be rectified, positive action is required to help the minority overcome disadvantages and yet positive discrimination - choosing candidates because they are from an ethnic minority - is generally unlawful (pvi)

The Committee recommends 'access courses' as an acceptable route to employment opportunity and it has also advised that public authorities should set an example to other employers by aiming over time at a workforce whose racial composition more nearly mirrors that of the local population (Home Affairs Committee 1987 px). Access courses are schemes whereby suitable candidates for employment, who lack the necessary academic background or qualifications but who do have potential and motivation, are helped to acquire them by the prospective employer.

Just as there is no one version of the events and causes of the Lozells riot in 1985, the debate over taking positive action in employment is complex and varied. One argument in support of positive action is based on the demand of black people themselves for an equal right to participate in and to contribute to society. This demand is enhanced by a claim for restitutive elements.

The concept of restitution is more commonly used in America than in Britain. It is based on a belief in the right of groups (and individuals) to compensation for harm. This is based on the

premise that a groups' present conditions, in terms of socio - economic status and representation in the professions, business and commerce is less than it would have been had they not suffered unjust harm in the past (Edwards 1987 pl11).

Another argument for the promotion of positive action is based on the need to encourage the general well being of the economy in such a way that every section of society is able to reap the benefit. There are in turn just as many critics of the policy of positive action. Each argument is discussed in turn in the following paragraphs.

1.4.1. The Legal and Moral Case for Equal Opportunity and Positive Action.

In both Britain and America all citizens are presumed to be equal under the law. In America every citizen has a written Constitutional right to legal equality. In Britain the right is understood in an unwritten constitution. Both countries define themselves as democracies based on equality and justice. Human rights, human dignity and social and economic justice are all concepts that are implicitly understood in a democracy.

However, the legal right to equality is underpinned by the prevailing ideas on morality in that given society. For instance, Justice Harlam said in 1896 that the American Constitution was color blind. The Fourteenth Amendment states that in respect of civil rights all American citizens are equal before the law. Yet the seperate but equal policy of segregation for black Americans remained the practice until 1954, when some semblance of equal rights were restored under the Brown v Board of Education of Topeka, Kansas decision (Caputo 1977).

Social rights have not been given freely by the state in either Britain or America, but are the continuing focus for struggle across a number of fronts through pressure groups which include, for example, political parties, the labour movement, the women's movement, and the anti-racial discrimination movement. It is through a coalition between such pressure groups, with sometimes converging boundaries, that social change in favour of targeted

groups has been achieved in America. For example, a political rally and march in Washington DC on Solidarity Day in 1981 demonstrated the extent to which groups within America with widely divergent aims and overlapping interests are prepared to cooperate and stand up to defend their rights on social issues such as the ERA (Equal Rights Amendment), Social Security and Affirmative Action (AFL/CIO News 10/10/1981).

Affirmative action in America is a policy device adopted by governments and employers to work towards achieving greater equality of opportunity. One strand of the supporting argument is that affirmative action has been a policy that is demanded by black workers. In the 1960's there was a general consensus in America that supported the demands of the black community. It was accepted that if blacks want to be business owners and employers, doctors or lawyers, carpenters or plumbers they have an equal right to choose that occupation. A society that denies that choice, or the opportunity to exercise choice, and in which the legal right to equality is not upheld, is not in reality democratic and fair.

The principle concept of positive action, or affirmative action as it is known in America, is a contentious subject. Opponents of the principle use the term positive discrimination or reverse discrimination in the pejorative sense to describe the practice of positive, affirmative action (Parkins 1984; Edwards 1987). Opponents argue that positive action is another form of discrimination, an unnecessary intervention by the state in the market, and it should be avoided. On the other hand supporters of the introduction of the policy have argued that positive action is necessary because the lesson of history is that the self correcting mechanisms of the market is unlikely to open up opportunities for those discriminated against, and inaction cannot be relied on. Evidence of this is shown in Britain in the work of Brown and Gay (1985) who carried out a review of the position of black workers in the British labour market and found that, over a timespan of ten years, the market had not re-allocated black workers upward, but downwards and in many cases out of the market.

Black people in America have themselves demanded restitution for three centuries of their social and economic exploitation through slavery. Historical discrimination has left black Americans in a disadvantaged position, from which, prior to the Civil Rights 1964 legislation, it was impossible for a large proportion of them to compete on equal terms with the rest of society. In America, restitution for past discrimination has been institutionalised by the courts. Where there is evidence of group and individual discrimination, numerical targets for employment of the harmed group have been set. In Britain there is no comparable legal mechanism.

Fairness, choice, and equal opportunity for blacks in America were meaningless terms in the absence of a commitment to restitution for the past misallocation of resources. Restitution can be made for employees and for business owners. This is demonstrated by the 1980 decision of the US Supreme Court *Fullilove v Klutznick*, where the set-aside provisions of the Public Works Employment Act of 1977 were upheld on the grounds of redressing the balance. Set-aside is an American affirmative action programme in which a certain portion of federal, state or local contracts are set-aside for exclusive preferential bidding by minority or women owned firms. The Court found set-aside was proper because of what it had found to be 'the continuing effects of prior discrimination' which tended to impair the ability of Minority Business Enterprise (MBE) to compete successfully for public contracts. Some of the specific continuing effects included: the lack of working capital, stiff bonding requirements, lack of experience, and the shutting out of minority entrepreneurs from government bidding and contracting processes. Since *Fullilove*, many local government MBE programmes have been judged to be valid or invalid based upon the criteria set out in this decision (Schadl 1986 p5).

In Britain despite recommendations made by a succession of Government Select Committees, culminating in the last Employment Select Committee Report (1987) which urges Government to take positive action, there have been few practical changes. In reality, the British Government has been reluctant to recognise the demands of Britain's black people as being in any way different to those of the rest of the population. The British

government has not accepted the argument of democratic demands of black people. This means that the case for redistributive justice is less justifiable than in the USA. However, at local government level the restitutive argument has been accepted by some authorities. The London Borough of Lambeth, to take one example, has explained its equal employment opportunity policy to the Home Affairs Committee in this way,

the underlying principle at work is the Council's conviction that equality of opportunity is seriously affected by past discrimination. Merely to offer the same opportunity to those whose position is undermined by previous discrimination is to ignore the question of positive action.

(Home Affairs Committee, 1987 pix).

1.4.2. Promoting the General Well Being of the Economy.

A second argument in favour of striving for greater equality of opportunity derives from the belief that affirmative action which helps reduce black unemployment and which supports ethnic business development can enhance social stability. Growing unrest in the black community and inner city areas is seen as a threat to the smooth running of society. If riots are caused by people alienated from society, then the argument is that maybe co-option and ownership is the best way at this time to deal with it. In this sense black capitalism for the few may be offered as an alternative to black chaos erupting from an underclass which has no ties to society, no job, no ownership, no control, no 'piece of the pie' and ultimately no loyalty to the society in which they live.

The Chairman of the Equal Opportunity Committee of the American Association of Manufacturers, Bill McEwan, definitely identified the urban riots as a catalyst which enhanced the ethnic business perspective of the American corporate sector. He told the GLC,

The thing that changed us was not a change in our moral values or anything like that. Events dictated a change. Our cities were burning, our people were rioting, our country was in disarray because people determined that either we share the American dream, or no-one should have the American dream. It is as simple as that.

(GLC 1987 p25)

Proponents of positive action argue that there are a number of general economic and specific social benefits to be gained. One argument developed in America has been based on a faith that the promotion of black involvement in business enterprise and the creation of wealth in the black community can wipe out racial prejudice in the majority population (Tabb 1970).

Secondly, since black business owners are assumed to recruit labour disproportionately from the black community, it follows that black business development will reduce black unemployment, increase chances of promotion and by the multiplier effect of wage payments and purchases, raise the living standards of inner city residents. This raised income level will help to raise the black underclass of the inner city into social and economic integration into the mainstream economy.

A sub theme to the argument is that at the same time the economy of decaying inner cities will be revitalised and modernised with black capitalism as the catalyst.

Third, society generally will benefit because the political and social demands of black power advocates will be satisfied. Their demands for the re-allocation of resources in society will be reduced by giving them 'a piece of the pie'. Black power advocates may be co-opted to the powerful establishment strata of society, where as individuals they would have an enhanced social image with higher status and economic power. Such a group can serve a powerful function as role models for the rest of the community.

Finally social integration will be furthered by an expanding black middle class, which will have a vested interest in maintaining the system and divert leaders from other kinds of social organisation hostile to the capitalist ethos.

The underlying premise of such a theory is that the black community will turn inward and concentrate on the regeneration of the inner city areas in which they live rather than outward on restructuring the conditions of power within the existing white business and political community. In short, as the American commentator Tabb (1970) observed, increasing the ownership class

is a way to improve social stability, to increase social mobility for a few, to lessen the visibility of white domination in the ghetto economies and to funnel ghetto discontent into acceptable channels.

An improvement in black income levels also means that there is a reduced role for government in the poverty or welfare budget through a reduction in unemployment and social security payments. Employers and society in general benefits by a reduction in taxes used for welfare payments.

In America the federal government response to urban riots was to produce a package of reforms which included an anti-poverty strategy and the Great Society programmes, together with the Civil Rights legislation. The American anti-poverty and Great Society strategy consisted of injecting job skills into the poor in an effort to transform the unemployed and unskilled into useful outputs of the business sector (Bluestone 1971). Human capital deficiencies in these workers are seen to be the cause of their low socio-economic position. This approach lays the blame on the victim, stressing the need is to refurbish people and not social or economic institutions. By locating the problem within the poor black community it absolves the employed and white society from any collective responsibility for its fellow citizens.

From the perspective of the corporate sector there are several advantages to be gleaned from positive action. Employers are happy with skill injection programmes because they help reduce direct labour costs. Advocates of positive action claim that widening the labour recruitment net can actually lower production costs. A wider dimension of this recruitment argument is that employers who have adopted the CRE Code of Practice have discovered that a review of recruitment practices, job descriptions and qualifications, together with the adoption of in-service training for promotion needs and the creation of training posts does actually improve the labour inputs and efficiency of a business (Home Affairs Committee 1987).

The corporate sector in America has come under considerable pressure to change discriminatory employment practices. Not all

employers have welcomed equal opportunity legislation and many have continued to work behind the scenes to have it curtailed (Pinkney 1984). If one benefit of supporting black business policies is a reduction in pressure from opposition parties, government or trade unions calling for legislation aimed at preventing discriminatory practices in the corporate sector, then the corporate sector is in favour.

1.4.3. Discussion on the Value of Measures to Achieve Equality of Opportunity.

The American anti-poverty programme attempted to tackle racial discrimination by the injection of skills into the unemployed. The problem arising from the skill injection strategy, however, is that training workers for existing jobs by the use of positive action 'access courses' and training schemes, may merely serve to increase white hostility and result in a white backlash as a greater number of workers compete for a finite number of jobs. In this situation the interests of whites are threatened by black demands for equality of opportunity. The fear of competition is reflected in union inactivity and even hostility to positive action policy. The implication of this reaction for promoting black economic development through the British construction industry, is that positive action policy would need to be accompanied by an injection of spending on capital funds to increase the real number of jobs available to overcome these effects.

On the second point about the benefits to employers of widening their recruitment networks, there is in fact no firm empirical evidence in Britain to demonstrate the validity of the claim. Some companies have told the CRE that changing recruitment policies to conform with the Code of Practice has resulted in cheaper and more efficient recruitment (Home Affairs Committee 1987). However while in theory it could be in the employers' interest to recruit from a wider pool of talent, the reality is that at a time of recession firms are not prepared to spend scarce resources on widening their recruitment net (Jenkins 1986).

The corporate sector in America is said to be firmly in favour of Contract Compliance, yet it has also worked incessantly for a reduction in the monitoring requirements of the Office of Federal Contract Compliance Programs (OFCCP). The resources which are needed to monitor a workforce are seen as standing in the way of profitable activity. This is particularly so in the American construction industry where employers have campaigned ceaselessly to reduce the levels of form filling required by governments (OFCCP 1978). 'Getting government off their backs' is the slogan. In Britain the GLC assert that American employers have welcomed the Contract Compliance policy, but the overwhelming evidence from the construction industry is that they have not. Employers appear to want the benefits of an improved labour force but not to have to be accountable on their equal opportunity employment practices.

The American writer Bluestone (1971) pointed out that the cries for equality of opportunity from the black community were met with 'indifference if not downright hostility' by the corporate sector in the 1960's in America. It was only when smoke from the ghetto uprisings could be seen that corporate management began to realise that social problems in tense ghettos could explode to become their problem too (p138).

An additional dilemma which arises from promoting black jobs in construction in black owned companies is that this may reinforce the idea that blacks naturally belong together in the ghetto or inner city. There have to be other mechanisms complementary to the training schemes for enabling those black workers who choose to move out to the suburbs and to do so without the fear of racial harrassment. The trend over time, as capital moves, is for jobs to move away from the inner city and out towards the suburbs, and away from the great industrial cities to newer areas. Black workers have to be a part of that process too if they are not to become a segregated, alienated group of people at the edges of old industrial deserts.

1.5. Critics of Positive Action.

Positive action in all its dimensions has its critics. Opponents of positive action policies, per se, tend to look at them from a

'conservative' perspective without examining the actual or potential benefit that might accrue to society or targeted groups in society.

One important criticism emanating from America is that it is those people who are in the greatest need who benefit least or suffer most from positive action based on race. In some cases affirmative action enforcement in America has favoured the skilled workers and not the unskilled who are left behind (Welch 1985). Parkins (1984) quoting Sowell, claims that under the pressure of positive action policies, employers are even more discriminatory in their hiring practices, because they employ only the most competent of minority applicants and avoid the less competent.

A further dimension to this point, claims Parkins, is that employers in Britain may avoid employing any minority workers at all through fear of costly tribunal cases, the cost and inconvenience of monitoring equal opportunity programmes or of being obliged to promote incompetent workers. Therefore government intervention of this kind can increase discrimination in employment because business men follow the most cost effective policies.

A second critique asserts that positive action can also damage minorities because it makes their genuine unaided achievements suspect. The assumption is made that the truly able black will succeed anyway. The arguments proposed by Glazer (1979) and black economists such as Sowell (1976) and Williams (1985) is that affirmative action can destroy the legitimacy of what has already been achieved by black people. Affirmative action has the appearance of making black achievement a questionable accomplishment, tokenism or gift. Such critics claim there are only two paths of social mobility, either the white route of merit or the black route of civil rights and positive discrimination. Moreover, there is a strong likelihood that positive action and attempts to enforce equality of outcome could lead to a lowering of standards, a devaluation of status and eventually the destruction of incentives to effort and initiative (Parkins 1984). In the long term society as a whole will not benefit and furthermore, society will have been transformed from one that

distributes rewards on merit, to a society where favours are granted by government on the basis of group membership.

There are some critics of the positive action for ethnic business aspect of equal opportunity policies who say fostering the growth of small business is a massive hoax. The claim that there is no way small business can promote black advancement in competition with white capitalism was raised by Frazier (1962). Critics since then point to the evidence of black business today where there is still a chronic lack of experience and management skills, together with the inability of many new ventures to attract competently trained staff for management and day to day operations. Under such circumstances it is over optimistic to expect a swift and miraculous transformation within a time span of say twenty years.

The social environment in which the majority of black business operates also raises serious questions about the ability of the black community to support small business. Such social environments are typically low wage areas, with disproportionate numbers of elderly and young people of limited assets. In addition crime rates are high which in turn means high insurance costs and the age of property in such areas means only poor quality premises are available.

Even if such small business owners were to succeed, some critics argue, the end product is not the creation of a successful inner city economic infrastructure, but the development of a larger black bourgeoisie, which, with rising incomes, will leave the area taking its profits too.

From the 'liberal' and 'black' perspective it could be said that the true aim of promoting self employment and business ownership is to change the patterns of the black class structure away from a majority who could be termed an underclass (out of employment and unlikely to re-enter the labour market) to a much smaller black underclass. The responsibility for caring for the remaining black underclass would then presumably become the function of a black wealthy middle class and not of white society.

Secondly, the 'black and liberal' critics would argue, there are practical reasons unconnected with the needs of the black community but more in the economic interest of the corporate sector for supporting positive action policies, this is because employers will benefit not only from a reduction in internal training costs, but also by a reduction in social welfare costs. Moreover there are new profits to be gained from government subsidy programmes which are designed to encourage business relocation in abandoned inner city areas, the areas where the majority of black and minority households are located.

1.6. Black Capitalists or Blacks in Capitalism.

There is a danger in laying too much emphasis on the potential for black business ownership at the expense of black employment in society generally. It is not a question of 'either' 'or' but of the opportunity to choose from either path to economic development. The potential for ethnic businesses themselves to employ minority workers can vary according to industrial segment and the availability of skilled workers. To assume that ethnic business can take up any significant measure of black unemployment is optimistic. Given the sheer weight of disadvantage across a number of variables which include housing, education, employment, income, it is misguided to believe that a few employers can do what the majority of society should do, which is from the liberal perspective, to look after the disadvantaged.

Small business is not the one single answer to the question of black economic development. If blacks are to become an integrated section of society they have to be playing a leading role in the corporate organisations, the public sector as well as in business ownership. The danger of the concept of development of the individual through entrepreneurship, to economic development of the group, is that those who have made it are used as examples and others are exhorted to go forth and do likewise. Trickle down and multiplier theories of economists are plausible, but there is little evidence that they have worked for black Americans in the short run from 1965 to the present day.

The reality of small business in poor areas is that it remains small. The reality of few employees on low wages working long hours has lead some observers, such as Brimmer (1971) to suggest that blacks may be better off employed by institutions in the public sector or the white private sector. Employment in the American public sector has proved to be a successful strategy for black workers in America; American blacks have historically encountered less discrimination in the public sector than in the private sector. After 1965 blacks found new employment opportunities in public service at federal, state and local levels of government (Brimmer 1985).

The employment prospects of black Britons stands in stark contrast to the American example. Relatively few black workers are employed in the middle and higher levels of public sector organisations. The problem in Britain is still the absence of true equality of opportunity in public sector organisations on a level far reaching enough to tackle black employment blockages. Take for example, the case of Liverpool city council, a Labour held council where very few blacks were employed and the ruling group did not accept the need for equality of opportunity based on race or gender (Home Affairs Committee 1987 pviii). The Labour leadership of Liverpool held the 'old labour' perspective, a view which sees itself as representing first and foremost the British male wage earner and his family, Golding (cited in Wainright) typifies this perspective.

I'm a class politician... without these trendy socialists,
always bringing up women and blacks.
(Wainright 1987 p80)

As the analysis of positive action policy in Britain shows in Chapter seven, the introduction of positive action and access to public sector jobs is dependent on 'black' and 'liberal' politicians and decision makers being in positions of power.

1.7. The Structure of the Thesis.

1.7.1. The Construction Industry.

I have chosen to concentrate on the construction industry for a number of reasons. Looking at one specific industry allows for the analysis of the policy and practice of positive action. It also allows me to examine the potential for intervention in support of black economic development in a contextual way.

The construction industry is the biggest single sector employer in Britain, hence the propensity of governments to use it as an economic lever to regulate the economy. One in ten employed people works in construction or in jobs related to it. The potential for employment exists because of the historical involvement of black workers in construction. Black people are disproportionately represented within manual work, therefore the aim of improving black employment chances in construction is based on a firm foundation of experience and capability.

A second reason lies in the fact that the construction industry is a prime example of a dual labour market. The dual labour market is one where two distinct employment sectors exist side by side, where primary and secondary labour forces are deployed to sustain company profitability. Dual labour market theory is one useful way of explaining how it is that black and minority workers can become segregated and disadvantaged within one industry. Yet the very duality of this market implies that the industry offers the chance to break out of those conditions relating to secondary labour force workers. Opportunities for social mobility exist for some of those who become self employed and set up in business, perhaps to a much greater extent than in any other industry because the casualised, fragmented structure of the industry offers scope for self employment.

In the last ten years much effort has gone into encouraging black and ethnic minority workers to enter the professions and white collar jobs from which they have been traditionally excluded, such as medicine, teaching and local government. For working class people it is not the number of black surgeons, civil servants,

academics or barristers that they notice in their every day lives but the face serving them behind the counter in department stores, in the bank or the building society, or the employees in the public sector such as police, fire and ambulance services, or utilities such as electricity and gas and, of course, the highly visible builders on construction sites. That is not to say that effort should be diverted from issues of equal opportunity in the professions, just that attention has to be paid to the ordinary, everyday jobs which do not require high academic qualifications from school or expensive long term training.

Third, there is a great capacity for job creation and expansion in the construction industry. The benefits to be derived from increased expenditure include the potential reduction in black unemployment, because investment in the infrastructure would produce much needed jobs that blacks could take up. The depressed level of construction expenditure has given rise to substantial calls for greater private and public expenditure to be allocated to housing and to the infrastructure of Britain (NALGO 1981; GLC 1984; Manser 1985; Greater London Trade Union Resource Unit 1986). Spending on housing is desperately needed and is one of the fastest and most effective ways of creating jobs (Greater London Trade Union Resource Unit 1986). A further justification for expansion in the industry is that construction makes a substantial and material contribution to the standard of living and the quality of the environment in which all people live and work. Finally, expenditure on construction is less inflationary and involves the use of domestically manufactured products.

That there is a drastic need for greater capital expenditure is beyond dispute. Over the past decade capital expenditure has continued to decline in Britain. In a review of the state of Britain's infrastructure Manser (1985) catalogues the mounting evidence of the physical effects of the decline in the British infrastructure as it appeared in 1985. Commenting on the rapid decline since his previous review Manser says,

the infrastructure, ill cared for and vulnerable in 1980, is now sufficiently unkempt and at risk to give rise to public alarm.
(Manser 1985 p54)

The Manser review covers a wide spectrum of the water industry, roads, derelict land in inner cities, energy, rail transport, urban transport, inland waterways, sea and air ports.

Manser also offers an extensive review of the evidence of public concern over spending on the infrastructure from parliament, where concern has been voiced across the political spectrum in twelve major debates over the years 1980-85 (p102) and where parliamentary committees have also voiced concern. The CBI has repeatedly called for greater expenditure on construction as have the British Institute of Management, the Association of British Chambers of Commerce, the Institute of Civil Engineers and the National Economic Development Council (Manser 1985 p110).

1.7.2. Women in Construction.

Equal opportunity policies, such as Contract Compliance, are targeted at women as well as at minority workers. However, I do not intend to compare the two groups further in this thesis other than a contextual review in this section for the following reasons. First there are no black women contractors in Birmingham. Secondly, one significant difference in the case of equal opportunity in employment for women is that there is no provision under the Sex Discrimination Act 1975 which says that local authorities have a duty to promote equal opportunity for women. The Race Relations Act 1976 quite clearly requires every local authority to promote equality of opportunity and good relations between persons of different racial groups.

In order to avoid the necessity of introducing the relevant material and data on women, in terms of dates of legislative changes, amendments and differences, the thesis focuses on minority workers only. To avoid the continual use of the s/he device, I have used the term he throughout. The one exception is Ms Dunlop, the American Contractor from Washington DC.

Moreover there are relatively few women employed in construction compared with men. Figures from the Labour Force Survey (1987) show that 1.6 percent white women are employed in the construction industry (total in numbers 155,000) and 1.0 percent black or

ethnic minority women (3,000), which includes women doing clerical and technical work, compared to 11.7 percent white males (1,537,000) and 5.2 percent ethnic minority males (26,000). These figures include workers on government schemes such as the Community Programme (CP), the Youth Training Scheme (YTS) and Skillcentres.

I have deliberately focussed on male minority workers for reasons of clarity, time and space. The case for equal opportunity for women in construction is different in many ways from the case for blacks and minority workers. Factors relating to the historical division of labour, with women's employment choices closely constrained by the demands of marriage and child rearing, together with perceptions in society of what is suitable work for women to do, have limited the type of jobs available. There is, I believe, a danger in mixing the case for minorities and the case for equal opportunity for women. The example of America, where the concept of affirmative action for blacks, was expanded to cover a wide ranging number of groups and then women is a salutary one. It has become a catch all cause for every group who perceives itself at a disadvantage in society. Over time affirmative action has lost much of its strength of argument (Glazer 1985; Thomas 1987). The forces which work towards the exclusion of each group are not the same and therefore the strategy needed to bring about change is likely to be different.

Nevertheless, a short summary of the progress made by women in construction seems appropriate at this point because it demonstrates the way in which progress can be made by a previously unrepresented group. There is a strong women's voice developing in construction in the mid 1980's through the construction union the Union of Construction Allied Trades and Technicians (UCATT). In UCATT, for example, where only one percent of members are women, the Employment of Women Working Party has had notable success. Immediately after it was established in 1982 a research report was commissioned to fill the gap in knowledge about women construction workers.

The resulting survey (UCATT 1986) showed that women are working in every job or trade organised by the union, and that local

authorities rather than contractors have been the employers most likely to create opportunities for women. A second important finding is that when women do enter the industry, they do so as adults in a non traditional training scheme rather than as school leavers through traditional apprenticeships.

A second group, the Women in Construction Advisory Group, was established in London circa 1985. The group liaises with Contract Compliance Authorities by working with construction contractors to promote equality of opportunity for women (UCATT 1986). A third group, Women in Manual Trades, is a London based support network for women working in construction, which passes on information about jobs and contractors (Women in Manual Trades nd)

These three groups have encouraged UCATT to publish some very attractive and well designed recruitment leaflets to attract women to construction. The Construction Industry Training Board (CITB) has also been tackled over its role in perpetuating job stereotypes. The CITB have been convinced of the need to change the image of the industry which is presented by CITB literature. In addition to changes in literature there have been changes in recruitment. For example in 1984/5 there were forty one female CITB starter trainees. In 1985/6 there were one hundred and six female trainees. This represents nearly a threefold increase in female starter trainees.

This short summary of the activities of women in construction serves two purposes. First it highlights the colour blind attitude of UCATT. There is, the union asserts, no grass roots demand from within the membership for positive action based on ethnic origin. As a result of this there has been no research commissioned by the union which links race and construction. The UCATT research department has no information on black or Asian membership, because records are not kept and the ethnic origin of new members is not being requested. There are no UCATT publications targeted at black or minority workers. Once again, the reason offered to explain these omissions is that there is no demand for it from the membership and presumably no example from the leadership (personal communication - with UCATT officers).

The second point to be made in comparing the UCATT policy on women with the absence of a policy based on race or ethnicity, is the significance of the need for black organisation and self-help in achieving change. Organisations like trade unions tend to respond to the demands made of them. In the absence of demand no change occurs.

1.8. Comparison with America.

The research is based on a comparative analysis of Britain and America, an obvious choice given the history of racial discrimination and anti-racist activity in both countries. Britain has frequently looked to America for solutions to its urban problems of deprivation, decay and riots as well as for solutions to problems of race relations. One such example of an urban deprivation policy is the concept of Housing Action Areas which is taken from the American General Neighbourhood Renewal Programme (Caputo 1977).

British researchers have looked to the American example for a guide to good practice. In one of the first British surveys of Afro-Caribbeans in business in Britain, Ward and Reeves (1980) referred the Home Affairs Sub Committee, which had commissioned the research, to policies that have been implemented in the USA to encourage small business and in particular to assist minority owned enterprise.

Local authorities seeking to meet the requirements of Section 71 of the Race Relations Act 1976, have looked to America for guidelines on good practice. John Carr, Chairman of the Contract Compliance Committee at the Greater London Council (GLC) who has been at the forefront politically of the introduction of Contract Compliance in Britain has said,

there was no text-book which we could have taken out of the library to help us establish the first ever Contract Compliance Equal Opportunity Unit in the United Kingdom... visits to the USA helped enormously.
(GLC First Annual Report 1985-6 pl)

The GLC, as the British pioneer of Contract Compliance, have quite clearly looked to America for guidance and inspiration. They have

pursued that link by bringing over a number of experts to participate in a conference on Contract Compliance and equal opportunity, where they were able to put over the case for positive action (ILEA 1987).

In a Fabian publication, Carr (1987) looks at the legal and practical way in which contract compliance works in the USA and predicts how this could be adapted to the service of local government in the UK. It is a review of the practical and legal basis for development of the policy and of practical implementation from the local authority point of view.

A third ground for comparison with America is that critics of positive action also quote the American experience, using it as a warning rather than as a prescription of good practice. Edwards (1987) is one such critic. He has produced an interesting analysis of the semantic differences of the positive action terminology and analyses public policy confusion and misunderstanding of what exactly is involved. Edwards analysis typifies the 'conservative' perspective, it illustrates a view that sees positive action in a very negative light.

Edwards makes no claims about the actual or potential effectiveness of what he terms positive discrimination. Positive discrimination he defines as 'a process of discriminating by laws and policies in society's distribution of benefits, advantages and opportunities, not by reference to individual needs or entitlement, desert or merit, but by irrelevant criteria of race or sex'. He concludes that positive discrimination is a 'morally flawed, unjust and in the last resort, a socially unacceptable mechanism for determining who shall benefit from certain advantages and opportunities' (Edwards 1987).

A second critique that draws on a direct comparison with America comes from the Social Affairs Unit (Parkins 1984) in which Digby Anderson advises,

before the Race Relations industry leaps, or more likely slides, into positive discrimination it should review the American experience and the powerful criticism of

reverse discrimination made there.
(Parkins 1984 pl)

Parkins (1984) rejects the 'black' and 'liberal' view that racial minorities are a disadvantaged underclass. He maintains that the characteristics of disadvantage frequently highlighted by social researchers is not typical of Britains racial and ethnic minorities. In addition, the claims that ethnic minorities suffer disproportionately from living in areas of urban decay, in poor housing, from high unemployment, poor schooling and race problems are overemphasised. He asserts that such conditions can be caused by factors other than racial discrimination or unequal opportunity and to some extent can be caused by government intervention.

Parkins identifies in positive action not a race problem but a 'race relations industry' problem, which, he claims, could be caused by the CRE and various local authorities' attitudes to the concept of positive or reverse discrimination. For Parkins positive action is a euphemism for positive or reverse discrimination because it gives advantages and special rights to certain groups on purely racial grounds (Parkins 1984 p23).

Finally, members of Britain's black community are themselves very well informed on the practices in America which promote black and minority employment. International solidarity between black Britons and black Americans is based on an understanding of a common heritage. They may not know of the policies in detail but they certainly know of them in substance. Black people do not compare themselves with the working class of France or Germany but with the black people of America and the Third World. Black political analysis of urban deprivation and riots uses an international language that speaks of uprising, rebellion and locates the causes in black/white power relationships.

The research has a historical dimension based on the understanding that you have to know where you've come from to know where you are and to plan where you want to go. The empirical dimension derives from original interviews with black builders in Birmingham England and in three cities in America.

1.9. The Layout of the Thesis.

The study investigates the structural position of black building operatives and contractors in the construction industry in Britain and America. The thesis is sub-divided into five sections.

Section one is the introduction, setting the research in context.

Section two is the theoretical and practical description of how the research was carried out. Chapter two reviews some of the theories which offer explanations for black segregation in the labour market and evaluates the current state of black business development theory. In Chapter three the story behind the research, and some of the practical and ethical conflicts which arose are described.

Section three covers the construction industry. The aim is to analyse the specific economic environment of the construction industry in which blacks have to compete. Chapter four gives an overview of the construction industry, beginning with a description of the structure of the industry and trends in employment practices. To set the research in its historical context the tradition of migrant labour employment and of racially discriminatory practices in Britain and America is traced.

In Chapter five the description and appraisal of the interviews with black and Asian contractors in Birmingham reveal, first a profile of them as owners and employers, then the operative constraints under which they work and some of their attitudes towards Urban Renewal and the process of involving local builders in the regeneration of the inner city. Chapter six takes a different format to Chapter five to contrast the accounts of successful black contractors in three cities in America.

Section four investigates the reality of positive action in America and Britain, again in the context of the construction industry. Chapter seven evaluates equal opportunity employment for employees through Contract Compliance and equal opportunity for employers through ethnic minority business support policy. In Chapter eight, the third empirical chapter, the practical

experience of setting up a self-help organisation based on construction and the practical difficulties encountered through implementing a Contract Compliance policy on Broughton Rd are analysed. Section five has the summary, discussion and final conclusions in Chapter nine.

SECTION TWO

ECONOMIC DEVELOPMENT AND ETHNIC BUSINESS.
THEORY AND RESEARCH.

CHAPTER 2.

LOCATING ETHNIC BUSINESS THEORY IN A POLICY OF ECONOMIC DEVELOPMENT.

2.1. Introduction.

The underlying theme of this thesis is the economic development of a black minority community in a white majority society, through the experiences of one industry - construction. Economic development may begin at the level of the individual, as an employee or as an employer; but community economic development requires advances to be made on a measurable scale at the collective level for a significant number of members of the targeted group.

In the first part of this chapter a model of the characteristics of the American ghetto is examined in relation to the location of inner city problems. Major theories of the evolution of ethnic business are reviewed, then in the light of these explanations, the low level of development of black business in the USA and Britain is considered. There is no universal agreement on the methods which can be adopted to bring about social change; in recognition of this the forces which are promoting black business formation are examined and located in three political perspectives, 'liberal', 'black' and 'conservative'.

The scale and extent of black disadvantage and discrimination has been well documented in Britain by Smith (1976) and Brown (1984) and in the USA by Myrdal (1943), Pinkney (1984) and Harrington (1984). Most explanations for this phenomenon are located in the effects of racially prejudiced attitudes, which produces behaviour resulting in overt or institutional racial discrimination.

When considering the possibilities for bringing about change in the socio-economic well being of black minorities (for a definition of black and minority see Appendix A), studies of minority business ownership have provided a complementary addition to the existing body of research on minority labour market

experience. The development of ethnic business ownership has been proposed as one strategy, a way to break out of the stranglehold on black economic advancement. The encouragement of black people to secure a real stake in their own community through business ownership and the professions was one of Lord Scarman's (1982) recommendations following the 1981 riots.

The apparent inability of race relations legislation by itself to change the economic situation of black workers in Britain has led to a search for other policy initiatives. These initiatives focus upon minority workers either as individuals, or as residents in a geographical area loosely defined as 'the inner city'. The concept of an inner city has now become a euphemism in some circles for black, so that when Handsworth or Brixton are discussed, it is synonymous with 'racial conflict' and the implication is that black people are being discussed (Dept. of Environment 1977; Rex 1981). A similar association links areas such as Harlem in New York and Watts in Los Angeles. The ideology of the inner city has its roots in America where the central city is characterised by decaying ghettos inhabited by blacks. The American government response to this problem has been a series of poverty programmes, civil rights programmes and inner city programmes that set a pattern for Britain to follow (Rex 1981). Sherman (1986) defines the inner city not as a geographical concept but as

a euphemism for areas with a high proportion of problem generating and low income inhabitants, from which families with higher levels of aspiration and income earning capacity and potentiality for social leadership tend to emigrate.
(Sherman 1986)

However, there are considerable differences between American black ghettos and British inner cities, which render comparisons between the two situations highly problematic. One important difference is that black urban ghettos reflect a greater historical segregation and spatial concentration of ethnic groups in American society. Inner cities in Britain are not necessarily inhabited by black or Asian people, experiencing racial disadvantage, but are a concentration of many poor, elderly and disadvantaged people both black and white who are living in a spatial manifestation of economic decline and physical decay.

The specific nature of an inner city problem has never been satisfactorily defined (Cross 1987; Goldsmith 1980). Some writers and politicians have continually linked the problems of the inner city with the arrival of New Commonwealth immigrants; they see the problem of inner cities as stemming from immigration. It is possible that this linkage has developed from the work of the Chicago school, which emphasised the role of ethnic sub-communities within an urban environment that are spatially bounded (Park et al 1923).

There are other viewpoints which show that urban problems are not made by immigrants, but that black people tend to live in the areas where the problems are most heavily concentrated. In the discussions about taking positive action an important distinction needs to be made between the problems that black people experience as black people and the problems that black people as inner city residents experience. Black people have problems wherever they live, when they live in the inner city the problems of race are exacerbated by urban decay. On the other hand not all black people live in the inner city and so an inner city based policy does not necessarily tackle the root causes of racial discrimination and disadvantage.

In other words, as Rex pointed out in 1967 ' the overall pattern of race relations cannot be solely understood as an urban problem'. Many middle ring and outer suburbs of urban areas and some rural areas share the inner city characteristics of poverty, unemployment and disadvantage in access to resources. The one element which differentiates the two types of area in the 1980's is the presence of non white residents. Lord Scarman's report (1982) quite clearly links the twin problems of inner city and racial disadvantage together. In the new introduction to the second edition of his report (Scarman 1986) he says,

The government over the past 5 years has not tackled the core of the inner city problem - the factor of racial disadvantage. You MUST tackle racial disadvantage and that means adjusting all government policies to this end. (pxvll)

An ancillary motive for politicians, therefore, in supporting black business development concerns the economic regeneration of such inner city areas. Since black unemployment in Britain and the USA is consistently twice that of white unemployment, the political need for those in authority to be seen to be doing something is vital (Guardian June 1987)

2.2. The Ghetto or Inner City as a Colony.

In explaining the continued phenomenon of black ghettos in the USA, parallels have been drawn between the economic relations of third world nations and those of industrially advanced countries and between those of the black ghetto and white America (Tabb 1970; Bergsman 1971; Bluestone 1971; Brimmer and Terrell 1971; Bates 1973). In these approaches the black ghetto is viewed as a colony, an internal colony standing apart from the rest of society and yet exploited in a systematic fashion. These writers use the analogy of the inner city as

an underdeveloped region, suffering from decades of colonial rule which implicitly, if not systematically, deprived the ghetto inhabitants of the physical and human capital fundamental to economic and social development.

(Bluestone 1971 p139).

This radical, militant perspective views spatial separation as secondary to the existence of control of the ghetto from outside, through political and economic domination by white society. The central function of the ghetto economy for the controlling economy is to provide a permanent source of low wage labour.

Piore's (1968) explanation of the black worker's place in the economy is similar to that of the native in the above model. He owns little and must work at the lowest paying jobs. The majority of blacks therefore seek work in a restricted labour market.

The manpower problems of the urban ghetto appear best defined in terms of a dual labor market: a primary market offering relatively high paying, stable employment, with good working conditions, chances of advancement and equitable administration of work rules; and a secondary market, to which the urban poor are confined, decidedly less attractive in all of these

respects and in direct competition with welfare and crime for the attachment of the potential labor force. (Piore 1968 p2).

A modern version of the dual labour market thesis derives from the concept of the flexible firm (Atkinson and Gregory 1986). In Britain the flexible firm has developed at a time of high unemployment, legal deregulation and union weakness. It occurs across Western Europe and has long existed in Japan and the USA. Flexibility is achieved by reorganising the firm's internal labour market into core workers and peripheral workers. In this model core workers achieve flexibility within the firm by being willing to be flexible in retraining and redeployment. Core workers have 'firm specific' skills. They may be a mixture of blue or white collar workers.

On the other hand peripheral workers are more exposed to market forces. Their skills are freely available on the market. Employment is on a temporary or casual basis. The workforce never becomes united but remains fragmented. Peripheral workers are brought in to match fluctuations in the level of output and fluctuations in the company's needs. Flexibility can be achieved through the use of external subcontractors, agencies supplying contract staff and self employed workers.

The construction industry is a prime example of this flexible model. Historically construction has always been a subcontracting industry (Tressell 1965; Fleming 1980). Contracting remains the main feature of the industry in the 1980's because flexibility is required to cope with the highly varied demands which are made on the industry (GLC 1985). Minority workers have in the past provided a continuous source of secondary or peripheral labour and the contracting processes of the industry have allowed such migrant workers to become sub-contractors and contractors (O'Connor 1972). One question which the thesis seeks to answer is why black workers in construction have not been as successful as the Irish immigrants who preceded them. With the development of management contracting in the 1980's, which is the construction industry version of flexible operations, there should be more opportunities for minority workers to benefit as contractors and subcontractors rather than as just a hired labour force.

2.3. Individual or Collective Self Help.

The promotion of minority business as a goal of public policy tends to be based on a model of entrepreneurial social mobility; on the idea that individuals can 'pull themselves up by their own bootstraps'. Much of the general literature and theory on small business is concerned with the identification of individual values, motivation and personal psychology which go to make up a successful business owner (see Curran 1986 for a comprehensive summary of the literature since the Bolton Report (1971)). These small business theories tend to support the view that anyone can become successful by individual action if they have the requisite personality traits. Hard work and ambition are often seen as the key to upward social mobility. For instance, a publicity leaflet for the West Midlands Business Enterprise Centre asks potential entrepreneurs ,

- are you prepared to work hard.
- do you like to take risks.
- do you like to work independently.

If so come and see us.

Now while all of these characteristics are necessary, they are not sufficient in themselves to make a good businessman.

The Afro-Caribbean writer Lewis (1985) has drawn up an ideal type business personality. The ideal business owner is, he says, driven by the desire to excel, s/he needs achievement and listens carefully to criticisms of their work so that they can improve it constantly. The business owner is decisive and highly self disciplined. In order to succeed in business the person also needs to have a desire to serve the public and to acquire a reputation for reliability in competition. Leadership and a strong streak of ruthlessness with competitors, not with clients or staff, are also good traits to cultivate.

Some of these long held assumptions on the social and psychological factors underlying successful entrepreneurship have been challenged by Scase and Goffee (1980; 1982). For instance, many such character traits are identified in business owners who

are successful, but it is not clear whether such traits existed prior to ownership, or whether they developed post business ownership, when a career in business could not have been predicted.

In contrast to this psychological approach the theory of human capital has been used by some economists to argue that poverty is caused by personal inadequacies rather than from constraints built into the economy and its institutions. Brimmer (1985) maintains that it is a lack of marketable skills rather than constraints such as racial discrimination and the class structure which accounts for the low socio-economic position of black people. In support of this argument Freeman (1982) contrasts the economic return to investment in schooling between American blacks and American Hispanics, and finds the differences lie in pre-market resources (education) rather than racial discrimination.

While it is reasonable to accept the importance of individually held psychological traits and the acquisition of human capital resources, there are also important collective factors to be considered. Ethnic business research has shown the importance of collective community activity for economic advancement (Cummings 1980).

For instance, collective structures have helped new immigrants to the USA and Britain to find employment opportunities, to acquire on the job training in particular in the type of business suitable for the development of ethnic business niches, and to secure financial assistance (Light 1972; Baker 1981; Ward and Reeves 1980). In this instance business support derives from drawing upon group resources. The ability to benefit from the group requires an active participation in community life, and for individuals to have established a reputation for trustworthiness. In the same way, an ethnic information network draws on community resources and confers benefits upon business owners, but to obtain the benefits the owner must belong to the network. Isolated individuals cannot share the network information, so only active participants in community life benefit. It is by the use of community based networks that some marginalised groups have prospered (Light 1980).

2.4. Theories of Ethnic Business Participation.

While orthodox theory explains minority business in terms of a reaction to disadvantage, that is, it is based on the view that minorities either choose or are pushed into self employment because of racial discrimination in the majority economy, other theories suggest that cultural differences may be involved (Light 1972). Most recent research on minority business ownership and development has shown that there are other political, economic and social factors which come into play in each geographical and historical context (Waldinger, Ward and Aldrich 1985).

It is worthwhile reviewing the theoretical perspectives that have been developed over the last twenty years to explain the historical differences in ethnic business formation and activity between various groups. Then the specific case of black under-representation in the business class is considered.

Ethnic business researchers have undertaken case studies of ethnic groups who were already visibly successful in self employment or business ownership. In America, for example, Light (1972; 1984) studied the Chinese in restaurants and laundries. In Britain McEvoy and Aldrich (1986) studied Asian shopkeepers, while Ward, Randall and Kremar (1986) carried out research into Asian textile and garment manufacturers. All these studies seek to pinpoint the factors that have made ethnic entrepreneurs successful.

In America particular emphasis was placed on interpretations which could explain both one group's success and the black community's apparent failure, in a society constituted of immigrants groups. In the 1960's writers found that success was culture bound (Glazer and Moynihan 1970). Later Wilson and Martin (1982) showed that Cubans too built upon their cultural advantages as new immigrants in competing with blacks in Miami. The Cuban immigrants who arrived in Miami in the 1960's were already part of the business class; they had a greater experience of entrepreneurial activity and greater access to investment capital than indigenous American blacks who had lived a lifetime in Miami (Wilson and Martin 1982).

Light (1979) identified the cultural resources of Jews, Chinese and Japanese immigrants in the USA at the turn of the century as an important factor in business success,

The cultural and psychological characteristics of groups incline adult members towards business enterprise as a mode of achievement.
(Light 1979 p32).

The cultural endowment theory has been used to explain a reaction of ethnic groups to their marginalised status as immigrants in society. A tradition of enterprise culture was used by Jews and Japanese immigrants to America to resist allocation to the lowest levels of the labour market (Portes and Bach 1985). In such cases imported traits and behaviour patterns, or latent abilities which promote entrepreneurship, are drawn upon for survival in a hostile economy. Aspects of this 'cultural baggage' which equip individual members of an ethnic group for business, include variables such as the collective institutions based on clanship, or regional and family solidarity, on an ethnic heritage based on the entrepreneurial ethic, and on personal skills, values and attitudes. One example of a collective community strategy is rotating credit organisations, or partners, which are said to have played an important role in the economic development of the Chinese and West Indians in the USA (Foner 1979; Bonnet 1981). The importance of contact networks has also been emphasised (Tabb 1970; Cottingham 1982; Bates 1985a).

An additional advantage of engaging in ethnic business derived from the ability it offered to maintain the strong cultural traditions that minority groups brought with them to their new country. Many migrant groups came with the intention of staying only long enough to earn money to make a better life back home, and in such cases the importance of retaining their ethnic culture was strong. On the other hand there were groups who had no intention of returning; America was the land of opportunity and a new life away from the persecution of the old country and it was an assimilation into the new society which was sought. Jewish adaptation to the USA proceeded along two lines. The first involved a rapid acculturation with an emphasis on learning the language, business and occupational skills and the general ways of

the new society. The second way was a defence of traditional values and the maintenance of collective solidarity (Portes and Bach 1985).

In addition to ethnic resources entrepreneurs need to draw upon several class resources. Class resources can mean private property, in the sense of the ownership of capital goods or means of production and distribution, as well as human capital as described earlier. Access to money to invest and to risk losing, together with bourgeois values, attitudes and knowledge are, along with technical skills, transmitted inter-generationally. Viewed from this perspective rotating credit associations can be both an ethnic and a class resource. Rotating credit associations are informal community based banking systems which allow an organised group of people to save regularly; each week or month one of the members takes the pool of money, so that the loan rotates within the group. But generally, individuals with greater capital resources have less need of financial support from the community.

From this perspective the amount of human capital an individual holds, that is, the extent of formal education, including technical and specialist knowledge, literary and social skills, will largely determine the type of business that is set up. Social skills, orientation to business and past experience in business are all determined by social class life experiences. An entrepreneur may have an ethnic advantage in access to cheap labour and capital, but the quality of labour available and the extent of capital usable are heavily determined by the class location of the family. Empirical evidence shows that there are noticeable differences between entrepreneurs in this respect. Those with more formal education do exploit their class resources and run the business on the basis of more formal procedures. The businesses of less educated owners are more ad-hoc (Kremer 1987); the owners take lower levels of risk and make greater use of family relationships (Baker 1981).

Cultural theory predicts that ethnic resources can be drawn upon to respond to business opportunities. It carries three assumptions. First, that minority individuals have resources to build upon. Second, that they will recognise and respond to

business opportunities. Finally, that there are no external constraints operating to prevent market entry (Ward 1983). Cultural theory assumes that self employment is an option that is freely chosen by individuals who then build up from their ethnic and class resources.

2.5. The Ethnic Niche.

The essence of the ethnic niche theory is that it is based on the fact that an identifiable ethnic community exists. The ethnic niche theory suggests that members of an ethnic community have specific advantages in trading within their own community. Such advantages are based on synergistic relations to the ethnic community either as suppliers, or of labour, or as a source of capital and most important of all, a customer market.

Ethnic entrepreneurs can remain located inside that protected market and concentrate on selling to their own communities or they can use it as a starting point to move into the wider community and external markets. For instance, Asian entrepreneurs in Britain first serviced the specific consumer needs of their community members, before they advanced into the provision of goods for wider sectors of consumers. Asian shopkeepers who began in a small way in market stalls and inner city corner shops, have now extended their services to the white suburbs and into wholesale provision.

Certain social factors favour the development of an ethnic niche. For instance, high levels of residential concentration are advantageous because business owners can capitalise on local shopping patterns and demand for consumer goods. Also business owners can take advantage of the local ethnic labour supply. The ethnic advantage varies from sector to sector. Asian clothing manufacturers, for instance, particularly benefit from the ready availability of cheap female labour within the community. In the retail sector the advantage is customers. Ethnic banks which locate in areas of high ethnic activity benefit from providing both a banking and a business advisory service.

Certain services and sectors lend themselves to the development of an ethnic niche. Ward (1987) argues that it has been feasible for Asian clothing manufacturers to set up a low budget unit which is almost entirely contained within the Asian community and to prosper by using their privileged access to cheap, flexible and trusted labour. The opportunity to trade with other ethnic owners as suppliers and customers can lead to vertical integration within a sector. Thus in garment manufacture vertical integration can rapidly be achieved by using family and community labour, the early capital requirements are low, and some work can be safely subcontracted out.

In the American context the Spanish speaking business population in the Cuban community of Miami has been at the forefront in developing trade with Latin America. The Cuban community has capitalised on its latin advantage and achieved economic success through the production of ethnic goods such as textiles, cigars, and foods (Wilson and Martin 1982).

There is no case of an ethnic niche to explain the Afro-Caribbean model (Ward 1987). Favourable conditions which enable the development of an Asian niche are absent in the black community. Almost all explanations of ethnic business using the ethnic niche model are based on the Asian communities or those which are similar to the way Asian communities are organised. A notable exception is the Miami case, but here it is the language difference, Spanish in an English speaking locality, which holds the Cuban community together.

In the Afro-Caribbean community most businesses have sole proprietors, who are capitalising on the skill or expertise of the owner or staff. Such proprietors are concentrated in the service sector. A typical example is the Afro-Caribbean hot bread baker shop or the jobbing carpenter. The opportunity for Afro-Caribbean entrepreneurs to maximise the competitive edge by the privileged use of ethnic resources is largely absent (Ward 1987) and is in fact one product of lower spatial concentration (because of different housing tenure patterns). This means that black business owners are less able to use a community network and are more dependant on external labour and markets. This situation is

compounded by racial stigmatisation from financial institutions, whose views of black entrepreneurship are based on stereotypes made by past experience of Afro-Caribbean business owners and reinforced by the inability of many business owners to demonstrate a track record and poorly presented business plans (Ward 1987).

2.6. Opportunity Structures.

A common objection to the cultural approach is that it lacks adequate analysis of the economic environment in which business operates. Waldinger et al suggest that a more interactive approach is needed in which contextual, situational factors are taken into account. They predict that ethnic business will proliferate in industries where there is a congruence between the opportunities in an economic environment and the informal resources of the ethnic population.

In this framework demand for small business activities and the supply of existing and potential business owners interact to generate immigrant entrepreneurship. (Waldinger et al 1985 p591)

Moreover, constraints and opportunities combined with ethnic and class resources are all shaped by time and place.

Conjunctural or historical circumstances, relating to the political situation, business cycle or world economy determine the scope [of entrepreneurial activity]. (Ward and Jenkins 1984 p232).

Historical examples drawn from the USA show how the economy, at any given place or point in time, is a major impetus for shaping the specific kinds of occupational and commercial activities pursued by immigrants. For instance, the situational position of the Cubans in Miami gave them a strategic location for the pursuit of international trade with Latin America and the Caribbean.

Immigrant flows to America have changed over time, the fate of people is therefore linked to where they came from and when and where they arrived (Harrington 1984). Historical factors have led to a markedly differentiated access to resources. For example, the American economy expanded rapidly between the years 1850-1920. This era coincided with the mass immigration of Europeans, thus

shaping the employment patterns of newly arrived immigrant labour. Many Irish and Italian men found work in construction, and Poles in steel manufacture. Now contemporary data on employment in the USA indicate that these ethnic groups are still extensively involved in the same industrial sectors in which their employment was initially obtained (Cummings 1980).

The theoretical understanding of ethnic business is still in its early stages. Empirical testing is difficult and the predictive powers of the various approaches are still being tested. Summarising their overview of trends in ethnic business research, Waldinger et al (1985) conclude that there is little consensus on the determinants and implications of ethnic enterprise.

In this section I have reviewed explanations for the development of a business sector within an immigrant community. This is set out in tabular form below.

Table 1. Summary of theories on entrepreneurship.

<u>Level of Organisation.</u>	<u>Characteristics.</u>
1. <u>Individual.</u>	Psychological traits: motivation, independence, enthusiasm. Business personality: need to achieve, highly disciplined, ruthlessness, leadership. Class resources: private property, human capital,
2. <u>Collective.</u>	Cultural resources: Bourgeois values and knowledge. Ethnic resources (niche): group behaviour, entrepreneurial ethic, social contact networks.
3. <u>Opportunity structures.</u>	Time, place.

Each individual entrepreneur builds on his/her own individual psychological attributes. At the collective level cultural and class resources are mobilised and they can, given the right circumstances result in the development of an ethnic niche. None of this takes place in a social vacuum, so the opportunity

structure of a given society at any given time also plays a significant factor in the equation.

2.7. Black Business in the USA and Britain.

2.7.1. Black Business in the USA.

In this section the implications of the above theories for black business formation and development are considered. Very little empirical research has been undertaken on the black British business community, therefore, most of the following discussions relate specifically to the USA. American Census of Population data cited in Bates (1985b p147), show that black Americans are still the group least likely to be self employed (1.75 %), compared to all minorities (2.46%) and non minorities (5.02%) where minorities are defined as those protected by affirmative action legislation (see Appendix A). An alternative source of data on self employment comes from the Small Business Administration (1986 p194) which claims that 4.5 percent of minority workers are self employed compared to 8.3 percent of non minority workers.

Clearly American blacks are under represented in self employment. Yet the orthodox theory of disadvantaged, marginal workers which suggests that blacks should be well represented in small business because of their status in society and disadvantage, cannot explain under representation. American blacks have been persistently under-represented in the business population in the last 70 years. Blacks are poorer and more subject to unemployment. Therefore if poverty, labour force discrimination or other disadvantage determined rates of self employment, blacks ought to have the highest rate rather than the lowest (Light 1972).

The virtual absence of a black American business class was explained by Glazer and Moynihan (1970) in terms of black cultural deficiency. They claimed that the small shopkeeper, small manufacturer, in fact small entrepreneurs of any kind, played an important role in the rise of immigrant groups in the American economy. Jewish and Italian shopkeepers might make less money than skilled workers, but nevertheless they had the possibility of achieving influence and wealth. They had access to the world of

credit, so they learned about credit and finance. They developed skills of value and learnt to manipulate political power. As a result, during the depression jobs were created for fellow community members in their shops, and they used their power of patronage with salesmen, truck drivers and other business contacts within each ethnic group.

Glazer and Moynihan contrasted the American black, just emerging from slavery, with newly arrived European immigrant groups. American blacks had no experience with handling money, the authors claim, and no occasion to develop skills of planning and foresight. Most important of all, they were absolutely without financial resources and failed to develop a pattern of saving. They had no sense of deferred gratification and turned their meagre resources into consumption. In addition they lacked the distinctive cultural patterns which could have given rise to an ethnic niche. There was meagre demand for black services, with the exception of a limited market in undertaking, hairdressing and cosmetics. They had not developed a sense of clannishness through which collective action might develop, which is one of the major advantages said to be a property of other ethnic groups. Nor had they close family ties. In fact, according to Glazer and Moynihan, the black American family was its own biggest handicap.

Glazer and Moynihan have been criticised by many writers on the grounds that they over-emphasise the so called cultural and class deficiencies of black Americans. It has been shown that segregation did provide an ethnic niche for some black Americans but the black owned economy was always first to suffer in times of economic downturn (Pinkney 1984). Of infinitely greater importance than cultural or psychological traits was the historically ascribed status given to black Americans, dating from slavery, which defined the opportunity structure in which they might subsequently operate. Social and economic exclusion is the historical cultural baggage that continues to hold back black Americans. Systematically enforced disadvantage confers no collective resources on the group.

The structural position of American blacks is different and unique. No other group was ever subjected to slavery. Even the

Chinese, who suffered from racial discrimination in America, were allowed to keep their language, religion and cuisine, which they were later able to use as a rallying point for small business ownership. In comparison the ethnic identity of the black American was erased (Harrington 1984). When the mass of American blacks entered the labour market, having been forced off the land in the south, the bottom rung of the social ladder had been cut off. The black industrial class only began to take shape during World War Two, when social conditions were completely different to those pertaining at the beginning of the century. For these compounded reasons, of slavery, the eradication of ethnic identity, poverty, racial discrimination and the time and situational context when blacks were allowed to enter the industrial life of America, the likelihood of succeeding in business in comparison with other groups has been minimised.

In contrast to black Americans, Glazer and Moynihan claimed, black immigrants to the USA from Jamaica did possess the capitalist ethos. Their culture, based on foundations laid down under British colonial rule, emphasised the benefits of savings, of hard work and of investment in education. Foner (1979) took up this comparison of West Indian blacks and American blacks in the USA and found some interesting differences in the life chances of the two groups. This went some way towards confirming the Glazer and Moynihan theory.

In contrast to Glazer and Moynihan, Light (1984) suggests that the native born black American is not necessarily lacking entrepreneurial flair, but in the absence of any specific cultural demand as a basis from which to advance, combined with external constraints and restrictions historically placed on economic development, the areas in which black business operates tend not to be those which are visible. Sometimes they are not legal. Black labour market disadvantage is one factor underlying the tendency for black enterprise to be located in the informal economy (called the 'irregular' economy in Fufeld and Bates 1984 p156). As Light describes it,

The reality of people without access to class or ethnic resources is that they cannot easily establish small

business, but they can readily become self employed in marginal pursuits with no resources.
(Light 1979 p40).

What distinguishes entrepreneurial minorities from other disadvantaged minorities must be the availability of collective resources which permit individuals to translate a compelling need for non wage incomes into an income generating business. In fact comparisons between black Americans and other ethnic groups are highly misleading. The European and later immigrants to the USA experienced much less overt and institutional discrimination than did black Americans, who were still considered second class citizens, albeit separate, but equal.

The small size of the black business class and its tendency to be located in the informal economy is explained in two ways by Tabb (1970), either in terms of segregation or in terms of the economic relations between the black ghetto and white society, which precludes the possibility of success. In turn, potential customers are poor credit risks, often relying on social welfare payments as their sole source of income. In such an environment only the informal/irregular economy can flourish.

2.7.2. Black Business in Britain.

When we turn to the case of blacks in Britain, we find a similar process of low black business formation. The Employment Gazette, in a report based on the Labour Force Survey, shows that 8.5 percent of West Indian males are self employed, compared to 23.7 percent of Indians, 22.9 percent of East African Indians, 21.4 percent of Pakistanis/Bangladeshis and 14.0 percent for white males (14.2 percent of the total male labour force are self employed) (Department of Employment 1987 p22).

Drawing comparisons between the high levels of Asian self employment and lower levels amongst blacks can be misleading, if the analysis does not take into account the historical and class basis from which these different groups of New Commonwealth immigrants originate. New Commonwealth migrants have come from a relatively wide range of economies and class positions.

For example, in the 1950's Afro-Caribbeans were invited to come to Britain to meet a labour shortage in manual, service and manufacturing occupations. In contrast Asians expelled from Uganda and Kenya typically held middle class and professional occupations prior to their entry into the UK labour market. Moreover there is a long standing tradition in Britain of immigration by professionals, the petit bourgeoisie and skilled workers from India (Ward 1987).

The terms of entry for immigrants in post war years have affected the conditions of employment open to them. Furthermore there are compelling reasons why the same opportunities do not present themselves in Britain for Afro-Caribbeans, for Asians or other ethnic groups as would occur in the USA. Jenkins (1984) points out that British blacks and Asians are former colonial subjects and therefore they occupy a different place within British society to earlier immigrants, such as Jews and Italians. Afro-Caribbean blacks or Asians in America do not carry that colonial social ascription. Moreover the opportunity structure of the British economy is less open now than it was in the past and than it is currently in the USA. These differences of social location, cultural aspirations and opportunity structures go some way towards explaining the different experiences of West Indians in the USA and in Britain (Foner 1979; Ward and Jenkins 1984). Finally, concludes Jenkins, they are black immigrants, and wherever they go in Britain they will carry that social ascription for ever.

In confronting the low level of black enterprise in Britain (Wilson 1984) pointed to the inelastic supply of potential Afro Caribbean entrepreneurs, which is brought about by the limited occupational experience of the group in the British economy. The absence of family history or experience in business together with low business formation levels means that there is less opportunity to inherit or carry on a family business. Wilson also identifies important cultural traits such as group values and attitudes, limited experiences or prior exposure to a business culture, which interact with racially held stereotypes of black workers to limit access to resources and opportunities in the labour market.

In his study of black business enterprise in North West London Wilson (1984) found that black owned firms in Brent lacked business expertise and track records. They were limited to the use of personal finance because of a lack of credibility with financial institutions. They suffered from the triple disadvantage of minority group membership, the location of business and the type of business they were engaged in. That is, they were involved in small businesses in highly competitive fields, or in products with a limited appeal, in inner city areas. The nature and extent of their markets remained the limiting factor in success. Wilson found that the rate of entry into enterprise was independent of local economic prospects, reflecting, he says, a lack of rewarding alternatives. In addition Ward (1987) argues that the significant under representation of Afro-Caribbeans in business is at least in part a consequence of discrimination and racial disadvantage in access to business resources.

In the British black community there is evidence of community cohesion leading to some activity at the collective level. There is a useful community structure of networks associated with black churches, clubs and pubs, sports associations and island associations which could provide the basis for ethnic business networks. But the development of a beneficial business network has been limited to date. In Brent, Wilson (1984) found that Afro-Caribbean groups had not found strength in adversity, no attempts had been made to overcome the external constraints by group action. He hinted also that the black community lacked loyalty to its own business sector, and did not support black owned business.

As the Afro-Caribbean economist Lewis (1985) observes, there is in West Indians a high achievement motivation for almost everything except business. They have produced some of the world's best cricketers, English language novelists, lawyers, surgeons, professors, artists, musicians and so on, but achievement in business is poor. Lewis believes that the qualitative differences between groups have to do with culture. So there is, he implies, a cultural lag where the Afro-Caribbean 'business personality' has yet to develop. In terms of the construction industry, this thesis demonstrates in Chapter five how Afro-Caribbeans do seem to have had an historical advantage on which they could capitalise, but

they have failed to build upon that advantage. In the following Chapter four, explanations for this observation which are located in the structure of the industry are explored, such as access to training, jobs and business opportunities.

2.8. The Implications for Policy Makers and Strategies for Change.

In theory ethnic business could play an important role in the development of both the local and national economies. For members of minority groups who are currently excluded from the majority economy, black business ownership could provide social mobility by side stepping institutional racism, and by creating more opportunities for minority participation on equal terms both as employers and employees. Each theory presented above has implications for the strategy to be pursued.

To begin with, the theory of cultural determinism allows little scope for public intervention, since the reproduction of culture occurs through the socialisation process operating within the family and the community. In course of time those ethnic advantages which favoured business participation or the development of an ethnic niche will have fundamentally changed to a mixture of old cultural and new country of settlement cultural traits.

Orthodox theory, in which minority business is seen as a reaction to unemployment or racial discrimination, ignores the structural push of the flexible firm theory. In construction the pressure on operatives to join the self employed bandwagon is tremendous. A renewed focus on community self-help, through mutual benefit societies and collective organisation, and the development of minority owned business at the individual level is useful but it shifts the responsibility for economic progress away from the majority community and the State onto individuals in the community. The success of a self-help strategy is discussed in Chapter seven.

An interactive, opportunity structure approach offers an explanation for differential rates of minority business formation as a general phenomenon. It suggests small business can play an

important role in promoting upward mobility among a range of minority groups, given the necessary set of situational circumstances.

The limitations of an ethnic niche are well recognised. Ethnic niches are typically available to very small enterprises, where profits are hard to achieve (Baker 1981). Such businesses are usually localised and constrained by the limited nature of the market. The attraction of low capital entry requirements, labour intensive tasks and opportunities for specialised or personalised services are characteristics which limit the potential for economic development on a large scale. The likelihood of expansion can also be limited because this type of business is not attractive to financial institutions. On the other hand some sectors are easy to enter which do have the potential for ethnic economic development and which provide an opportunity for growth, for example, the Indian knitwear industry in Leicester. Case studies have demonstrated the success of ethnic niches for some groups, but the potential is limited for American blacks or British blacks because of the absence of a demand for specific black goods and services, by residential dispersal, and by the limited recognition within the community of the need to support black owned business.

Furthermore, the idea of black purchase and patronage, where blacks spend at black owned stores and thereby speed up the circulation of wealth, creating new demands for products and services in the inner city, which in turn generates new jobs, is appealing, but not plausible. Empirical research has shown that black merchants are for the most part small and marginal. Moreover, residential concentration is an underlying base for the development of an ethnic niche. The basis of customer support is absent in Britain largely because British black housing patterns show less concentration in specific locations than among Asians or blacks in America.

Each strategy for minority business support would depend upon the perception of the cause of low business development. If low business development is because of racial discrimination then a classic civil rights strategy will be needed. If the cause is the

'internal colony relationship', then a radical restructuring of the political and social economy and labour force would be required. In the unlikely event of a radical economic or political change, other strategies will need to be called on, as in the interactive approach.

Basing his strategy advice on the interactive approach, Ward (1980) recommends that government at local and national level should target the industries where immigrant informal resources provide specific competitive advantage, and concentrate on easing constraints to business by creating programmes that would lower credit barriers and improve market mechanisms. They should also provide training in business skills, so that those who choose to become self employed are able to benefit both themselves and the local economy. A more interactive approach would involve the State accepting its responsibility to provide some support, whether in a financial form or through legislation which goes some way towards making incremental changes in the economic and political environment.

So one option for providing business support would be to target specific business sectors where success was feasible. The decision on which sector to support, whether manufacturing, retail or wholesale, or service sectors is important because of the potential linkages that need to be made. The findings of this thesis provide a useful contribution to the debate on how black business in construction could be encouraged and expanded.

For example, a sector where the black group has informal resources or historical experience that provides competitive advantage might be connected with construction. By the use of credit from a minority owned bank, the professional services of black consultants, a construction company and a building supply merchant could be linked to a housing rehabilitation programme, all using black labour to develop a vertical economic network.

The development of a vertically integrated business sector rests on an analogy with the dual labour market theory. In this case peripheral, marginal business is characterised by economically backward firms with little growth and low level cash flows,

operating in an environment of free competition. In comparison the centre of each industrial group is dominated by monopolies and oligopolies. The way to break down these 'central/peripheral' divisions is by striving for vertical integration, that is, gaining control of the sources of supply and sales markets. Vertical in this context refers to a loose business network based on close collaboration by members of an ethnic group between different stages in an industry and not in vertical ownership by one family.

Alternatively, horizontal integration in construction could be achieved by co-operating over levels of production and pricing strategies within an industry (Wilson & Martin 1982). In order to develop horizontal integration in construction minorities could re-organise into networks of affiliated independent enterprises or consortiums in order to capture economies of scale and flexibility instead of wasting scarce resources operating as sole proprietors.

The growth of black owned business clearly requires a continuous expansion of the base of recruitment, so that new recruits to the business sector reproduce the number existing at any given time. The opportunity of occupational inheritance is limited in the case of black American and black British business. If the opportunity to establish a small business either depends upon a skill brought to Britain, or continues a family tradition of entrepreneurship built up in the country of origin, as Ward (1987) suggests, the size of the black owned business sector in Britain and America will not increase in real terms, or relative to other groups. Closely related to the question of recruitment to self employment is the problem of training new recruits. Racial exclusion in the majority economy and poor performance in the education system can have very detrimental consequences in denying black workers adequate levels of human capital with which to move into the business sector. In the case of black business both an absolute and a proportional increase of entrepreneurs is being sought by supporters of ethnic business policy, such as Lord Scarman, central government and the black community itself (Haynes 1983).

2.9. Political Perspectives and Strategies

A political strategy for black economic development means different things to different people. Progress in business ownership is not sufficient by itself to alleviate the economic problems of blacks and other disadvantaged groups. In Britain only a small minority, just under 15 percent of workers, are self employed. The major option for the majority 85 percent must be through working for somebody else. Some of the 85 percent can be employed in jobs created by ethnic minority owners, albeit a very small fraction. So, efforts to increase employment have to be made on a variety of fronts.

Recognising this dimension to economic development Bergsman (1971) proposed three perspectives which were prevalent in the USA at that time. The three theories have been updated in this thesis to correspond with current views in Britain, which propose a solution to problems of the 'inner city'. There are three perspectives, which were referred to at the beginning of Chapter one in respect of the three reports on the Handsworth riot, defined as 'black', 'liberal' and 'conservative'. Each perspective has its own goals and strategies for achieving those goals. They are not all mutually incompatible.

The 'black' political model seeks more economic and political power for poor minorities. The use of power is twofold. First, to choose whether to integrate or not, and if so, on what terms, and secondly, to obtain the same opportunities for jobs, housing and social resources that other groups enjoy. The black view recognises that racial and ethnic separation will continue for a long time to come, and that white racial prejudice is strong and deep seated. The goals and strategies are designed not to eliminate, but to live with and succeed in the face of prejudice. Economic and political power are seen as inextricably linked; therefore, the creation of powerful, autonomous institutions under community control is essential. Community development is stressed in preference to individual gain, so that a strong sense of racial pride and identity is reinforced.

The 'liberal' model assumes racism and prejudice can be overcome. It seeks to end racism and prejudice and thereby eliminate the actions which stem from these attitudes. Equality is the basic goal but the nature of equality is loosely defined. The 'liberal' perspective recognises the disadvantage of race and acknowledges the need for compensatory special action (affirmative action) as necessary for overcoming the disadvantages that groups or individuals suffer through no fault of their own. Some 'liberals' do not like separation by whites, blacks, or anyone else; therefore, they find the idea of Black Power (in the separatist sense) difficult to support. One example of this is the disagreement within the British labour movement over 'black sections'. The emphasis is on dealing with discrimination as a means towards achieving racial equality, whereas the 'black' model views racial equality first as a necessary lever for eliminating discrimination. The 'liberal' has a larger stake in the status quo, the strategy, therefore, aims at ameliorating the results of the status quo through anti-poverty programmes to raise income, upgrade jobs and skills, improve child development, modernise welfare programmes, and so on.

The third perspective, the 'conservative' model, is based on the view that successful people make things work. The model is based on the value of human capital and the meritocratic route to success. Successful people may be of any race, and opportunities for success are based within the individual and not the group. A refusal to acknowledge discrimination results in a colour blind approach which means that no concept of positive action is required.

In this model the basic goals are linked to the general good of society. The goals are to increase the tax base, reduce tax burdens and prevent disturbances. The benefits of getting rid of the ghetto exceed any possible benefits of redeveloping the ghetto. Dispersing the ghetto is therefore a dominant strategy; the movement of black and poor people out of inner city areas through urban renewal clearance and of the encouragement of successful business and professional people back into the inner city area is an example of this. The 'conservative' perspective considers that additional benefits to society will flow from an

increase in the black bourgeoisie, from families which will stress middle class values and provide local leadership role models for other aspirants to social mobility. Hopefully, they will also keep the lid on ghetto neighbourhoods and preserve law and order. 'Conservative' strategies to support an expanding ghetto business class might include guaranteed commercial loans, or even subsidies to induce large successful businesses to relocate in the inner city area, but they are unlikely to include positive action policies based on ethnic origin.

Each of these models and strategies has appeal to various sectors of society. From a white 'liberal' perspective elements of each can be drawn on to develop a consensus view. 'Gilding the Ghetto' and 'Dispersing the Ghetto', are not necessarily mutually exclusive programmes. If neighbourhoods can be improved, then the inhabitants and city will benefit. But on the other hand, in reality business location decisions will be taken on economic grounds, which indicates some dispersal will occur.

2.10. Conclusion.

In this chapter I have considered explanatory theories of economic development at the individual and at the ethnic group level. The paucity of empirical research and knowledge on black business owners in Britain has meant that much of the discussion concerns the experience of the USA. Nevertheless, it is clear that black Americans and black Britons are severely underrepresented in the national business class.

Explanations for black under-representation in the wealth making sector of society are based on economic, social and psychological theories. In the economic explanation the black socio-economic position is explained by the dual labour market thesis. For instance, when we consider the case of the construction industry, over time migrant workers from Ireland and then later from the Caribbean have been used as a secondary labour force. A second explanation derives from the human capital thesis which relates an individual's socio-economic position to that individual's failure to acquire knowledge and education.

Psychological explanations link business success with personal characteristic traits. Such traits would include motivation, ambition, and hard work, together with the ability to spot an economic niche to be exploited. Drawing on these traits an ideal type model of the successful business owner has been described.

Sociological explanations take account of the constraints built into the structure of society, such as racial and class stratification and offer explanations of ethnic business as a group phenomenon. In such a way ethnic entrepreneurship could be seen as a reaction to these structural barriers.

Some theories do not fit particular cases very well. For instance there is no evidence of the development of ethnic niche business for the black community. This theory is based on the organisation of Asian or similar communities. Neither has reaction to racial discrimination produced a black business class. Yet it is undoubtedly to the benefit of all society that the black community does not become a subclass or underclass in society. This raises the question, not only of why black business appears to fail but also of what positive measures can be taken to improve matters. The measures that can be taken to increase black entrepreneurship are likely to be closely correlated to the explanation offered for that situation and the perspective of the decision or policy maker. The debate about increasing black entrepreneurship is informed by deeply held political views; these have been idealised as 'black', 'liberal' and 'conservative'.

Two themes are followed up in the thesis. The first is to raise questions about the nature of black owned construction business in Britain and America, in the light of the theory predictions made in this chapter. The second theme analyses the Equal Opportunity policy in employment in Britain and America, with particular emphasis on the potential and the outcome of the American practices known as Contract Compliance and Minority Business Programmes. In the following chapter the background to the research is discussed together with explanations of the research methods used.

CHAPTER 3.

DOING THE RESEARCH, RESEARCH METHODS

3.1. The Story Behind the Research.

This research began with a problem. The problem was the concern of black builders in Birmingham that they were excluded from work in substantial urban renewal projects which were being carried out in the areas in which the builders lived.

I was in a unique position to see that there was considerable justification in what was being said because of my experience in 1982/3 on a one year student placement with Birmingham Community Relations Council (BCRC). This had given me an opportunity to get to know many members and leading figures of the ethnic minority groups within the city, and it was while I was on placement with BCRC that I first became aware of the problems caused by urban renewal schemes, to the residents of those areas chosen for rehabilitation.

My experience as a research assistant on the 5 year Review of the Birmingham Inner City Partnership Programme (BICPP) (PSMRU 1985) added to this knowledge. On the BICPP review I became acquainted with the concept of 'enveloping'. Enveloping is a technique pioneered in Birmingham that secures the wholesale improvement of the external fabric and frontages of private housing that is old and has fallen into disrepair. Work is carried out by the council with the consent of the owners and at no cost to them. It involves the replacement and repair of roofs, chimneys, guttering, windows and doors and work to external walls and curtilages. Whole blocks or terraces are dealt with at a time (Hansard 14/7/87 p1105).

For officials in the City of Birmingham, enveloping meant that the external fabric of a complete block, or street of houses could be renovated in one contract. In such a way economies of scale and value for money were achieved in place of the piecemeal pepperpotting effect that had been the custom under traditional one off improvement schemes. A further benefit was the more visible improvement that enveloping ensured for run down inner

city areas. Urban Renewal Officers decide which properties within a Housing Action Area are to be enveloped, and then individual householders have to apply for grants towards internal improvements.

For the major building contractor who won contracts to carry out enveloping programmes it meant profit and an opportunity to ride out a particularly severe recession in the construction industry. In Birmingham alone there have been at least 38 envelope schemes undertaken since 1977 at a cost of over £50 million (Hansard 14/7/87). City officials and major contractors quite clearly benefitted from enveloping projects. But urban renewal was supposed to help the tenants, whether they were renting or owner occupiers. Many tenants, although delighted at the opportunity to have their homes renovated, were not delighted at the reality of disruption, noise, dirt and what was often racist abuse from the builders carrying out the work (personal communication - Community Forum).

A large proportion of inner city housing in Birmingham is old and in need of repair or renewal. It would be reasonable to assume that the opportunity for economic and social advance through setting up building firms to carry out this work would be substantial. Small general builders and jobbers, who had up until then made a living out of carrying out repair and maintenance work on old inner city houses, were not all delighted with urban renewal policies either. During my one year placement at BCRC there was one particularly vocal black contractor who was frequently in contact with the office to complain about racist attitudes on the part of Birmingham City Council in its allocation of building contracts. Apparently speaking on behalf of other contractors he said that they felt they were being squeezed out of the market by major contractors who brought their own subcontractors and labour in with them. Black builders in particular were very angry at the way in which they felt they were being treated, it seemed that the community was being singled out for help, but as a consequence the local builders were losing business.

This story then forms the basis of the research problem. My initial aim was to find the local black builders; then, having located them, to discover why this process of exclusion had occurred, and if possible to make policy recommendations as to how the process might be reversed. At this point I had no underlying theoretical base to the research, nor any clear explanation for the situation, except to assume that racial discrimination had played a major part. An investigative style of research seemed to be the most appropriate one to use; and so in the first year of research that was the strategy I adopted.

The first year of research was spent on getting acquainted with the fields of study in which I was not experienced, such as the construction industry, small business and Contract Compliance. In order to make a useful comparison with policy and practice in America it was necessary to understand the very fundamental differences between Britain and America in employment practices in construction. Both the historical dimension and the way in which direct racial discrimination operated in the the American unionised sector are important factors underlying the eventual introduction of Contract Compliance and business set-aside practices in America. During the first year I also attended several conferences on Contract Compliance and Ethnic Business Development and talked to anyone and everyone who was involved in the British construction industry.

During the second year of field work study I was offered the chance to act as Research Officer to an Action/Research project with black builders in the Handsworth area of Birmingham. The project was based with Handsworth Employment Scheme (HES), a black voluntary training agency with a Youth Training Scheme (YTS), a Community Programme (CP) and a Business Development Scheme. From January to April 1986 I worked on the Action/Research Project from HES premises in Handsworth. After the builders decided to set up an association I was elected as a Trustee to Handsworth (Black) Builders Association (HBBA), and I continued to spend as much time as was asked of me on the Association. As a result of this Project I was able to add participant observation to the research methods used. The observation was of black builders collectively

discussing their experiences and problems in a social setting and not in their place of work.

So, from a research project which had merely begun as investigative, the work developed a new dimension. I became involved in working out a strategy to deal with the needs of black contractors in Birmingham. I became identified with a section of the black community that set up a self-help association for black builders. In the course of three years I played the role of investigator, observer and participant (non observer). Other writers have advised on the dangers of over identifying with the group which is being researched; this was a matter that was rarely far from my consciousness but I quite quickly became aware that as a white woman in a black male world there really was little chance of 'going native' and becoming one of them, or of interpreting situations and events solely from their perspective.

3.2. Data Collection and Field Research.

3.2.1. Secondary Sources.

The world of small business owners is a relatively recent area of social research and very little is known about the small end of the building industry. Cripps (1980) indicated a need for detailed local studies to examine the structure of local building industries in terms of capital, size, area of operation and patterns of relationship between firms before any informed action could proceed.

Much of the literature on the construction industry is written by economic theorists, or it has a technical bias that fails to consider the sociological aspect of the human resources of the construction industry. One contribution towards our understanding of the small business sector of construction has been undertaken by Hillebrandt for the Bolton Report (1971). Other case studies have focussed on the large successful multi-national firms begun by entrepreneurs at the beginning of the twentieth century, such as Taylor Woodrow (Jenkins 1971). Two local studies of small construction firms have been published, one by Scase and Goffee (1980; 1982) which discusses contractors in Kent, while the other

study by Norris (1984a) looked at the need for further business advice services to small contractors in Nottingham.

Just as there is a dearth of published material on the small builder, there is an absence of material on black builders in Britain. The literature search revealed that there was no existing published material on black building companies in Britain. Information on black builders in the construction industry tends to be heavily dependant on casual observation. This is in stark contrast with the American literature, where a wealth of material on blacks in construction has been produced. However, the last report on the state of Britain's ethnic minority population by the Policy Studies Institute (Brown 1984) did give some quantitative information which showed that although blacks are less likely to be self employed than white or Asian workers, approximately one half of the self employed are in the construction industry.

A second type of secondary data has come from political and trade union sources, such as papers collected from conferences on Contract Compliance. Since Contract Compliance in Britain is a relatively new phenomenon developed under the Greater London Council (GLC) and various trade unions in the public sphere, that tends to be the main origin of written material. The local and national press and construction journals are also a useful source of information on current thinking and events.

3.2.2. Primary Sources.

This lack of knowledge indicated a need for a descriptive as well as an explanatory survey. Quite clearly a fairly extensive and wide ranging field work programme was needed to understand the processes at work for blacks and Asians in construction in Britain. In order to draw a more accurate picture of the industry, this research has involved numerous interviews, telephone conversations and correspondence with trade union officers, government and training agencies and black workers in construction and many other informants who have a relevant contribution to make. Over forty such key informants were contacted in order to build up a background picture of the construction industry.

Data on black builders was built up in the first instance from interviews. Following the Action/Research project a much deeper involvement and relationship with some of the respondents developed. This enabled me as a researcher to develop a richer understanding of their individual and collective strengths and problems. It was also possible, with the financial aid of the Economic and Social Research Council (ESRC), to visit four cities in America to interview black builders and other key knowledgeable informants.

Table 2 Interviews.

<u>Organisations.</u>	<u>Number of Interviewees.</u>
Training organisations	8
Trade unions	4
Community groups	8
Small business agencies	3
<u>Contract Sources</u>	4 Housing associations. 6 Birmingham City officers 1 West Midlands County Council officer. 1 white major size construction company. 1 white medium size construction company. 1 white small size construction company.
<u>Contract Compliance</u>	3 Birmingham City officers. 3 GLC Contract Compliance Unit officers. 1 London Borough of Lambeth officer. 1 London Borough of Lewisham Officer. 1 major building contractor. Handsworth Task Force.
<u>Black Builders</u>	21 Afro-Caribbean origin.
<u>Asian Builders</u>	7 Asian origin.
<u>American Interviews.</u>	
Black contractors	5
Equal opportunity managers	3
Construction advisors	2
Trade union officer(formerly with the OFCCP)	1
NAMC Executive Director	1

Table two lists the most important informants that were interviewed. Over the course of the research many other people have been consulted in informal settings and conversations. The information gained in this way has helped to clarify many of the builders assertions and to provide an all round view of subjects that would not have been possible from published sources.

3.2.3. Possible Research Methods and Their Constraints.

Despite the claims made by one black contractor, referred to above, there was no way of knowing the actual size of the black contracting population in Birmingham. Nor was there any way of knowing whether the allegations of racist attitudes on the part of Birmingham City Council in its allocation of building contracts had any substance, although the experience of one year at the BCRC and the research into the Inner City Partnership Programme suggested that there was an undercurrent of ill feeling about the Urban Renewal department. The first step in the research was therefore to identify a sample of black builders.

This realisation determined to some extent the type of research method that could be used. A number of research options were originally open to me for primary source data collection. Those used by other researchers on the industry were (a) a postal questionnaire (Norris 1984a); (b) participant observation (Riemer 1979; Applebaum 1981); (c) formal tape recorded interview with a questionnaire (Scase and Goffee 1980;1982). As Bell (1977) observes, sociologists today are not obliged to adopt one prescribed style of research method, there is an advantage in triangulation and always there is the option of plurality. Each of the above techniques had attractions and in-built disadvantages.

Postal questionnaires require a base of existing knowledge against which to measure responses, draw comparisons and so on. I felt that the investigative research style is not one where the researcher has a ready drawn up set of questions, where s/he knows

exactly what is to be asked and knows what the answers are likely to be, and then proceeds to code up the data for statistical analysis and present the result in tables. Research that builds on existing knowledge and tests hypotheses is more suitable for that kind of research method; other research accounts show that mail shots to the construction industry only produce at best a 50 percent response rate so I decided not to use this method for fear of losing too many contacts (Norris 1984a; Allen, Bentley and Bornat 1977). A final decisive factor in this choice was that there was no clear sampling frame to work from.

Prior to this thesis, as I have stressed, very little was known about black builders in Britain, either as workers or as business owners. Moreover, it seemed to me that given the sensitive nature of the issues involved a quantitative analysis was unlikely to be possible. On the contrary a qualitative approach was considered far more appropriate because the research was to a large extent exploratory and I wanted to let black people speak for themselves.

Given the likelihood of a small total population, an apparently small sample size coupled with the exploratory nature of the research, I decided that the most suitable research method for the builders would be to follow Scase and Goffee and use tape recorded interviews using a semi structured interview schedule (see Appendix B). I have no building craft skills or work experience in building, therefore participant observation as a building worker, such as Riemer and Applebaum engaged in, was not a likely option.

The open ended interview schedule is a technique used increasingly by feminist researchers and in minority business research (Sawyer 1982; Kazuka 1980). For example, Sawyer (1982) used an open ended questionnaire for his thirty black and Asian respondents in Manchester. It is a research method that is useful where a small sample is to be used and where there is very little existing information to draw on for compiling a formal structured questionnaire. There have been successful research surveys of

questionnaire. There have been successful research surveys of minority entrepreneurs where a postal questionnaire techniques is used. Such surveys produce quantitative evidence to confirm or refute existing theories and suppositions (Brooks 1982).

Having carried out the interviews I needed to decide how best to present the information gained. Even if it had been possible to generate quantifiable data, presented in averages and aggregates, I felt that, given the total number of interviews, fleshless generalisations in the form of statistical tables would fail to capture and encompass the full range of human experience, successes and failures of the men concerned. One option that I did consider for presenting the interviews was case histories. Case histories provide a much more richly textured and individual story. However too close detailing of individual case studies in this context could be highly damaging to the easily identifiable respondents. The small size of the black business community in Birmingham would make identification fairly easy and betray the promise of confidentiality and anonymity. In the end I decided to use quotations identified by ethnic origin for the British builders and case studies for the American contractors.

The American interviewees were selected specifically to demonstrate how affirmative action policy can change the profile of minority contractors. The fieldwork in America provided an up to date profile of successful black building contractors and a historical comparison with the position that British black contractors find themselves in. Advice and support was given in America by the National Association of Minority Contractors (NAMC). The interviews with American contractors are presented as city case studies to demonstrate the importance of variations in the local environment, as suggested by the opportunity structure theory discussed in Chapter two.

3.2.4. Identifying a Sample.

I began my search by compiling a master copy of all black and Asian contractors from every conceivable source. Contacts with the Birmingham Community Relations Council (BCRC) and the Commission for Racial Equality (CRE) failed to elicit any significant information on the local black building scene from which to proceed, except for the name of the local activist referred to earlier. I used a variety of published lists of builders to locate possible respondents. These included: published lists of the members of trade associations, such as the Federation of Master Builders (FMB) or the Building Employers Confederation (BEC) and local authority contractor lists of those approved to carry out work under the House Improvement Grant scheme; some referrals were made from organisations based in the black community and from black members in the Labour Party.

Locating black and Asian builders by the use of registers is difficult. Many contractors are hidden because they work from home and are not registered with associations. It is not possible to identify West Indian names. Asians in many cases adopt British company names or use initials such as "E&S" and therefore the help of knowledgeable persons to locate them in each community is vital. It was originally believed that with a core sample of names it would be possible by a snowball or network method to identify many more firms, thereby obtaining a clearer picture of the extent of black building business in the area. In practice this technique was hampered by reluctance on the part of contractors to name others, for reasons they were disinclined to discuss but which might have included the fear of commercial competition.

The British interviews were undertaken in one specific geographical area, in Birmingham. As the opening chapter demonstrates, it was in Birmingham that discontent over the building industry first surfaced. The original intention had been to identify black firms and then select a representative sample;

in the end I interviewed all those proprietors who were prepared to meet me (twenty eight (28) in all). Of the nineteen (19) others that I identified but did not interview, four (4) refused outright to see me, three (3) failed to keep appointments they made with me, three (3) denied being builders at all, two (2) were too busy, and there were seven (7) that I failed to elicit any response from.

3.2.5. Interviews with the Builders.

One of the themes in this thesis is the examination of the potential for economic development of the black community through the promotion of black construction business. Asian contractors in Birmingham were also interviewed as minority proprietors for contrast and comparison purposes. Most interviews were arranged in advance. I contacted each builder initially by letter, which introduced myself as a researcher. The letter also stated the purpose of the research and the name of the person who had referred me to them. Interviews were subsequently arranged by telephone at a time convenient to them. It was usually after 8 pm.

Most of the interviews were completed in the respondent's home, which often served a dual purpose of office; some interviews took place on site. The interviews varied in length from thirty minutes to two hours. Interviews with the builders took the form of tape recorded semi structured interviews. A total of twenty eight (28) builder interviews were held, twenty one (21) with Afro-Caribbeans (one of whom is a retired carpenter and one self employed labour only subcontractor); seven (7) with Asians (one of whom has moved out of building and into Building and Plumbers Merchant sales). They took place between March 1985 and May 1986. The interviews were later transcribed, and a copy sent to each interviewee. This was to allow them to correct any mistakes, or clear up any misunderstandings. Not all the respondents would agree to the tape recording and on site it was not practical, therefore eighteen (18) interviews were taped and ten (10) written up from notes.

My primary aim in the interview was to collect a set of personal accounts, or profiles of the builders, which could be used to illustrate their social situation as black builders. Verbatim excerpts produced in Chapter five provide invaluable insights into the social processes which have shaped their building careers. The main areas of questioning covered (a) background of the individual (b) a profile of the firm in terms of size, market and employees (c) constraints on operation or expansion in the market and (d) their own perceptions of what it means to be a black or Asian builder in Birmingham. The framework for questions was derived from the type of information presented in other ethnic business surveys, but it is important to recognise that existing surveys had failed to identify any black builders or to separate their characteristics and problems from a general theme of small ethnic business.

By reacting to a semi-structured interview schedule the contractors were able to define problems as they saw them, rather than having to respond to a preconceived set of conditions identified by an outsider through existing literature. As a result of the semi-structured nature of the interview some aspects are pursued in greater detail and depth by particular individuals. The semi-structured nature of the interview did allow them to speak at length and at will on the issues which they found most important. This was especially so where the relationship with the local authority Urban Renewal department was raised. The interviews were therefore shaped to a considerable extent by the personal experiences of the respondents.

3.3. Technical, Ethical and Political Issues Raised During the Research Process.

One major technical problem arising from tape recorded interviews is the tendency for the respondent to recommence talking after the formal session is completed; details have to be remembered and recorded later, which makes them less reliable. Quite often it

would be only when I had packed away the tape recorder, pen and paper and stood up to leave that a respondent would open up, and maybe offer me a drink. On one occasion I stood on the front door step talking for nearly an hour. I did not think it appropriate under these circumstances to take the recording implements out again because it seemed to me that this allowed the respondent some control over the interview process.

It proved extremely difficult to persuade builders to agree to be interviewed. The reasons given varied. Some of those contacted said they were too busy, others that they could not see any point in the interview. Some said that they did not want to be regarded as black or minority contractors, but as good contractors. Others never replied to letters or to telephone or 'ansaphone messages'. On one level I suspected that the reluctance to meet me was related to being a builder, or small business man. On the other hand it may have been to do with operations in the informal economy. But there was also an inter-race element involved and maybe an element of scepticism about the value of 'research'.

I will deal with each of these suppositions in turn. This reluctance of builders to willingly participate in research is mentioned by several other authors (Sykes 1969; Riemer 1979; Drewer 1986). For example, Drewer said that the response of contractors he approached for information to compile an economic profile of the construction industry in the West Midlands, was either aggressive or defensive. Writing about the Irish, Sykes (1969) said 'Irish navvies are intensely suspicious of outsiders'. Riemer (1979) worked on site in the American construction industry and used a participant observer research technique. Riemer found that building workers are a difficult group to study; 'they are not receptive to having an outsider on their project studying them'. Secondly, a lot of construction work is carried out in the informal (cash) economy. Proprietors may have been suspicious that I was an 'official' come from the Inland Revenue or Customs and Excise departments to check up on them.

Sawyer (1983) also reports experiencing considerable problems in identifying and interviewing black entrepreneurs in Manchester. He too found an absence of formally collated records on minority business which would make the identification of a representative sample possible. He had problems in securing interviews and of gaining rapport with respondents. He was black.

The reluctance of black entrepreneurs in both Britain and America to participate in research surveys has meant that the literature on black business in both countries often lacks comprehensive financial and technical information. Empirical studies have relied upon voluntary responses to questionnaires. High non-response rates in many surveys have also proved to be a problem. In more recent surveys the American Small Business Administration (SBA) have been collecting financial information on loan applicants, as have the Office of Federal Contract Compliance Programmes (OFCCP) on federal contractors. These data bases are now beginning to throw more light on the true economic position of American black business. Unfortunately, such data is not available in Britain.

For the white researcher there is a level of racial suspicion which has to be overcome in undertaking research in this sensitive area (Lowenthal 1972; Cashmore 1982; Stewart and Whitting 1983). Cashmore reports that;

After every public talk I have given I have been made to answer for my temerity - a white man studying blacks - the very idea
(Cashmore 1982 p12).

This raises the question of whether white researchers have any contribution at all to make to studies where there is an inter-race dimension. But does that also mean that black researchers cannot do work on white society; that only women have the empathy required for women's studies? Or is race such a politically sensitive topic that it has to be treated differently from other research subjects? It seems to me that were this perspective to be

applied to areas of service delivery, it would lead to a situation where only blacks served blacks and whites served whites. The logical extension of this practice could lead to the marginalisation of the race dimension in organisations, where only the Race Relations Officers are seen to have responsibility for policy initiatives.

A final point is that not all blacks share the same perspective. There are people who are black in appearance, but who do not identify with disadvantaged blacks. They may share right wing 'white' ideas, as evidenced by speakers who have appeared at the Conservative Party conference and who write for the Monday Club (Laud 1984). In America the black economist Sowell has had a high profile from the Reagan administration because he is a black who shares Republican ideals. Similarly, Clarence Pendleton was appointed Chairman of the United States Commission on Civil Rights (USCCR) by President Reagan precisely because of his views on affirmative action (Blackwell 1985).

Writing on this problem of race, Lowenthal (1972) concluded that it is certainly very difficult, maybe even impossible, for white people really to see things from the perspective of the black person, because there are things that only an insider can know, approaches only an insider can make, and errors only an outsider is prone to make (Lowenthal 1972). On the other hand, he writes, parochialism can also limit the horizons, and insiders may be over partisan. Lowenthal asserts that one cannot rely on either the insider or the outsider approach exclusively. There needs to be a perspective from all sides, a process of triangulation from which a synthesis can develop.

This brings me on to the ethical and political dimensions of the research. All social science knowledge is intrinsically political and is undertaken from a standpoint which embodies some material interest. There is a political dimension to be faced: whose side am I on when I am white and when many black and white people continue to regard each other with suspicion? There is a tradition of sociologists siding with the people under research, as Finch describes it,

Siding with the people one researches inevitably means an emotional as well as intellectual commitment to promoting their interests. How else can one justify having taken from them the very private information which may have been given so readily?
(Finch 1984 p86).

It is more than adding to a stock of academic or scientific knowledge. It is a personal commitment. My continuing involvement in Handsworth (Black) Builders Association after the formal requirement was over is an indication of the extent of my personal commitment. In terms of the enrichment of the research this involvement has added an invaluable dimension to the British empirical work in that I have been able to continue discussion and observation of the builders; I have been able to see that many of their original comments in the interview have been substantiated. The nature of the relationship has changed; I am no longer an academic researcher looking in from the outside, but part of the process, and this participation has changed the nature of my commitment. At times I am a witness to events and information that I feel is their property and not mine to record as an academic. I have had to reflect very seriously on the implications of what I was writing and the purposes to which it might be put by the reader (as Moore (1977) points out, the public response to work on race tends to emphasise the wrong points, the points that feed racial prejudice rather than seek to eliminate it).

Sociologists study other people. Doing social research is a very reflective process and during the course of a PhD that reflective process turns in on the researcher just as much as outwards to those under the 'microscope'. I enjoyed doing the research but I do not enjoy the social ascription given to me as a white researcher in a black world. One American contractor said to me,

We are hostile to whites who earn a living from the black community, but who have no political commitment.

while Dr Henry wrote in the forward to the Action/Research project report,

HES wanted nothing to do with researchers or reporters who considered Handsworth a mere laboratory into which they could dip for data to reinforce or refute their

preconceived ideas without any consideration of the effects they have on the people who live there. (Jesson 1986).

There were occasions when the black and white past seemed insurmountable barriers to me; it intervened on some occasions with unpleasant consequences. It is a tiresome and emotionally exhausting struggle to be in. On reading the accounts of research published in what might be called the Bell 'school' of research methods (Bell 1977; 1978; 1984), I recognise that self doubt and emotional and physical exhaustion caused by the strain of doing social research are not new revelations, but in the field of race relations the researcher is caught between living amongst white racism and trying to live a life that is not racist. A white researcher has not only to take the racial hostility of the black community, but as Moore (1977) found, to listen to racist attitudes in the white community too. In my interviews with white interviewees I always presented the case for adopting an equal opportunity perspective if the need arose, as it frequently did in, for example, trying to ascertain why no black trainees were being taken on for apprenticeships. On the whole I think it is probably easier to sit on the fence and be indifferent and therefore colour blind.

An additional dilemma has emerged through my relationship with Handsworth (Black) Builders Association (HBBA). My white liberal perspective believes that policy from the top down, as in the example of urban renewal, does not achieve the goals of those it is aimed to help. Policy from the top down often reflects the needs of the policy makers and not the needs of those it seeks to affect. As a member of the Builders Association I was being given the chance by public sector organisations to give advice and information which would be of use in the policy making process, and because I wanted to see some progress made I did become part of that policy making process. But at the same time I was attending other meetings on ethnic business development when the black participants made it quite plain that they did not want any white involvement whatsoever. They wanted black people to be up front in the policy decisions which affect them. I found this a difficult tension to come to terms with and I began to doubt where

I was and what I was doing. At one point in the Handsworth Action/Research project one man said to me 'Oh, you're the woman who's come to do research for us'. My reply was then and remains now 'No I've come to do it with you'.

One of Britain's foremost race relations commentators has said,

There is still in Britain a large capacity for political intervention to overcome racial injustice. The research community has a responsibility to provide what assistance it can to the emergence of this process of working closely with the minority groups to assess these points from which constructive intervention can be made... by the provision of information, reports and evidence that can be used to educate, win over and involve key allies in the long haul of mobilising public opinion back from racial hostility.
(Ben-Tovim 1979 p36)

It is on this that I justify my research on black business to the black community. In spite of all the problems I have made some good friends and I have made a significant contribution to Handsworth (Black) Builders Association.

I make no claims to be unbiased or impartial; involvement in the Action/Research Project has ensured that. The Birmingham research interviews are reproduced verbatim from the black builders own accounts of themselves. This approach was used in order to present a valid account of their views, which they were given the chance to check and correct. The majority of these interviews were carried out prior to the commencement of the Handsworth Action/Research Project.

Thus the research has used a range of methods to check the validity of what each group of respondents were saying, while at the same time allowing black people to speak for themselves. The research is original and it adds a new dimension and a valid contribution to the debate on black economic development and on the value of pursuing equal opportunity in employment. Other ethnic business studies undertaken during the lifetime of the research process have made similar findings to those pertaining to Birmingham builders. For instance, the Centre for Employment Research in Manchester (1987) found that problems for Afro-Caribbean builders centre around social and geographical exclusion

from wider markets. Creed and Ward (1987) found that black builders in Cardiff had problems with recruitment and training reliable employees. Cardiff black builders did not gain access to local authority contracts and although the reason for this exclusion was not followed up, the authors believe that racial discrimination was a major cause.

This thesis is based on a white liberal perspective which acknowledges the part racial discrimination plays in the life chances of black people, and that government intervention can help to bring about a change in the social environment. I have presented the material as objectively as possible within that paradigm knowing that black people do not like white researchers writing about them. I still believe that if there are to be good social relationships and progress made towards eliminating racial discrimination then everyone must be involved and that includes the white research community. In America it was the collaboration of reformist elements in society which crossed racial and ethnic lines that helped bring about the introduction of the Civil Rights legislation.

SECTION THREE

THE CONSTRUCTION INDUSTRY

CHAPTER 4.

THE CONSTRUCTION INDUSTRY IN BRITAIN AND AMERICA.

Section three is concerned with the construction industry. In the first part there is an overview of the British and American industry; in the second part, interviews with builders in Birmingham and America.

In this chapter a descriptive overview of the main characteristics of the industry in Britain and America sets out the industrial background in which black workers are engaged. The dynamic nature of the industry is demonstrated through a historical perspective on racism in the industry. Historically contractors have used migrant labour to meet the fluctuations in labour demand caused by seasonal working and the contracting system. The subject areas covered here include a brief description of the structural changes in economic significance and employment, market segmentation, and employment practices. The conflict in Britain between the public sector and the private sector is contrasted with the open-shop and unionised sectors in America. The chapter then goes on to discuss patterns of racial discrimination experienced by black workers in the industry. In both countries the key characteristics of concern for black economic development are recruitment practices, training opportunities and the activities of craft unions. The chapter proceeds as follows: a section on the British experience is followed by a section on the American pattern. Overall conclusions of differences and similarities are drawn at the end of the chapter.

The historical involvement of minority workers in construction is traced, drawing on comparisons between the two countries. Finally the need for affirmative action will be suggested as a means to improving the chances of economic development in the British black community.

The construction industry is a prime example of an industry that has both a primary and a secondary labour market. Fragmentation, flexibility, mobility and regularly changing job assignments are permanent characteristics of the construction industry, in which

core and peripheral workers are employed. As Applebaum describes it,

Construction is a complex industry involving constantly changing environments and conditions. It requires flexibility in its labour force and contractors, thus the subcontractor system which can adapt quickly to changes is well suited to the organisation of the industry.

(Applebaum 1981 p124.)

In setting out this framework it is essential to highlight the key characteristics of the industry. First there is the unique aspect of the construction industry. Construction does not behave like any other industrial sector. Construction products are determined by the customer and not by the producer or manufacturer (Fleming 1980). It is only when the nature of the ordered product has been determined through plans and specifications that a project can be priced. Secondly, construction is historically and in contemporary times a good source of employment for male workers in Britain and America, which makes it a suitable industry to target for cutting unemployment through economic development.

4.1. An Overview of the British Construction Industry.

4.1.1. Structural Change and Decline.

The British construction industry accounts for 6 percent of GDP, it employs nearly a million people and has an annual output estimated at £28 billion. At least one in ten workers are employed in some aspect of the construction industry. A total of 11.7 percent of white males are employed in construction compared to 5.2 percent of males of black or ethnic minority origin (Employment Gazette 1987 p23).

During the 1970's the UK economy suffered from lower rates of economic growth, higher levels of inflation and rising levels of unemployment. As a result of increasing fiscal constraint a significant contraction in the demand for construction work occurred. After 1973 construction output declined sharply and a continuing decline over the past fifteen years has had a

significant impact on the industry (Briscoe 1986). Total construction employment has fallen by 25 percent, with local and regional variations. For instance, in Birmingham the loss in construction employment has been over 34 percent (Birmingham Economic Strategy 1985). At the same time there has been a noticeable restructuring of the workforce. Over the past decade the number of directly employed workers has dropped by over 20 percent.

In Britain the market is largely dictated by expenditure originating from central and local government support. National economic policies pursued over the past ten years have resulted in continuous decline and depression in construction, which accounts for the labour shifts described. Large companies have struggled to retain profitability by shedding labour, and by continuing a process of rationalisation and diversification. Most major contractors have achieved some measure of vertical integration by taking over building material suppliers; they have also entered the field of commercial development, property and hotel ownership, leisure and services. In many cases the diversification has no link with construction at all (Labour Research July 1983). Major contractors are also moving into management contracting in which they manage a project, but the work is carried out by subcontractors. By adopting these strategies the top twenty contractors all increased their turnover since 1983, but in real terms only two have increased the total number of direct workers employed (GLTURU 1987).

Medium sized firms have suffered most from contraction of the industry, partly because they do not have the spread of interests that large construction firms have, and partly because they have not gained from the broader trends in the industry, such as management contracting. To survive medium sized contractors have to grow. While the major sized firms have moved down market for contracting opportunities, those in the middle have been squeezed out; they were sandwiched by the multiplicity of tiny firms at the small end of the market and by the major contractors above them (Building 8/10/1985).

Restructuring of the industry has left Britain with a small number (about twenty five), of major multinational contracting firms and thousands of small contractors and subcontractors. An indication of this process is demonstrated by the number of firms actually registered as building companies. In 1976 there were 84,000 building firms; by 1983 this figure had grown to 160,000 building firms (GLTURU 1987).

About 70 percent of all construction work is carried out by subcontractors and it is estimated that 90 percent of these small firms employ less than seven people each. On the other hand, of the one million workers employed in construction, over 350,000 are registered as self employed for taxation purposes (on 714 Tax Exemption), while a further 200,000 workers are working as self employed labour (SC60). The different types of employment categories are illustrated in the table.

Table 3. A Table of Categories of Self Employment in Construction.

714 for an individual trading on own account.

SC60 uncertified contractors.

— undeclared, informal economy.

(Board of Inland Revenue 1980 p1)

It is now easier to become self employed in construction than in any other industry. There is no official estimate of undeclared workers. In order to maintain flexibility and to reduce over-capacity by minimising overheads, contractors have transformed their workforce from a directly employed force to a self employed one. The use of self employed labour allows employers to avoid paying over-time and releases them from industrial legislation under the Employment Protection Act (GLC 1985). Shifts in employment patterns from direct to self employment are therefore partly employer enforced and partly a reaction by workers to changed circumstances and not a choice undertaken after careful consideration of the consequences. In the public sector, Local Authority Direct Labour Organisations (DLO's), employ about 12 percent of all construction workers. Quite clearly, then, the days of the large construction company, in terms of direct employment of operatives, are over.

4.1.2. Market Segmentation.

The construction industry covers a wide diversity of activities including house building, industrial and commercial work and civil engineering. Contractors and subcontractors tend to find a niche in one of these segments, although the major firms straddle all three segments. Over the last decade Repair and Maintenance (R&M) in all these three segments has assumed greater significance as clients have attempted to meet rising costs by repair rather than new-build projects. The change in policy direction towards R&M also reflects urban planning concepts such as urban renewal and conservation. Most small builders are working in R&M or in the industrial and commercial segments (Norris 1984a).

Repair and Maintenance has been the sector which normally offers opportunities to new entrants to the industry. Between the years 1978-1984 R&M achieved a real growth rate of 17 percent. The R&M of housing alone has been valued at £6.25 million per annum (WMEB 1986). Opportunities have therefore existed for new firm entry into the industry through R&M, but the contraction and downward movement of major contractors such as Tarmac (McKinley 1984) into R&M has changed the nature of this market segment. Major changes in national housing policy have benefitted large contractors where large refurbishment contracts, worth millions of pounds, are being placed by local authorities attempting to achieve economies of scale and value for money. This has had the effect of denying many medium and small sized contractors the market opportunities that they once had. This process has hit black and Asian builders particularly hard and is a major source of concern to them (see Chapter five).

The imposition of Value Added Tax (VAT) on home improvements has meant that many house extensions, alteration and repair works are carried out in the informal economy. This market segment operates on a 'cash in hand' basis. It is variously referred to as the 'black economy' (Curran 1986), the 'irregular economy' (Fusfeld and Bates 1984) or the 'informal economy'.

Opportunities for black workers in each of these segments depend on the skills and work experience they hold. Since most migrant

labour has been identified by employers as having secondary labour force characteristics, the real choices are likely to be fairly restricted. This disadvantage is further reinforced because all black construction workers are stereotyped as unskilled, and suitable only for casual work or work in the informal economy. The cycle of discrimination is hard to break out of. In addition to market segmentation by type of work it is possible to identify a very clear division between public and private sectors in the British construction industry.

4.1.3. The Private versus the Public Sector.

The conflict between private and public sectors of construction is longstanding. But it is important to recognise this struggle because of events developing out of the Local Government Planning and Land Act 1980 and the introduction of Contract Compliance policies. The majority of construction workers are employed in the private sector, where employment is largely on a casual self employed basis. Yet most local authorities also employ construction workers, accounting for 12 percent of the total construction labour force. The two divisions in the industry have distinct features which stem from their different objectives.

Local authority Direct Labour Organisations (DLO's) aim to provide secure and stable employment for workers who carry out the local authority building requirements. The majority of the work DLO's undertake is the repair and maintenance of the public housing stock (Fleming 1980). DLO employees have the characteristics of a primary or core labour force in a dual labour market model as described in Chapter two. That is to say, work contracts are derived from the needs of an authority to maintain their stock of dwellings and buildings. Work is continual, employment is permanent and working conditions relatively secure.

In comparison, small contractors in the private sector operate in an environment of considerable economic uncertainty, they lack a monopoly position, therefore the primary aim is to earn the maximum rate of return on capital and not, as in the case of a public housing authority, to secure the value of property. To be viable firms need a labour force that is both abundant and

powerless. Otherwise labour costs would go up and the existence of small firms would be threatened. While some workers in the private sector might be considered core labour, in practice most functions are subcontracted out to the peripheral self employed labour force.

The political relationship between these two divisions varies from time to time and place to place and depends largely on how much building work is available. The activities of DLO's are closely related to the ambitions of the construction related unions and the strength of the construction union UCATT (Union of Construction and Allied Trades and Technicians) is located in DLO's. In contrast the fragmented, casualised nature of the private sector industry has always made it a difficult area for union organisation. Only about 20 percent of construction workers are members of a trade union. In Britain there is no legislation which requires workers to be union members.

In the 1980's the balance of power has shifted away from the public sector in favour of the private sector. The activities of DLO's have been tightly curtailed by the Local Government Planning and Land Act 1980, by central government restrictions on local government spending and by the reaction of major contractors to recession in the industry. These three political and economic changes in power have contributed to the introduction by local authorities of policies aimed at controlling the private sector contracts that they are forced increasingly to let. These policies are known in Britain as Contract Compliance. The policy of Contract Compliance constitutes a major section of the analysis of equal opportunity policies in Chapter seven; to summarise briefly, Contract Compliance seeks to bring about equal opportunity in employment practices.

The Government in turn has responded to the labour movement initiatives by taking steps to make the Contract Compliance policy illegal. Legislation has been debated which will have a negative impact on measures to improve equal opportunity in employment policies (this development is discussed in detail in Chapter seven).

4.1.4. Recruitment and Training.

There is a body of evidence which shows how recruitment policies can determine the ethnicity of a workforce (Lee and Wrench 1983; Jenkins 1986). Recruitment patterns in the construction industry are informal. They differ significantly from other employment sectors. Marsh et al described the process:

In finding new jobs men prefer and use informal methods. They ask friends for news of work or personally tour site offices. Failing that they scan adverts or write to firms. Only about 1 in 10 jobs are found through job centres which seem popular only with the youngest and oldest men and the unskilled.
(Marsh et al 1981 p2)

In many cases site agents build up a local pool of labour from which they can draw at will; this reserve pool of labour provides 'loyal' rather than a 'continuous' workforce of labour only crews (Tressell 1965; Pinschoff 1970).

While self employment may seem to be an acceptable way of easing some of the worst effects of structural change, it is having a detrimental effect on training opportunities in the industry. Construction training in Britain has always had a low priority among contractors. It has been estimated that less than half of all British construction workers have formal craft qualifications (Marsh, Headey and Matheson 1981). As with so many other aspects of this industry, employers have cut back on their training expenditure to meet short term needs. Central government now bears the major cost of training the future construction workforce through the Construction Industry Training Board (CITB) and the Manpower Services Commission (MSC).

The decline in total construction employment was noted earlier. A corresponding decline in training has occurred. For example, in 1966 the CITB had 66,000 registered craft apprentices. Under the current Construction Industry Training Board/Youth Training Scheme (CITB/YTS) programme there are only 18,000 trainees. Black and Asian youths are therefore competing with their white peers for a decreasing number of places at a time of high youth unemployment. Recruits to CITB/YTS have to be sponsored by an employer. This is

a problem for black youngsters because they have found it extremely difficult to find an employer to take them on. As a result many would-be entrants to the industry have been concentrated in community based YTS projects, with inferior training facilities and limited 'on site' experience. A second source of training for those too old for YTS is provided by the Community Programme (CP) which offers part time work experience and the opportunity to attend college. Catering for the long term unemployed worker aged eighteen to twenty four, CP projects in urban areas such as Birmingham have a high proportion of black workers (Silverman 1985). A third option, training through MSC Skillcentres, offers good quality intensive course training in certain building skills for adult trainees.

A final factor in training provision is that DLO's undertake a considerable share of the training of craft operatives; 35 percent of all construction training places are provided by DLO's, yet this sector only employs 12 percent of all construction workers. Public sector training is therefore subsidising the needs of the private sector. The recognition of the importance of training and the acceptance of it within DLO's is just one indication that their objective is to provide a secure and stable work force for carrying out the building requirements of a local authority.

DLO's have been at the forefront of most progressive moves in establishing work conditions for construction workers. Through DLO's, trade unions exert an influence which seeks to set the standards and improve the well being over all the national construction industry in ways that are neglected by the private sector.

Clearly the prospect of long term skill shortages in the industry remains, but for black tradesmen there is a special problem because they are not getting the right kind of training they need for economic development as individuals or collectively as an ethnic group. The implications for operatives who want to become employers in the future are far reaching as very few black workers are employed by DLO's (Sheffield 1986).

The recognition of a need for management skill training in small business is relatively new, but very few courses exist to meet the specific needs of construction related business.

In the model of the flexible firm it was said that some core operatives are needed to carry out the management tasks, while on site work is performed by subcontractors. The growth in management contracting in Britain has meant a greater amount of work is being subcontracted out; but subcontracting is also coming to mean that managers of such firms have to deal with material procurement and financial payments which were previously borne by the main contractor, to a much greater degree than was the practice in the past.

There is now some evidence that British subcontractors have not geared themselves up to cope with the added responsibilities (Flanagan 1986). This has implications for black business development. These structural changes suggest that as a result of increased competition amongst subcontractors as the industry becomes even more fragmented, combined with the need for a greater professionalism in small business owners generally, it is likely that the disadvantaged owner will be less likely to succeed than at any time in the past.

4.2. An Overview of the American Construction Industry.

As in Britain, the American construction industry has been shaped by many factors. For instance, the greater extremes of climate in the North leads to a distinctive building season from March to November. While market segmentation is a common feature of the industry, the geographical size of the American market means that there are many more regional market variations than in Britain. Labour relations, recruitment and training have historically been controlled by the craft trade unions, but the fully unionised sector has always had to co-exist and compete in the market with a growing open-shop (non union) sector.

4.2.1. Structural Change.

In America construction accounts for 9 percent of GNP, a drop of 4 percent since 1975. The American industry is a \$300 billion a year activity involving about 5 million workers, 1 million contractors and over 70 national contractor associations. Construction employs about 6 percent of the nation's workforce (Business Roundtable 1983; Flanagan 1986). About 8 percent of black workers are employed in construction. There are both public and private sector opportunities for work in America. The federal government is the largest single buyer of construction services, but there is no public sector body corresponding to the British DLO.

Management contracting has long been established in America. Large firms rarely maintain more than a skeletal workforce but depend on the availability of small contractors, or the union, to supply skilled workers as and when required. Nearly 90 percent of construction costs are now subcontracted out by general contractors as they seek to reduce overheads and running costs. The nature of craft division in the industry has made this move a feasible proposition. It also allows for the relative easy entry of new firms. However, American subcontractors have to be keenly professional in their operations in order to survive in the increasingly competitive environment. The responsibilities they assume, of organising and managing work, of quantity measurement, drawing up plans and costing, are greater than those experienced by many subcontractors in Britain. Subcontracting may encourage the growth of small firms, but it shifts the capital requirements of the general contractor on to the small subcontractor.

4.2.2. Market Segmentation.

The American construction industry has been described by Bourdon and Levitt (1980) as 'a complex ecology of submarkets'. Three main segments have been identified: (a) heavy and highway contracting, (b) commerce and industrial work, (c) homebuilding (residential) plus repair and maintenance (R&M).

Firms typically divide into two categories. First, there is the general builder, who undertakes responsibility for the entire

project, and secondly, the subcontractor (specialty or trade contractor) who carries out part of a larger job. Specialist contractors carry out 90 percent of all site work.

Firms tend to be either union or open shop. The majority of firms are small and operate in their own home states. In 1972, 82 percent of contractors were small, that is, they employed less than four people. They were also small in terms of turnover: 97 percent reported less than one million dollars in annual receipts (Bourdon and Levitt 1980).

The residential sector, which has been traditionally open-shop, has expanded rapidly during the post-Second World War era. More recently a boom in the commercial sector has occurred in certain geographical areas. This latter trend is more noticeable and relevant to minority contractors in areas in which the union hold has been weakest, such as in the South East.

Heavy and highway work has been boosted by the activities of Congress who increased federal expenditure on construction through the Local Public Works Employment Act 1977, on Airport and Airways Development, Highways and Urban Mass Transportation - all these projects have offered opportunities for minority contractors because of the Minority Business support programmes which were an integral part of the contracts. Minority Business support programmes have evolved out of the American Small Business policy; the basic aim is to encourage an enterprise economy within the black community. The importance of Minority Business development programmes is discussed at a later stage in Chapter seven.

4.2.3. The Unionised versus the Open-shop Sector.

In the past it has been the unions who have shaped the way that the industry has developed. Craft demarcations were drawn which lead to the emergence of single craft unions and corresponding single craft employer associations. Some fifteen craft unions now organise workers in the American construction industry, under the umbrella of the American Federation of Labour/Congress of Industrial Organisation (AFL/CIO), which is the equivalent of the TUC.

Estimates of the extent of unionisation in the industry tend to vary. The last analysis of construction workers, in 1980, reported a decline in membership to about 1.6 million. Those identifying themselves as nonunion workers had risen by 1980 to nearly 3 million (Business Roundtable 1983).

Union strength varies with geographical location and between industry segments. The large industrial cities of the North East and Mid West remain the greatest stronghold, whilst in the South and South East unions have their weakest impact. American construction unions retain their craft base as an essential criterion for membership. This means that they will only accept members trained in their particular craft, while other industrial unions organise workers after they have been hired, and they organise extensively across trades and skills. Craft unions consider it to their advantage to exclude workers and create a smaller labour supply. Greater demand for their small pool of members increases bargaining power (Marshall and Glover 1975).

Craft unions in America have control over the recruitment of workers, over the development and training of operatives and over wage determination. All federally funded contracts are under the jurisdiction of the Davis-Bacon Act (1931) which guarantees union pay rates.

Open-shop construction, which has expanded even more rapidly over the past decade, threatens the power of the unionised sector. Open-shop construction now accounts for 60 percent of all construction activities. It has penetrated all market segments and is a significant force in most geographic areas. Open-shop first began to expand following the return of war veterans in the 1950's. These workers had been trained in construction crafts, had considerable construction experience in the armed services, but were denied union membership because the unions were reluctant to accept any qualification that did not conform with the traditional union sponsored apprentice/journeyman pattern. However, the rapid acceleration in the extent of open-shop contracting over the past decade can be attributed to an increased need to cut costs, particularly wage costs, and to the opening up of federal contract work through the Minority Business Development initiatives.

Open-shop contractors generally operate on the premise that many tasks can be safely and competently performed by workers who lack the formal skills of an apprenticed journeyman. Typically about 40 percent of the open-shop work force are 'helpers'. This use of 'helpers' is the major source of an open-shop contractor's ability to undercut union contractors (Business Roundtable 1983). As flexibility and cost assume even greater importance in American contracting, the open-shop sector has the greatest potential for future growth.

The residential segment has always been traditionally open-shop. Not surprisingly, this is the sector where most black or minority contractors were located twenty years ago (Glover 1977). On federally funded contracts, large renovation projects and new construction, they were unable to participate because these were unionised segments and blacks have been excluded from craft union membership (Gallo 1983).

Gallo (1983) describes the open-shop segment as representing the standard model of a secondary labour market. Formal apprenticeship is almost non-existent, training is informal and the average skill level is low. In addition, occupational definitions are imprecise, workers have 'general skills'. Income levels are less standard, pay rates can be from 60 to 40 percent lower than those paid in the unionised sector. Wet time (that is payment when work is not undertaken because of the weather) is not paid, and there are fewer fringe benefits, different hours of work and smaller and fewer overtime bonuses. Most black and minority workers have historically been employed in the open-shop sector because of racial discrimination in the unionised sector. I return to this feature of the American industry later.

The relative rise in importance of open-shop has proved beneficial to many small firms and subcontractors, allowing competition between firms to increase. The disadvantage of being assigned to the secondary labour market, with all that its characteristics imply for economic development, has been turned to advantage by some black and minority contractors following Equal Opportunity employment legislation. These policies will be discussed in greater detail in Chapter seven.

4.2.4. Recruitment and Training.

Opportunities for employment are determined by the patterns of recruitment and training in force at any given moment in time. Recruitment of labour practices differ between union and open-shop markets. Historically the craft unions have retained their hold over the labour supply by being the sole source of craft labour. They provide a steady, stable supply of qualified labour from a central source, the referral hall, to the union contractor.

A union hiring hall is a union administered job referral system whose referrals enjoy advantages over all the other job applicants... what is essential to all hiring halls as defined here is employer agreement or acquiescence in according job preference. (Ross 1972 p366).

Workers are typically hired by a site foreman who selects applicants either at the job site or by contacting the union office. The union official works as a manpower broker and has tremendous power over which workmen are sent to jobs. This means that even where black and minority workers have been accepted into union membership, individual racism continues to limit their ability to work (Marshall and Glover 1975; Applebaum 1981).

The exclusive hiring agreement has met with little opposition from contractors, since it relieves them of the need to develop their own recruitment and hiring policies. Uniform wage rates across the unionised sector remove a large cost item from the sphere of competition between contractors.

There is some evidence now to show that referral hall recruitment is less extensive than it formerly was (Marshall and Glover 1975). In contrast to referral the open-shop sector gains from not having to hire through the referral hall, but it suffers from the lack of a centralised employment source. Many open-shop contractors hire 'off the streets'. In both sectors a variety of other recruitment strategies are called into use when the need arises. Such strategies include the use of Employment Services, newspaper or radio advertisement, and referrals from employees, fellow contractors, suppliers or customers (Glover 1977). However, most

good contractors know where their labour is and call workers in as and when needed.

Training for construction skills has been closely controlled by the craft unions. Joint Training Committees, made up of union and contractor representatives are responsible for all apprenticeship entry. Course standards, which include classroom and on the job instruction, are set by the Bureau of Apprenticeship and Training (BAT) in the United States Department of Labour, or by the State Apprenticeship Councils (SAC).

Formal open-shop training was until recently non-existent. Open-shop contractors, being denied access to union apprenticeship programmes, have adopted the concept of 'task training' and 'general skill' training for its workers. Much of this instruction is carried out on the job or in the trainee's own time after work.

Although open-shop contractors account for 60 percent of all American construction work, the sector has no method comparable to the union apprenticeship programme for training skilled craftsmen. The growth in fragmentation which has been accelerated by the practice of management contracting, has weakened the commitment to apprenticeship and skill training, since contractors are not willing to bear the costs of training workers who, once qualified, will be moving away from their sponsor. In order to combat the level of disadvantage in training that open-shop is reinforcing, equal opportunity programmes have established Outreach programmes for black apprentices and journeymen, a more detailed explanation is given in Chapter seven.

4.3. Minorities in Construction in Britain.

So far in this chapter the main characteristics of the construction industry in Britain and America have been reviewed; the purpose of the next section is to explore the role of minority workers in the construction industry. The historical significance of migrant workers in the construction industry is noted. Ethnic minority labour has made a substantial contribution to the British and American construction industry. The nature of task divisions

and opportunities for labouring by the unskilled worker has made construction an ideal occupation for immigrant labour to enter.

Irish workers became assimilated into British society and through employment in construction many migrants moved on to become employers and contractors in their own right. For black workers this has not been the case. Ethnic advantages have quite clearly been useful to the Irish, but for black contractors the picture is distorted by the constraints of discrimination and disadvantage.

4.3.1. The Irish.

While the Irish are not a central focus of this research it is useful to recall that as an identifiable ethnic group they have played, and continue to play, a significant role in construction activities. The close historical and political relationship and geographical proximity between Britain and Ireland allowed for a relatively easy movement of seasonal and casual labour between the two islands (Jackson 1963; O'Connor 1977). In Britain Irish 'navvies' crossed the water to work on the transport systems of the industrial revolution era, on canals and railways.

Many Irish 'navvies' remained migratory and unsettled in their living patterns. They moved from job to job, from site to site, as long as it suited them or their current employer and back to Ireland when work was unavailable (MacAmlaigh 1964, 1985; Sykes 1986). The Irish were thought by some people to have a cultural disposition which fitted them uniquely for construction work (Jackson 1963; O'Connor 1972).

The Irish provided a large pool of available and willing labour and they appeared particularly well suited to this work which involved the roughest, heaviest, dirtiest form of unskilled labour. As a result many of them were employed and contracts advertised directly for them in Ireland.
(Jackson 1963 p78).

Yet it might be argued that rather than being well suited to the work it was more the case that the very nature of canal digging or railway line or motorway construction, which is dirty, physically demanding and often dangerous work, was not sufficiently

attractive to the indigenous population for the contractors to find enough reliable labour. Racism and ethnic hostility also excluded many Irish workers from better occupations for which they might have been suitable.

Despite the mythology surrounding the Irish construction workers' domination of the industry, they rarely exceeded 30 percent of the overall building workforce (O'Connor 1972). Notwithstanding this fact the Irish have used their reputation in the industry for economic development and thereby helped to provide work for fellow countrymen. Patronage became a resource to be used for profitable purposes as the following quotation demonstrates:

The Irish have become so influential in the building industry that on certain big money jobs it is not sufficient merely to be Irish to get work. In certain areas one must come from a particular county of Ireland e.g. sections of the Victoria Line were built by teams of Donegal men.
(O'Connor 1972 p122).

The pool of willing Irish labour has not diminished with time. They were called on during the Second World War to meet the shortfall of labour available to meet the needs of construction projects (Smyth 1985). By August 1941 Wimpey and Taylor Woodrow had recruited over 4,000 men to work in the construction industry war effort. Even today it is relatively easy for construction firms finding survival difficult in Southern Ireland to cross the water looking for contracting opportunities (Guardian 2 July 1986).

4.3.2. New Commonwealth Workers.

A second wave of migrant labour entered the industry after the Second World War. Unskilled and semi-skilled workers from the New Commonwealth countries provided black workers who helped to set the industry on to its expansionary way. Most of these workers fulfilled the economic function of providing a secondary manual labour force to supplement the skills of the British construction workforce. Their class position in British society was thus determined inter alia by their status as replacement immigrant manual labour. The Irish bore the brunt of racial hostility well

into the 1950's, when a new group arrived to replace them at the bottom of society's hierarchy. The class position of black workers has been determined by their racial origins as colonial subjects, rather than by any objective assessment of occupation or class position in the country of origin or even by the merit of educational attainments achieved since migrating to Britain.

Increased demand for construction labour was met in the post World War Two era by craftsmen from the West Indies and Asia. The interesting feature of West Indian (Afro-Caribbean) craftworkers is that they share a similar history with the Irish navy. Up to World War Two every construction project around the Caribbean had relied heavily on the highly mobile workforce of the islands. Contract labour travelled to Cuba, Costa Rica, Panama and the Southern States of the USA (Elsner 1961; Lowenthal 1972). To this day Afro-Caribbean contract labour is still recruited to the USA for agricultural work (Portes and Bach 1985).

These workers would travel to work on one contract, often a civil engineering project such as the construction of the Panama Canal, and then return home. Many of these migrant workers settled in the USA. For instance, over 100,000 West Indians settled in New York and Boston between the end of World War One and the depression (Lowenthal 1972). When America called a halt to immigration from the West Indies in 1952, Britain became the nearest industrial economy accessible to mobile black workers (Phillips 1978). Opportunities for economic advancement in Britain and America were widely different, but in both cases construction workers were in competition with the indigenous population and other ethnic groups, such as the Irish, Italians and Poles (Radin 1966; Patterson 1968).

The foothold gained by the Irish worked to the disadvantage of the blacks in the industry in both Britain and America, with the nature of the disadvantage taking on different characteristics. By the early 1960's the Irish were becoming less visible as an ethnic group in Britain and West Indians were increasingly regarded as outsiders 'of rather poor working quality', especially on construction sites (Patterson 1968 p91).

In fact... the Irish in the present competition with predominantly West Indian coloured immigrants are less often noticed as a specific minority among employees. (Jackson 1963 p108).

As we have seen, Irish supervisors and foremen favoured the employment of Irish labour. West Indians never achieved these strategically powerful positions whereby they could use patronage as an ethnic resource, because by the time they had settled down as migrant workers the opportunities for advancement in the construction industry had contracted along with the size of the industry.

Asian craftsmen have also found employment in the British construction industry, although it has never been of a numerically large proportion. Sikhs of the Ramgharia artisan caste have a good reputation for the quality of their workmanship. Such men have a class and cultural advantage over black building workers in the trades because they served as middlemen, as the intermediary class between British colonial rulers in East Africa or India and the native populations (Ballard 1977).

During the late 1960's some of these, by now successful, Asian businessmen were forced to leave East Africa. Many of them managed to send out or bring out their capital with them. They chose to migrate to Britain rather than return to the Punjab (Dewitt John 1969). Following their arrival in Britain they were able to capitalise on their commercial expertise (Desai 1963; Dewitt John 1969). Quite clearly then many Asians have both a class and an ethnic culture background which is different from that of the Irish construction worker and the black West Indian worker which has implications for the differences in business formation and development.

In comparison blacks were often prevented by the British Colonial authority statute in the West Indies and Africa from activity in business (Lowenthal 1972). The U K Afro-Caribbean Chamber of Commerce (1981), in its evidence to the Home Affairs Committee on Racial Disadvantage, has described some of the factors which underlie the present barriers to black business activity. They describe how in the colonial economy, Asians were given the

commercial monopoly in retail distribution, in property construction, in wholesale business export and import, while the Europeans had the monopoly over plantations, commercial farming and other high order activities.

4.3.3. Racism in the Industry.

From a 'black' or 'liberal' perspective it could be argued that the crucial barrier to economic development for black workers in white societies is the degree to which racial discrimination by the majority society is tolerated against minorities. Discrimination against black and Asian workers often manifests itself in racial stereotyping. Construction is no exception to this (Patterson 1968; Mbayah and Harrison 1970; Allen, Bentley and Bornat 1977). One racist practice was to decry the standards of skills practised by minority workers, which implied that they were only able to do labouring jobs. A major white contractor involved in recruiting to the CITB scheme told me that 'black workers trained in Jamaica are only half as good as those trained here. The majority do shattering, but there is less of that now'. In practice black workers were often confined to shattering work or put on to tasks with low bonus payments. Even if workmen could demonstrate their craft ability, contractors and union officials still voiced opposition to employing them if it meant allowing black men to enter white people's homes, particularly when women were likely to be alone (Patterson 1968; CRE Annual Report 1985 p13).

One result of such racial stereotyping and discrimination was the downward mobility of black craft workers who were qualified to work as carpenters, masons or plasterers (Patterson 1968; Phizacklea and Miles 1980). Employers continued to see them only in terms of semi-skilled labourers, or seasonal or casual labour, rather than as permanent members of the directly employed force (Patterson 1968). One UCATT official recently reported,

The construction industry is very racist... in the 1950's and 1960's you tend to find that certainly the immigrant labour was used just to top up the labour forces in times of peak. As soon as there was a trough it was unloaded.
(Bramwell 1986 p60).

The construction unions have been slow to take up and challenge the racist stereotypes and practices that exclude black workers from the industry (GLC 1984c; Lee 1984). Theirs has been a colour blind approach. Black unionists themselves view trade unions generally as white organisations in which the grievances of black members are seen as peripheral. The subject of racism in construction is under-researched, probably because the fragmented, casualised nature of construction employment and informal recruitment practices allow scope for individuals to cover up any discriminatory acts.

When considering patterns of racial discrimination in the construction industry there has to be an evaluation of two categories of worker. First, the way in which migrants have been received and integrated into the industry and second, the way in which British born blacks are recruited and experience employment in the industry. While the original migrant workers entering the British construction industry faced racial hostility from the existing workers, discrimination has also limited new entry to the industry by British born blacks.

In the early days of black migration (circa 1960) one in ten West Indian male worker's previous employment was in building or construction (Davison 1966). In 1976, Smith found that 7 percent of West Indian males were employed in construction compared to 7 percent of all Asians and 4 percent of Indians. Brown (1984) found comparable levels of involvement. The last Labour Force Survey of the Department of Employment (1987) shows 5.2 percent of all minority males were either in paid employment or on a government scheme in construction. These figures, while not strictly comparable, illustrate the downward participation rates of minority workers in construction.

Moreover, when we turn to other sources of statistical information on the industry the absence of reliable data on black construction employment is clear. The absence of reliable data contribute to the overall impression of colour blindness. For example, very early into the fieldwork I had established that none of the four construction related unions keep ethnic origin records of their membership. None of the construction contractors had an equal

opportunity policy prior to 1987 and none keep ethnic origin records of their employees. Moreover, none of the construction training organisations have officially published ethnic origin records (Hansard 22/11/85). However, a breakthrough occurred in 1987 when CITB, rather than lose their management agency contract with MSC for construction training, was forced to take action on this subject (Guardian 10/3/87).

The Manpower Service Commission (MSC) commitment to equal opportunity is weak and passive, their equal opportunity policy has been merely a paper statement, without the will, resources or intention to take positive action or to put an equal opportunity policy into practice, let alone to confront established procedures. As Lee and Wrench describe the situation, in reality the MSC approach to training demonstrates the colour blind attitude to race. Nevertheless some evidence is beginning to emerge of a serious imbalance in black and white recruitment to the industry. In Coventry a Mode A YTS construction course had only two black out of a total of ninety nine trainees (Reits 1985). In Bristol A Mode A scheme had only one percent of black trainees (Fenton et al 1984). In Birmingham out of a total of 493 trainees, only thirteen were Afro-Caribbean and three Asian (Personal communication - MP). There are a number of factors which have brought the imbalance about.

One of them is the way practices for recruitment for training have developed, and the second is the nature of informal employment recruitment practices. An internal Birmingham City Careers Service Report on CITB/YTS recruitment noted,

CITB is extremely selective in whom it will select. It is often advisable for a young person to try to find a company which will offer experience and then approach CITB for entry.
(City of Birmingham nd)

What happens in practice under the CITB scheme is that employers are encouraged to select their own trainees; the trainee then undergoes special CITB selection tests, which have been approved by the industry. If the trainee is suitable and the employer considers that they might eventually wish to employ the person

permanently, then enrollment on the CITB course is automatic. Clearly, where trainees need the support of an employer for acceptance to the best training programme, the occasions for individual racial prejudice to operate are magnified. When we recall that most construction firms are small, family firms with seven or less employees, black youth are less likely to be seen as 'acceptable' to white firms. Large scale employers, with more formalised recruitment and employment policies, are likely to be easier to enter, but the second factor, of informal recruitment has been identified as one where discrimination is most likely to occur. The final point to be recognised is that black contractors themselves are not large enough in terms of turnover, or number of operatives employed, to assume the training responsibility for future generations of black craft workers.

4.4. Minorities in Construction in America.

When we turn to consider the case of minorities in construction in America there are several striking similarities. American society is less overtly class conscious than Britain, but race and ethnicity have exerted a greater influence on social and economic development. For over a century a two tier social order existed, one white and one black, and although the doctrine of separate but equal was enshrined in the American constitution, equality for black people was totally absent. It is from the heritage of slavery and second class citizenship that the struggle for black economic and social advancement has been made. Historically the construction industry was an important source of occupation for black Americans, and it is important to document that experience, up until craft based trade unions pushed the black craftsmen into the secondary and peripheral edges of the industry. Today blacks constitute 12 percent of the American population, and approximately 8 percent of black workers are employed in construction.

4.4.1. The Pre Civil War Era.

The involvement of black workers in the American construction industry goes back to the days of slavery. There was a time when black craftsmen in America were valued more highly than Irish

labourers. The masters of slaves found it easier and cheaper to have their own black slaves trained in the building trades than to depend on outside, white, free labour (Rowan and Rubin 1974). Black slaves had a cash value and in order to protect their investment slave owners sometimes used Irish labour to carry out any dangerous work (Harrington 1984).

Not all black craftsmen were slaves. In the ante-bellum South there was also a significant group of black contractors, who up until the turn of the century, continued to trade independently in for instance, Charleston and the State of Carolina. Building enterprises constituted a substantial portion of the black business sector at that time. Landry (1977) maintains that blacks practically controlled the building trades in the South.

At the end of the Civil War, circa 1867, 83 percent of artisans in the South were black. By 1900 this figure was down to 5 percent. Black dominance of the industry had been eroded by the racist practices of newly arrived white immigrants, who quite openly and freely eliminated black contractors from business opportunities. The end of slavery was the end of black dominance in the Southern states construction industry, both as master craftsmen and as contractors (Paulson 1980).

4.4.2. The Irish.

Black craftsmen faced competition from many immigrant groups, but the Irish immigrants developed a significant presence in the American industry which they still retain today. Irish immigrants were poor and unskilled workers, largely from a rural background. They took over the hard and dirty manual jobs which, before the Civil War, had been the province of black workers. For many of them construction became the vehicle for Irish ethnic business aspirations and thence economic advancement. The repeated waves of immigrants fleeing famine and poverty in Ireland provided a continuous source of replacement labour to the expanding construction industry, especially in the North Eastern cities.

The Irish as an aspiring ethnic group had several advantages over black Americans. For example, they arrived in America at a time of

expansion and economic growth, at a time when opportunities to make money were plentiful. Irish settlers proved extremely skilful in setting up their own political connections and were heavily involved in trade union activities (Glazer and Moynihan 1970).

It was possible to use this ethnic advantage of political and trade union power to secure public sector contracts through patronage of the Democratic Party 'machine' and they were able to hold on to jobs in the building industry through their trade union membership of the racially exclusive American Federation of Labour (AFL) (Tabb 1970; Dye 1981). Most of the big city political machines were built up and dominated by the Irish well into the twentieth century (Sowell 1975; Dahl 1976).

In comparison, black Americans were denied the vote, and so unable to participate fully in the political process. They were also denied union membership, so the opportunity to develop a power base in society either through political parties or trade union activities was denied to them. Only after the passage of the Civil Rights Act 1967, did blacks have an equal opportunity to develop powerful patronage links of their own.

4.4.3. Racism in the American Construction Industry.

The position American blacks now occupy in the industry is the legacy of historical racism. The industry featured some of the most invidious discriminatory practices (Rowan and Rubin 1974; Marshall and Glover 1975).

For example, craft unions adopted racist membership criteria; both formal and informal discrimination was practiced. Unions required members to serve a formal apprenticeship. Since all apprenticeship entry was controlled by the unions, black applicants were easy to exclude. Formal apprenticeship training as a membership requirement was always used to exclude blacks, but was frequently waived for white applicants. Some unions insisted on examination qualifications for entry, but they were not essential for white applicants. In the last resort examinations could be fixed so that blacks could never pass them (Columbia Journal 1970).

Another strategy centred on the fraternal system of sponsorship and recommendation for union membership. Potential members needed an existing member to sponsor their application. By tacit agreement no black members would ever be proposed by the existing white membership (Paulson 1980).

I have already noted that many black craftsmen were trained in the South. As new construction skills developed, such as the 'mechanical' trades of electrical, pipe and metal working, blacks were deliberately denied opportunities to acquire knowledge and experience of them. Only in the traditional trowel trades of bricklayer, mason and plasterer could they retain a knowledge base. This was because it was relatively easy to get a job as a labourer and pick up the skills from other workers on site.

In the early part of the twentieth century some localities passed legislation banning both slaves and black free men from the emerging skilled trades. In many instances they justified these activities by the use of licensing agencies (Williams 1982). State or City licensing boards were granted the authority to determine all conditions of entry to the mechanical trades, giving them the ability to fail black applicants. Political power and patronage was used in influencing licensing boards to refuse blacks trade licenses. In this way white workers were able to use licensing and the union to preserve their privileged position in the industry. The following quotation is taken from the Steamfitters, Plumbers and Gas Journal in 1905:

There are about ten Negro state plumbers working around here, doing quite a lot of jobbing and repairing but owing to the fact of not having an examination board it is impossible to stop them, hence the anxiety of the men here to organise.

(quoted in Williams 1982 p92).

Another way in which white unionists excluded blacks was through their control of the labour supply through the referral hall, as described earlier. The compound effects of union sponsored apprenticeship, union dominated licensing boards and union controlled hiring, was to preserve the superior economic standards of white members at the expense of black workers. They helped to create a situation whereby a black man could not get a job unless

he had a union card, he could not get a union card unless he had a job and he could not get a job because he was black. Contractors connived with unions in these practices through their acceptance of the referral hall hiring system and out of fear of industrial action. Through the free collective bargaining system contractors and unions ensured that only unionised and white labour was employed in the union sector. The only alternative to unemployment for a black craftsman was to work in the open-shop sector.

Working conditions were less constricting in the Southern states. Blacks were admitted to some trades unions on a non discriminatory basis where the members realised the economic threat that could be posed by black competition. It was also in the South that black craft unions were strongest, but they never achieved the dominance of white unions; they were recognised as necessary but unimportant. Nevertheless, black unions did enable some experience in organising and management skills to develop.

It is worth noting that although other industrial trade unions tried to exclude blacks from membership, the strategy could be counterproductive. In many instances black workers were used as strike breakers. Employers were able to break the power of industrial trade unions in, for example, the motor industry, in a way that was never possible in construction (Fusfeld and Bates 1984). This was because the structure of the industry and the nature of contracting, together with the enforcement of the Davis-Bacon Act limited the degree to which strike breaking was possible. The Davis-Bacon Act (1931) (setting minimum pay rates) was itself introduced in response to the influx of black workers from the South, and other workers, desperate for employment during the depression who were willing to work for less than union rates (Business Roundtable 1983; Fusfeld and Bates 1984).

Eventually it was to be the existence of the open-shop sector which threatened craft union power in construction, and black craftworkers played a part in the shift from union to open-shop dominance. Overcoming the hurdle of union membership was only a first barrier to black workers. Even with a union card they were denied equal access to employment. Even black construction workers trained in the West Indies, who were thought by many observers

such as Lowenthal (1972) to have better prospects in the American economy, were assigned a position in the secondary labour market. Consequently they too found their opportunities through open-shop, repair and alteration work (Columbia Journal 1970).

4.4.4. Racism in Recruitment and Training.

Earlier in this chapter it has been shown that differences operate in recruitment and training practices between the union and the open-shop sector. Black workers were largely excluded from participation in the training, the recruitment and the hiring practices of the union sector.

Opportunities to train in construction skills outside the union system have been limited. Black segregated education was of an inferior standard to that offered to white children. Vocational schools, with a few outstanding exceptions such as Tuskegee College in the South, did not teach the skills and trades that students needed to compete on an equal basis with white labour (Paulson 1980). With few exceptions poor black people were educated and trained to be second class citizens.

The black contracting sector was tiny and could not be expected to bear the costs of training. Those who did make an effort to train the future generation could only pass on their own limited knowledge and experience of carpentry and trowel trades through family apprenticeship (Strauss and Ingerman 1968). Ace Jackson, a retired black construction worker, described the black family tradition in the South of passing on building skills,

I was raised into the trade. My father was a brickmason. My father's father was a full blood African and he was a brickmason, he was a slave. There was a group of people - the nephews, the uncles, the daddies - made up a crew. Some were carpenters, some were plasterers, some were mold makers and so forth. (Southern Exposure 1980 p11).

Prior to the Civil Rights Act 1964 black and minority contractors were small, confined to R&M in the residential and in the open shop sector; they were essentially marginal to local and national

economies (Glover 1977). Legislative intervention in America has helped to change opportunities in the industry for black workers, but now that black owned companies are growing and moving into higher priced contracting, they experience bonding problems.

In America, performance, payment and bid bonds are frequently required by contractors. Contract bonds guarantee compliance with the terms of the contract. Bonding requirements vary widely from state to state and agency to agency, but basically bonding is made by underwriters on five categories of information: financial, experience, capability, character, and environment. There are three basic types:-

- a) A performance bond protects the owner from the risk of losing money because of the failure of the contractor to perform as the contract specifies, for the price agreed upon and within a given time.
- b) A payment bond (labour and material) protects the contractor's suppliers, subcontractors and employees from the risk of not being properly paid by the contractor.
- c) A bid bond protects the owner from the risk of losing money because of the contractor's failure to enter into the contract, once the contractor's bid is accepted (Marta Connector 1983).

There are several reasons why black contractors experience bonding problems. These include factors such as a limited track record or low net worth and the absence of a line of credit. Such obstacles are not unique to Minority Business Enterprise (MBE) contractors, but, because the MBE is likely to be small or new, the problems tend to occur with greater frequency and to impact more severely. Traditionally, many minority and small contractors have been unfamiliar with what bond producers want and need in the way of information. There are very few minority bond producers. Moreover, few minority contractors know enough about the skills and reputations of specialised bond producers to make good choices in selecting producers (Marta Connector 1983).

4.5. Conclusion: Similarities and Differences between Britain and America.

4.5.1. The Structure of the Industry.

In concluding this chapter, the table below sets out a brief comparison of the main characteristics of the British and American construction industry.

Table 4. Comparison of Important Structural Features in Construction.

<u>Feature</u>	<u>Britain</u>	<u>America</u>
Segmentation	Civil engineering industry and commerce housebuilding repair and maintenance	Heavy and highway industry and commerce housebuilding repair and maintenance
Craft unions	strong in public sector weak in private sector	strong in federal work open-shop growing
Recruitment	private sector informal public DLO formal	union sector Referral open shop informal
Training	CITB/YTS YTS community based Community Programme Skillcentres	BAT SAC Access Courses youths Access Courses adults
Regulation	no min. pay rates no licensing no bonding	Davis-Bacon Act licensing bonding

In both Britain and America the construction industry has been shaped within a national environment of custom and tradition. Many of the characteristics have been described above; the most significant areas of interest for minority contractors are changes within the industry which have affected trades unions, training and subcontracting. In this section the differences and similarities which affect the economic development of black workers through construction are drawn together in a summary.

The involvement of ethnic groups in construction is one of the most interesting characteristics of the industry. The use of contract labour to undertake building work has long been the custom in Britain and America. The most important groups highlighted in this thesis have been the Irish, Afro-Caribbeans

and Sikh workers in Britain and the Irish and blacks in America. In America overt racial discrimination has restricted opportunities for black Americans and allowed the Irish to maintain a dominant position in the industry. In comparison, a colour blind approach in Britain can be said to have achieved a similar sort of outcome.

In national terms the construction industry in both countries has experienced a general decline in the relative economic performance of construction activity as a proportion of GDP (Flanagan 1986). The decline is probably more marked in Britain, reflecting the greater importance of public over private construction in Britain. In terms of market segmentation, a greater proportion of the work undertaken in Britain is repair and maintenance or refurbishment. Opportunities to contract from the private sector have therefore fallen, largely as a result of cutbacks in expenditure in the public sector.

In Britain the major area of conflict centres on the struggle between public and private construction sectors. While in absolute terms the public sector employs directly only a minority (12 percent) of the total construction workforce, it has been at the forefront of setting employment conditions for the industry and has been responsible for introducing Contract Compliance policy. In America the conflict centres on the widening gap between union and open-shop sectors which has been fuelled by federally enforced Contract Compliance.

In both economies the operatives and subcontractors bear the brunt of seasonal and demand fluctuations. Trends towards management contracting have intensified the pressure towards greater fragmentation. In Britain increasing numbers of operatives are now self employed labour only operatives but in America this type of employment status is less common.

Many American States and localities require operatives and contractors to be licensed, on the basis of skills and ability to carry out the task, before they can work in the area. The question of licensing has been discussed for some time in Britain, but no mandatory system exists (Flanagan 1986). Possibly as a consequence

of the absence of any mandatory licensing requirements, the potential for operating within the informal economy are greater in Britain than in America. The bonding of American contractors, through which clients minimise their risk, is a growing practice that causes concern for the successful expanding minority owned firm.

Bonding is not a significant cause for concern in Britain because performance, labour or material payment bonding is rarely required (Flanagan 1986). However, the GLC were considering the option of taking up a form of labour protection bonding, along the lines adopted by a few London Boroughs. They have introduced an experimental scheme which requires contractors in their employ to advance a sum of money before work commences on site. This sum of money is then set to one side to cover all outstanding payments due to the workforce, such as National Insurance and Income Tax payments, in the event of the employer defaulting in his obligation before the successful completion of the work (GLC 1985).

4.5.2. Trade Unions.

American craft union demarcations have influenced the process of apprenticeship training, recruitment, pay and working conditions to the detriment of the black community. This control of the market was supported by the federal government through enforcement of the Davis-Bacon Act on all federally funded contracts. Fragmentation by craft and employers associations has been noticeable; there are currently fifteen craft unions registered with the AFL/CIO, compared with only four major unions representing construction workers in Britain. Union power in America has ensured a relatively higher reward system for construction workers than has been achieved in Britain.

It is a common factor in both countries that union membership is declining. In Britain the growth of subcontracting and self employed labour only has accelerated this process of de-unionisation. In America the structural shift from union to open-shop contracting has highlighted the vast differences in

conditions experienced by workers in federal contracts and those on open-shop work - a gap that can be as wide as 60 percent.

4.5.3. Training.

Craft training is important for minority workers and business owners. The extent of skills in the present black workforce has limited their economic development to the peripheral and the secondary sector labour market. If the future generation is to develop the minority community economy through contracting in construction, then there has to be a higher level of skill acquisition.

I have shown that in America blacks were largely excluded from the formal training apprenticeships of the unionised sector. Most skills have been learned on the job or through the armed services. In the open-shop sector very little State Apprenticeship Councils (SAC) or Bureau of Apprenticeship and Training (BAT) approved training is undertaken. This raises doubts about the future ability of minority craftsmen to rise from operative to substantial contractor status. It may be the case that future contractors will not be craftsman based but will be set up by people who have management skills to exploit.

In Britain shifts in the size of construction firms away from large to small subcontractors and the recession in construction have meant that fewer contractors are assuming responsibility for training. Central government has now taken on the task of future construction training. The regulations defining CITB/YTS which link trainees to a contractor, mean that individual operatives are not able to assume sole responsibility for their own skill training, in the absence of a supporting contractor to provide on the job experience. We have seen that there is now evidence emerging that minority youths are not being trained on CITB/YTS schemes or in DLO YTS schemes, but are more likely to be placed with community based YTS or CP initiatives. They are being trained as a replacement, secondary labour force, not for a future as skilled craftsmen or entrepreneurs.

In both countries there are discernible trends in craft training. Specific skill training is being replaced with a more 'general skill' knowledge. How far this trend away from specialist skill training can develop is providing cause for concern as evidence of a national shortage of good skilled craft labour in both Britain and America emerges.

4.5.4. Social Factors.

Quite clearly there are differences between the experiences of black workers in Britain and black Americans in their respective construction industries. Black Americans had significant experience in the trades until the end of the Civil War and the emergence of trade unions. In comparison black workers migrated to Britain with some skills in construction but became a replacement manual labour force. Thus, from different origins both groups have been used as a replacement labour force, as secondary sector labour to be called on in time of need and discarded when no longer needed.

Irish workers have been an important factor in both nations. Irish workers preceded black craftsmen in the British industry, so they already held a dominant position in terms of an ethnic identification with the industry. Irish workers crowded out black craftsmen in America and they used overt racial discrimination and ethnic politics to do it. In both countries the status ascribed to blacks within the wider community has also limited their opportunities for economic development through construction.

4.5.5. Political Factors for Change.

Approximately 5 percent of the British population is of ethnic minority (New Commonwealth) origin; 2 percent are of Afro-caribbean origin. The black and ethnic minority community in Britain have been a part of the British workforce for approximately 40 years. They are nevertheless relatively small in comparison with the proportion of blacks in America. In America blacks constitute 12 percent of the population and their presence has been a factor in the labour market for over two hundred years. American ethnic minorities as a group (that is those disadvantaged

by racial origin) representing 20 percent of the population. The scale of disadvantage differs significantly between Britain and America. At twenty percent of the population American minorities have an economic and electoral impact much greater than that of minorities in Britain. The leverage due to the origins of discrimination against blacks is also different. The political response to discrimination and disadvantage is therefore likely to be less positive in Britain than it has been in America.

It is possible to consider the details of racial discrimination in the industry in terms of the three perspectives outlined earlier. The attitude of the British craft unions to date can clearly be said to fall into the colour blind 'conservative' perspective. Calls for radical change or positive action from within the industry have been absent prior to the inner city riots of the 1980's. When action was proposed through the setting up of Contract Compliance units along the lines of the American model, the potential for change was to be muted by other conflicting labour interests, as will be shown in Section four. In America the craft unions were overtly racist they continually denied the need for any action to combat racism or equal opportunity in employment.

American trade unions, not being politically aligned as they are in Britain, were always careful to pursue their own interests with whatever government was in power. They were not supportive of black construction workers. In Britain trades unions form an integral part of the labour movement, which includes the Labour Party. Together the Party and the union movement have tried to change the nature of British society, with a greater emphasis on equality than was the case with unions in America. However the trade union movement's efforts to deal with racial discrimination in Britain have been more rhetorical than real, more symbolic than substantial. Dealing with equal opportunity has always been seen as part of the voluntary and local negotiation and bargaining role of the individual union branches. Union activity around black workers in construction has been largely non-existent.

In comparison, in America it was the Civil Rights movement, with its emphasis on negotiation and coalition across racial lines,

which was responsible for securing political change at federal, state and local level for blacks. Blacks collaborated with every reformist element in American society at the time, which included establishing alliances with major trade unions, with reformist Democrats and liberal Republicans, with Civil Rights moderates, with important business leaders and big city bosses, and with middle class liberals, intellectuals and students (Blair 1977). They used the power of collective strength to change behaviour and open up the opportunity structure to blacks. In the absence of a British Civil Rights movement, the task has fallen in the main to isolated minority pressure groups and to the labour movement.

In order to compensate for the harm inflicted upon black Americans by segregation and legalised discrimination, federal, state, and local governments have passed strong legislation requiring affirmative action to be taken to redress the balance. This legislation, described in Chapter seven, has helped to begin to open up the construction industry to ethnic minorities.

4.6. The Need for Affirmative Action in Britain.

In this chapter a descriptive overview of the structure of the construction industry and a historical analysis of blacks in construction has set the backdrop for the fourth section of the thesis which investigates equal opportunity policy in construction.

From the preceding description of the construction industries and the location of black minority workers within them, it is clear that if the goal of black economic development is to be advanced in Britain, some changes need to take place. Those changes cannot be achieved solely by black workers themselves, although black business must assume some responsibility for hiring and training black workers.

If one strategy to achieve that goal is to be through the black minority contractor, there has to be a craft base in the black community. We have seen that there was an historical advantage for black workers in construction, but that advantage has been weakened over time. Secondly, there have to be a significant

number of profitable black and minority contractors, who are hiring workers. We will see whether this is happening now from statements made by the builders in Chapter five. Finally, there have to be opportunities within the industry for contractors to enter, and for them to expand and grow in terms of employment offered and turnover. Such opportunities are determined by conditions in the national and local economies and are determined largely by central government.

To date it would appear that the workings of the free market have been to the disadvantage of black workers. If change is to occur then some intervention in the market is necessary. For this reason the comparison with America is relevant. With over twenty years lead in experience in market intervention on behalf of black workers, for Britain there are real and important lessons to be learned from the American experience.

CHAPTER 5

BLACK BUILDING CONTRACTORS IN BIRMINGHAM.

This Chapter examines the economic location of twenty eight black and Asian contractors in Birmingham. The chapter makes extensive use of quotations to enable respondents to speak for themselves.

The first section covers the extent of skills, qualifications and experience the men have and tells the story of how they came to be in the industry as businessmen. The second section gives a profile of black and Asian contractors in terms of their business resources and linkages into the external environment. In the third section the activities of the local authority Urban Renewal Department are discussed in terms of relationships with the respondents. In the fourth section the contractors recount their perspective of what it is like to be a black contractor.

5.1. Black Building Proprietors in Britain.

5.1.1. An Ideal Type of the Small Building Company.

Little is known about the origins of small building companies and the training of their staff, although it has been suggested that most small new firms are formed by craftsmen who set up on their own (Hillebrandt 1971). There are also 'opportunists' who set up in contracting. The distinction between craftsmen and opportunists turns on levels of human capital and class: craftsmen tend to come from a skilled working class background and have a low level of educational achievement, whereas opportunists come from a middle class background, are more highly educated and have a broader work experience which includes time spent in a managerial capacity as an employee (Smith 1980; Norris 1984a).

Craftsmen in the building industry usually start their own business by becoming self employed and selling their labour to larger firms i.e. labour only subcontracting, with the main contractor supplying the materials. On the other hand, construction employees with professional or managerial experience can undertake small contracts and sublet sections of the work to

specialist, or trade subcontractors, who themselves supply labour and materials. This relieves them of the cost of employing their own direct labour force and from purchasing materials prior to being paid for completed work (see Appendix for a definition of the small firm).

New entrants are attracted to the small business sector of construction because of the belief that only a minimum of resources is needed. Ludman (1985), in a book giving advice on running your own construction business, recommends a tool kit, transport and premises, and £300. However, the high turnover rate in small building companies suggests that these minimal requirements have implications for future growth and are an indicator of the need for greater resource input. Many of these craftsmen based firms lack management expertise; they have problems in maintaining cash flows, due to customers delaying payments and suppliers requiring advance payment, and they are involved in extensive contractual disputes (Norris 1984a).

Aspects of trading that are not highlighted in the literature are the need to have good links and relationships with bureaucratic organisations, such as local authority building departments. For example, the role of the building inspector can be crucial for the success or failure of a company. Secondly, approved lists of contractors, or subcontractors are an important factor in the winning of public sector funded contracts. Acceptance on to a particular list can provide a relatively sheltered market location for the firm which is inside, but the sheltered market becomes an exclusive oligopoly for those on the outside. The significance of the relationship with building inspectors and the practice of drawing up approved contractor lists is emphasised time and again in the interviews with Birmingham's black and Asian builders.

5.1.2. Black and Asian Builders in Birmingham: Trades, Training and Background.

In Chapter four I described the main characteristics of the construction industry in which black builders operate. The opportunities to develop a black business class are located within that context. In the following section, using selected quotations

from the taped interviews with black and Asian builders, proprietors relate how they came to set up a business. The heterogeneity of the men means that generalisations are not easy to make. In order to maintain confidentiality each respondent is identified by ethnic origin and age, British educated respondents being defined as Black British.

In the theoretical framework human capital was identified as one of the resources which are needed for economic development. If craftsmen are to advance to contractor status they need craft based knowledge and managerial and supervisory experience in a variety of contracting situations. The majority of respondents in the survey began in the industry as craftsmen, the exception was one who had been a fireman. There were nine carpenters, eight electricians, three plumbers, two general tradesmen and one painter and decorator, heating and plumbing engineer, cabinet maker, roofer and double glazer together with the fireman. Fifteen of the firms described themselves as General Builders, and four as Electrical Contractors; the remainder as specialist trade contractors. The survey revealed that the spread of building skills they hold is limited. The older men tend to be carpenters. Amongst the younger men there is a wider variety of skills, but with the exception of the electricians, the men tend to have no formal qualifications.

I argued earlier that working proprietors are largely recruited from the ranks of tradesmen, whose numbers are maintained by apprentices or trainees or labourers who become 'improvers' (a term specific to upgraded labourers). When black workers came to Britain, some of them already had considerable experience of working in the industry. A retired carpenter said,

When I was back home then, I work with a guy and went in Panama, then I work with him in America and I return home. He was the one that really set me on and know that I can, because he said, 'well then *** I'm going to learn you how to do finishing'. He always had a shop, I learned to make windows and doors and so on. Then he went into politics and I always run his jobs for him, after a time I always do some work for public works and work for myself until I came here.
(Jamaican retired carpenter).

In some Asian families building or carpentry was part of the artisan culture of their caste.

This is a family business. You see my father was a carpenter, working for a firm and very young then, but when we grew up he decided to work as a builder because we were working along with him. So for four or five years we worked as a builder with our father, then we built up the business.

(Asian carpenter turned Builders Merchant, age early 30's).

Very few of the respondents had formal qualifications in their original trade; almost all of them learnt on site. The lack of qualifications can limit the types of job available and in some cases where craft skill is part and parcel of the family culture demands made by employers and clients for formal qualifications can often appear an unreasonable constraint placed upon individuals. An Asian stated the problem,

My son is fourteen - he can hang a door, he can do a lot of work, because that's all in our blood, you see, but when we are in this country you're being asked for qualification. There are a lot of old people, Asians, we find qualification by our experience, not in schools. What we got in experience is all in our blood and that's how when our children are young they just do the same thing we do. In other words they are copying us... The majority of Asians who like we have come from Uganda, I came here in 1964, but we have no paperwork to show as a qualification, but you put us to do any work, electrical, plumbing anything, roofing, we do it, because the job it tells us how to do it.

(Asian general builder, age late 50's).

Proprietors who were not skilled before arrival in Britain picked up their skills on site or through further education college. One man who had tried a variety of occupations told me,

Well, I used to do long distance driving, I left and did a small amount of training, I didn't get the certificate but I still do the job properly, nobody complain that the job's not done properly.

(Jamaican plumber, age late 50's.)

Younger black respondents who had passed through the British education system found it difficult to get a formal training. But they were more likely to have served their time than the older men. A total of four respondents had successfully completed British apprenticeship training, two in electrical work, and one

each in carpentry and double glazing. The roofer put the problem of training into context, explaining that the difficulties in getting good training were related to the structure of small firms in the industry,

When we were at Solihull we tried to get them to send us to the roofing school, they didn't want to know then because it was a very small firm at the time and they couldn't afford to send us.

(Black British roofer, age mid 20's).

The older builders recalled that after their arrival in Britain in the 1950's and 1960's black workers found that jobs were relatively easy to find in construction but they were not always what the worker wanted. The following two quotations demonstrate their perception of how things were,

Yes, during the end of the 50's early 60's you could find most of these building sites had fifty percent West Indian workers. Rackhams store in town, I worked on that and it mostly West Indians that built it. Taylor Woodrow I worked, the lowest West Indian working in that building was thirty percent.

(Jamaican general builder, age late 50's).

I came from Jamaica in 1954 and when I came here, well I came here on the Saturday and I went out on the Tuesday. I got a job at a joiners shop, fit up doors and chiefly furniture, chairs, cabinet and so on. Well I work on there for around three months but the money was very small, I was only making say £8 per week and I found it very small at the time because when I leave Jamaica just the week before I always do my accounts for myself and I make say £30. When I came here I find then... because... the reason why I came, I had a friend that came over, he always worked in the factories and told me if I came here I would do much better. If I doesn't like it then I would be able to make my fare and return back. Well when I came I really got into it. I went out on the building and could make more than that there after a time. You are here for a time and you find your way around. I began to travel with McAlpine, overtime, then work Sundays and on big jobs. I could see my way then and after that I sent for the family.

(Jamaican retired carpenter).

But not all workers had that happy experience, as these next two quotations show,

I was a carpenter. When I left Jamaica I had just finished Shortwood College, right, and I came here as a carpenter. I got a job as a carpenter only to find out that when I went to do the job they said I'd got to do

labouring. So I wouldn't take it. I was told to come to do painting in an engineering company in Worcester and when I went they gave me this vacuum cleaner to dust the place ready for painting. When I was ready to paint they take us to another side of the factory and bring other men to do the painting, so I jacked that in.
(Jamaican general builder, age late 50's)

Well, in those days in this country people thought, these turbaned people are only here to see hands (?) and sell things in suitcases. So my uncle went there and told them, said give me a job, don't pay me for a week just see if I could do the job.
(Asian general builder, age late 50's).

5.1.3. Setting up in Business.

The role of chance, accident and luck seems to make any generalisation about the motives for starting in business redundant. Four of the men set up in business in the 1960's, eleven in the 1970's and seven in the 1980's; five others were not sure when they set up, or when they made the transition from labour only to business. The move to self employment in business seems to be a function of the age of the craftsman and the opportunities stemming from conditions relating to the structure of the industry. The transition from employee to self employed is a fairly common experience; some work is carried out in non work hours - by moonlighting - in the informal economy. A young double glazer said,

When I left school I went to Hills Glass, I did my apprenticeship there, glazing and fitting. Then after, this old bloke took me on and teach me carpentry. I've got C & G and can do plastering as well. When I was at Hills I was doing things in my own time, then I met this old chap. I used to go and do cold canvassing to try and get work and I built up from there. Then I went to a double glazing company. I had the record shop, and a painting and decorating firm some years ago while I was working.
(Black British glazier, age early 30's).

In his survey of black business in London, Kazuka (1980) claimed that one of the principal reasons for black people to go into business was the 'flight effect' from racial discrimination and frustration in their previous employment. In the Birmingham survey some of the men did choose self employment because racism was pushing them into jobs they did not want. There seems to have been an expectation that blacks were only good enough for the less

skilled jobs, like shuttering in the case of carpenters. Two carpenters put this expectation into words,

Wherever you go on the building site to ask for jobs, what I found out it was and with due respect it still continues, it was mostly Irish men and they didn't know the job, the men they got to work didn't know the job as much as you. It's more or less a con trick, you go to do the job and all they can say is 'It's a blackie come to do shuttering' and if you start the job of shuttering you realise that's not your line. Nothing more, I went on my own you see.

(Jamaican general builder, age late 50's)

I was a carpenter first of all, I worked for two years and then I went shuttering after that. It was easier for black people then because they were used to that kind of thing back in the West Indies. The name was changed to shuttering, back in the West Indies we call it masonwork. We call all concrete work mason work, so it deter some of the chaps, when they come here from going into the building work because of the change of name and things like that. But I was able to adapt quite easily.

(Jamaican general builder, age late 40's)

Another reason for going into business was related by an electrician who felt that he was undervalued in comparison with his white workmates. He told me,

Whilst I was a site engineer for the company I had a certain amount of regrets that I found out in the end that there were still people there who was getting more money than I was and I was in charge of the job. At East Birmingham I had thirty four electricians, right, two supervisors and two foremen and one of the foremen and one of the supervisors was getting a bigger wage than I was and yet I was in charge of thirty four blokes. Then I went to Dudley, I completed that contract, I decided that I think I would like to do something by myself.

(Jamaican electrical contractor, age mid 40's)

Many of those whose business was successful felt it was due to the fact that they had gained managerial experience in employment before setting up on their own in business. None of them held professional qualifications or had attended formal management training courses. An electrician stated,

I thought that I could do what they're doing without any problems at all. While I was serving my apprenticeship I spent over a year in the office as a junior estimator, so I had a bit of knowledge of that. I was also running, at the age of nineteen/twenty, running jobs where people twice my age was employed on the same site, and I was in

charge. So confidence wise I knew that I could do as good as the others.

(Black British electrical contractor, age mid 30's).

A general builder also thought this managerial experience had helped him.

Whatever I know I have picked up over the years. I worked for Bryant, working chargehand; Stubbings as a foreman. I never go for a manager course, but whatever I learn, I just learn it through experience.

(Jamaican general builder, age mid 50's)

The one outstanding exception to the craftsman / managerial model was that of a former fireman, who used his scarce knowledge to provide a fire alarm and electrical emergency lights service.

The business started on the fire side because I was a fireman. It started from fire experience, then we started the electrical side and then the pump side. We find that all three complement each other.

(Barbadian proprietor, age mid 40's).

The dynamic nature of construction contracting and subcontracting, which facilitates a high entry rate and ensures a high exit rate, also enables men to try and try again until they get it right. One builder disclosed,

I stopped labour only, went into business and failed, went back on labour only then when I started picking myself up I went back again supply and fix. I fail, I went back to labour again... I just packed in everything and went into this double glazing, I concentrated on that and then I decided it wasn't very good. So then I packed that up and went back into building.

(St Kitts general builder, age early 40's).

This builder's story illustrates a determination to succeed in the industry. He had tried first one path and then another as he tried to improve his economic status. He was not unique in this aspect, many of the respondents had similar experiences.

5.2. The Minority Contractors Company Profile.

This section builds up a profile of the companies in terms of resources such as labour and then sees how far they had developed external linkages with the local environment in terms of trade union and Trade Association membership. An important factor in

business promotion is marketing; I tried to determine how these companies made the availability of their services known to potential customers.

5.2.1. Employees.

I have already described employment practices in the industry (Chapter five). Owing to the structure and nature of employment practices in construction the employment question is of a dynamic nature. Work load dictates the type and number of operatives that are needed on any one day. At the time of the interviews most firms were operating far below their potential capacity, and as a consequence employed the minimum number of operatives necessary for survival. The two largest firms were an Afro-Caribbean electrician who employed twenty workers directly, and an Afro-Caribbean general builder who employed five workers directly. The Asian owned companies were different because they were more likely to be family firms with brothers joined in partnership. The impetus not to employ workers directly is very strong. One Afro-Caribbean had changed his workforce from direct to subcontractors as he realised that competitors were behaving in that way. He told me,

None direct. I get rid of every one in July last year. Because times were getting hard and it was costing me money having them sitting around playing cards. Work was getting slack. I like subcontractors now. What actually gave me the urge of doing that, BVT had thirty employees, they sacked them all on the Friday and said those who want a job can come back on Monday as self employed subcontractors. So I decided if they can do it why can't I do the same thing, because you're just paying out money, you've got to keep borrowing money to pay them. The weather was that bad at Christmas if I'd got direct employees to keep, to have to pay the employees £100 odd a week to do nothing. If they stay at home, if they get sick, they still get paid.

(St Kitts general builder, age early 40's)

Another proprietor, employing two operatives a secretary and a trainee highlighting the cost of keeping unproductive labour, explained,

When I first started here I did the wrong thing. I had eight staff and the money that I'd saved up trying to get supplies and the work wasn't coming in... you just

pay them for being there, the work has not been done and so the money goes away. That caused a lot of problems.
(Black British glazier, age early 30's).

Most of the labour employed by the respondents was employed as 714, SC60 (Inland Revenue Tax status for the self employed in the construction industry) or day rate subcontracting, depending on the individuals concerned and the nature of the work. Direct labour is too expensive for the majority of small contractors to keep,

It means I have to pay them weekly, but the money is slow to come in.
(Asian general builder, age late 40's).

[Using 714 or SC60] reduces the bookwork, I don't have to pay them when there is no work. I couldn't afford direct employment. It's likely to restrict my growth potential, I need the money to expand.
(Black British electrical contractor, age late 20's).

The use of subcontracted labour is a day to day reality in the survival struggle. Only one respondent, an Asian firm, mentioned the staffing problems that arise from expansion. When the owner/manager is in day to day control of his business he knows exactly what is going on and can supervise the process. With expansion work has to be delegated. This was a problem, especially where the sort of experience required for management is scarce in the black or Asian community, because those individuals are themselves likely to be self employed anyway. It may mean bringing in white supervision. This next business did hire a white manager. He was used as a go-between, meeting inspectors and urban renewal officers, but it led to problems, as the proprietor explained,

Recently our standards have gone down because of our last manager letting us down. We've had a lot of problems in the past two years, but coming away from problems, still what's kept us alive has been our standard of work and the management has been totally ridiculous.

I manage, I'm a salesman, I am a purchaser, I am a works supervisor, transport everything, so I'm trying to do a lot. The problem with expansion is trying to get somebody to do my work for me, but it's a case of... you're at a stage where turnover is high enough to keep you alive, the profits there to keep you alive, but if you want to expand and you need to expand you've got to bring someone in from outside. And to train that person to a standard the firm demands... But we've been at an advantage because I look like a labourer and the manager looks like the owner and they [urban renewal officers

and other contacts] liaise with the manager who is white and we do benefit from that.

(Asian general builder, age mid 50's)

5.2.2. Family Labour.

Building is said to be a family tradition (Riemer 1979; Paulson 1980; Applebaum 1981), passed on down in the culture of its males. Half of these respondents did come from families with a building background. Only a few of them have sons who continue the tradition. But if the number of black and Asian building companies is to increase, then the hereditary route to construction contracting will not produce a new generation of minority craftsmen. It was more common for Asian sons to learn trades through their fathers. One respondent said,

Actually it's the whole family, it is not like a business, it is like a family business. We got our kids helping as well.

(Asian general builder, age late 50's).

But it was less common in Afro-Caribbean families. An Afro-Caribbean proprietor explained,

I did have two sons in it, trying to teach them the trade, but they didn't want to know. One said he was going to be a bricklayer, which I was hoping he would be and the other one said he was going to be an electrician, and we could make it a partner, but somehow... for example, if I leave the one which say he was the bricklayer to do a job, he wouldn't do it properly. You had to be there to supervise him and when I first started employing him he was OK and then after a while he started saying he'd come in on Monday to Friday, but he don't come on Monday, Tuesday, Wednesday, he come Thursday, Friday and always have an excuse. And all the other workers that are used to working with me I found it was like I choose my family [they] reckoned it was preferential.

(Jamaican general builder, age mid 50's).

5.2.3. Wives and Female Labour.

Ethnic business studies emphasise the contribution spouses and women make to the running of a family business. Scase and Goffee (1982) indicated the contribution that wives make to building companies although the scope of employment is not the same as in other sectors such as retail or textile and clothing manufacture.

Many respondents did acknowledge the contribution their spouses made to the company. Some of the builders have wives in full-time employment outside the business. This income was valued for the contribution it made in helping the company ride out the payment lags common to building. Other wives gave a hand with answering the telephone, or with book-keeping and clerical work, or taking delivery of materials. Only one respondent said his wife actually helped with the manual work, because she was fed up with being alone at the weekends. Three wives were employed in ancillary businesses owned by the builder.

5.2.4. Trainees and Apprentices.

The training of black craft workers was discussed in Chapter four. I wanted to know to what extent black or Asian contractors were taking responsibility for training young black workers. One general builder was aware of the shortfall in training,

I employ a lot of young lads and try to train them. I know for a fact that in the next five to ten years we won't have anybody.

(Jamaican general builder, age late 50's).

Other proprietors pointed to the costs involved with labour that needs constant supervision.

I don't mind training people who have the initiative to learn. There's quite a few young kids around, always come to me and say 'have you got a job, I'll do anything'. About a year ago I could have said yes, I could provide work and so forth. It's not on every job you get, like on urban renewal, you can't bring in trainees because it's too much time consuming. You can't show them what to do and leave them. It's very difficult now. If I've got the right work, flats and things like that, then these are ideal to teach people.

(Jamaican painter and decorator, age mid 30's).

I think young business and young black businesses are so under pressure they haven't got time and haven't got the resources to carry other people. When I first started I wanted someone who knew the job and I didn't have to train, because you really haven't got time, you want to go out there and get on with it, build it up. If given the right resources I think there'd be a lot more black business employing a lot more black people. As a small business you can't afford to take on liabilities. I mean

we all carry liabilities, but you don't want extra liabilities.

(Barbadian proprietor, age mid 40's).

We had a couple but they were absolutely useless, the council were doing their scheme... not the council... whoever was running it, they were interested in finding these people jobs but the youngsters are not interested. I interviewed personally five or six people, they were just very, very immature, not much knowledge of what work was like and they weren't really taught that much in colleges. It was just an institution where they went in and came out, but didn't learn anything from it. When we employ them, unless we have a lot of supervision for them there isn't that much they could do... you definitely need supervisory help as a company. Although they go onto schemes, what they learn in the workshop and outside what it's like are totally different.

(Asian general builder, age mid 50's).

A number of builders complained about the attitudes to work of young people and the quality of training in YTS and CP schemes. A common response to this subject was 'Yes, I try several times to take youngsters, but they don't want to work'.

I've had two lads off the CP for roughly a week now. Their attitude towards work, it's going to be difficult to take them on for the sort of thing that I'm doing, in a sense... you are paid so many hours to do certain things. As soon as you take a minute over that you lose the money.

(Jamaican general builder, age late 40's).

Well, I think I would take on e.g. I would take on a coloured bloke, young kids and teach them. I'll give you an example: I teach a chap, when I was doing private work this time, his name is ***, he used to give me no ends of problems. But I had a lot of patience with him and now he's in London, earning a lot of money as a carpenter. So if I could teach anyone... because I show them what to do... I don't hide nothing from them, whatever they want to know I teach them.

(Jamaican general builder, age mid 50's).

5.2.5. The Ethnic Origin of Employees and Subcontractors.

It is reasonable to expect that black and Asian builders would tend to employ black and Asian labour. Builders emphasised that they employed operatives of all ethnic origins, and they did employ a considerable number of black workers. The overwhelming criteria they used for selecting labour were good craftsmanship and steady work. Only four respondents employed totally black crews. A typical answer of proprietors to this question was,

That's my policy. The standard of work I do, I try to do my best. If I employ a black man, a coloured man I should say, and his work's not up to standard I am not going to keep him. And if I employ a white man and his work's not up to my standard I aint gonna keep him either. I look for a good tradesman.

(Jamaican general builder, age mid 50's).

The shortfall in training of black operatives creates problems for minority contractors who are not always able to hire the type of labour they want and respondents' answers showed they were aware of this fact,

There are not many blacks who have the skills that is required on the job... but most of the West Indians are either carpenters, the young ones now are going into painting and decorating and electrical, but to get that general all round person, it's a little bit... but I suppose in time we'll be able to sort through who is there.

(Jamaican general builder, age late 40's).

Overall, respondents seemed unconcerned about the ethnic origin of their labour.

That's not something I think about to be honest.

(Black British electrical contractor, age mid 30's).

I use anyone that is suitable that can do the job to my satisfaction. It doesn't make any difference who you are but I stick to the same old ones.

(St. Kitts general builder, age early 40's).

It's not relevant, half black, half white. It hasn't been designed that way it just happened.

(Barbadian proprietor, age mid 40's).

5.2.6. Trade Union Membership.

The lack of exploitable business networks in the black business community was noted by Phillips (1978). The consensus of opinion in the small business advisory literature is that wide reaching networks are an advantage for successful business activity. The relatively small size of the black business community may be a disadvantage for black contractors in comparison with the greater resources of the Asian business community for Asian contractors.

Construction is the type of activity where it is important to be in a strong social network. Advantages can be taken of links with

clients to provide work and of links with labour to provide a continuous supply of operatives. Other useful contacts are material suppliers and professionals, such as architects, quantity surveyors and inspectors. The more a business owner is known to have a reputable company that delivers good quality work on time, the more likely he is to be successful.

One of the indicators of a successfully integrated firm is its links with other organisations in the building industry. One such link is through trade unions. It is generally believed that small businesses are hostile to trade unions, but recognition of trade union rights is one of the conditions laid down in British Contract Compliance policies. It is therefore important for black businesses to recognise this fact. Only one of the respondents was a trade union member; he was an electrician who had been made redundant and continued with his Electrical Electronic Telecommunication and Plumbing Union (EETPU) membership. Five of the respondents had been union members when employed but could not remember which one. Black and Asian builders had very few opinions on trade unions; for most they were irrelevant. There was not much hostility felt about them, and their indifference was based on business reasons.

No, I don't want to know. You lose more than you gain.
If you go on strike someone has to pay.
(Jamaican general builder, age mid 50's).

No, never. I don't agree with some of their activities
but I don't agree with Thatcher either. The union would
restrict the number of hours worked and so on.
(Black British electrical contractor, age late 20's).

5.2.7. Trade Associations.

There are some advantages to be gained from Trade Association membership. Such membership is also becoming a common requirement in British Contract Compliance policies. Membership of a trade association such as the National Inspection Council for Electrical Contractors (NICEIC) is essential for trades such as electrician, plumber and central heating installation because the association offers a certificate which guarantees a satisfactory standard of work to customers.

General trade associations, such as the Federation of Master Builders (FMB) and the much larger Building Employers Confederation (BEC) offer business services to members and are influential in the building lobby of central government. They offer advice on legislation, on building techniques and materials and may occasionally provide the opportunity to meet with other members. Trade Associations like these are not meant to act as a support group. New organisations, sometimes based on ethnicity, but also based on a common service, have emerged which seek to fill the gaps left by the traditional Trade Association. Co-operation between firms making strategic alliances is becoming common, the emphasis is on getting together to form consortiums rather than acting in isolation. In other countries, for example, in Italy, a metalwork federation has been set up to promote the services of small subcontractors (Personal communication - R Ward).

Fourteen respondents were not members of any Trade Association. Generally electricians belonged to NICEIC, or were in the process of applying for membership; one electrician belonged to NICEIC, the Electrical Contractors Association (ECA) and the Joint Industry Board (JIB). Four general contractors were members of FMB. The members did not have much to say on association membership; most of those who did belong saw it as a necessary formality. Two comments demonstrate this assertion,

Not many opinions on this. I don't feel they are really any use.

(Jamaican general builder, age mid 50's).

Yes, but it's just a case of paying the subscription to them.

(Asian general builder, age mid 50's).

One man saw membership as a potential source of advice.

FMB send a leaflet/magazine each month. There is advertising in them, holidays at cut prices, special offers. You join because if you join they are a safeguard, you can ask if you have a problem, if you have employees you can ring them up and they put you right and give information.

(St.Kitts general builder, age early 40's).

5.2.8. Marketing.

Hillebrandt (1971) and Norris (1984a) found that very few small building companies market their services, and both authors linked this trend with the nature of the repair and maintenance market, which they saw as operating by word of mouth recommendation thus making marketing redundant. The Birmingham survey of black builders confirmed this observation. With the exception of the use of business cards, not much advertising, or marketing was undertaken. The contractors each used a variety of strategies to find jobs and they varied according to market location and nature of the business, but the overwhelming importance of word of mouth recommendation was reiterated. The replies confirm the significance of wide ranging networks throughout industry and commerce.

When there's not much work around it [advertising] wasn't worth it because there's too many people there already established. But I think what it is now people work on recommendation more than advertising, when you are small. After you are established it's a different situation.

(Jamaican general builder, age late 40's).

Yes one builder knows you are alright. They'll say, 'well, I've used *** on that particular project and we had no problems with them, is it OK if we use them on this one' and the architect will say 'Yes I'll send him the drawings and if his pricing is OK you can use him.' And then that building company start using us, there's a few of them in Birmingham who have done that.

(Black British electrical contractor, age mid 30's).

The ways in which builders became known included the following: 'I get jobs through the Mail or by writing to big firms or by calling on site.' Builders suppliers may recommend their name to clients, or nominations are made through architects. Their name may be included in House Improvement Grant Lists, or housing association lists, Yellow Pages or Thompson telephone directory, NICEIC advertising or simply by names attached to motor vehicles, or by a company board on site. One of the major problems respondents related was the fact that most black and Asian contractors had been removed from Approved Contractor lists and secondly, they were unknown to architects. The importance of Approved Lists of builders, which are kept by local authorities

and housing associations, is discussed later in Chapter seven under Contract Compliance. Such lists consist of firms who have demonstrated a technical ability to perform at an acceptable level and to be financially and managerially sound.

5.3. Market Constraints.

On the basis of the information collected for this study it seems that the autonomy of self employed craftsmen has been over-emphasised in the academic literature and in political argument on the attractions of a new entrepreneurial economy, to the neglect of constraints upon the production and the sale of goods and services. Economic progress is heavily restricted by the level of market competition, and by the nature of customer demand, which are in turn reinforced by conditions in the national and local economy. In this section I examine the constraints on ethnic business identified by other research (Wilson 1983a; Ward 1983; CRE 1984b) which include factors such as lack of confidence by financial institutions, insurance companies and suppliers, and those constraints specific to this survey.

5.3.1. Market Location.

The first step undertaken in the survey was to establish which sort of work respondents were involved in. The Birmingham respondents were almost exclusively involved in the repair, maintenance and renewal sector of the housing market. Three of the electricians and the fire and electrical pumps company were also working in the commercial and industrial sector. An undefined amount of work was being undertaken in the cash/informal economy. An ability to cope with the demands of a particular chosen market is one factor affecting the likelihood of expansion. The first major hurdle to be overcome in any market segment is winning the first contract, getting a foot in the door as it were, and breaking into existing networks of customer/contractor relationships. One strategy that can be employed to reduce the level of uncertainty and chance is to create a good reputation and a steady, regular portfolio or network of customers.

According to the Waldinger, Ward and Aldrich (1985) formulation the opportunity structure in an industry will vary over time and by geographical location. At the local level in Birmingham, England, (Chapter four) we have seen that in the immediate post war years black workers were taken into an expanding industry which was suffering from a labour shortage. During the 1970's a number of events changed the nature of employment in the industry. In 1972 a lengthy industrial dispute laid many construction workers off. It was also at this time that housing associations, through the Housing Corporation, began to expand the voluntary sector of housing tenure. Housing associations expanded rapidly in inner city areas. A third factor of change was the switch in national housing policy away from demolition, clearance and new build in favour of urban rehabilitation and renewal (Paris and Blackaby 1979; Gibson and Langstaff 1982).

Over half the respondents to this survey had become self employed and entered the repair and maintenance market in response to the opportunities that urban renewal offered. It is only when an operative, or labour only subcontractor, moves into offering a total service of estimating, buying materials, carrying out the work and presenting a bill, that the extent of market constraints is fully appreciated. It is also in the operation of the local urban renewal market that the ability to deal with politicians and professionals, such as building inspectors, assumes greater importance. Other ethnic business surveys have highlighted the constraints of racism, and the significance of the stereotypes operated by banks, estate agents and insurance companies to business development (Lambeth 1982; Wilson 1983a). In construction these problems exist, but are compounded by the power of the authorities who compile the Approved Contractor lists and by the activities and attitudes of the building professionals. Over the last ten years housing associations and Birmingham Urban Renewal Department have introduced a set of criteria for selecting contractors capable of carrying out work for them. These criteria have tended to work in favour of established firms and against the small newcomer.

5.3.2. The Impact of Urban Renewal on Small Local Builders.

The Birmingham Urban Renewal Committee is responsible for all grant aided housing improvement within the city's private sector, together with the co-ordination of the urban renewal programme. Based on the principle that priority must be given to the areas of worst housing, activity concentrates on inner city wards (City of Birmingham Annual Report 1985-6).

The system for allocating House Improvement Grants, the choice of builder and mechanism for payment can vary between local authorities. In Birmingham, for instance, there is a House Improvement Service (HIS) located within the Urban Renewal Department, through which applicants deal and from which builders are recommended. House Improvement Grants are made available from central government funds to be disbursed by local authorities, to tenants whose homes are lacking certain amenities. A lot of building work has been generated by this policy. Housing Grants peaked in 1983/4 at £900 million. That same year in Birmingham grants totalling £27 million were taken up and £29 million was spent on enveloping schemes.

Grant aided work has been a major source of complaint to the Federation of Master Builders (FMB 1983; Contract Journal Feb 1984 p16). FMB regional offices reported that they were continually involved with local authorities over payment problems and that many of its members were reluctant to get involved in this type of activity. In the early 1980's it was largely due to these accumulating problems that Birmingham was one of the first local authorities to introduce a procedure of selective tendering, that is, using an Approved Contractor list, for grant aided work (WMFHF 1982).

The Urban Renewal Department is also involved in enveloping work, as described in Chapter three. There are two types of work being discussed so far:

(a) House Improvement Grants, which are usually carried out by general builders with trade subcontractors;

(b) Enveloping, which is carried out by managing contractors, such as Tarmac, but the actual physical work is subcontracted to small trade contractors.

That means that there is a different type of company required for each category of work. The interviews with builders revealed that they still carried perceptions of Urban Renewal works prior to the introduction of Approved Lists, and secondly that they did not understand the two different types of work being undertaken.

Selective tendering through the use of Approved Contractor lists has proved to be detrimental to some of Birmingham's black and Asian builders, either because they cannot get onto the list, or because they have been removed from it. The black general builders and jobbers felt that they had lost market opportunity with the introduction of tighter urban renewal grant procedures and even more so by enveloping, but they rarely understood the different types of programme.

Before urban renewal comes in, even though the people getting the grant money, which was small, you could go to a person for instance... but since urban renewal come in there's no way and all the big men... urban renewal development, it knocked the whole complete system of small builders right through the floor.
(Jamaican general builder, age late 50's).

Well, urban renewal does take jobs away... I'm not feeling happy about what's done in the area. Big firms come in and take jobs, they carry a staff from outside, they are using their staff here. If you look at the people in the community... I think almost fifty percent unemployed, you have got some good tradesmen there and they can't even get work on there. I did apply to the city for work which I don't get, I don't get any, I never get a quotation although I am on their list.
(Jamaican general builder, age late 50's).

We used to have the odd builder to call in and ask you to give a quote for a particular job and I found out since the work has been going out to block to bigger contractors. I mean the smaller contractors whether they're ethnic or minority builders or not they're not getting the jobs at all.
(Jamaican electrical contractor, age mid 40's).

By 1986 only six of the respondents were approved by Birmingham Urban Renewal Department to carry out House Improvement Grant work. In contrast to the rest of the builders the six said they

had found it reasonably easy to get onto the list, and stay there.

The way I got onto the list, how I get to go on it. You got to do work, private work and then you apply. Got to give them three work examples, reference, also bank manager and builders you deal with.

(Jamaican general builder, age mid 50's).

I am city approved, it took a long time and you have to chase them up. You phone up and keep getting passed around. *** was helpful, he came to the house to interview me. Very few people do care up there. I see it as a good thing to be on the list because the householders believe that the builders on the list are OK, so it's good publicity.

(Jamaican general builder, age late 40's).

One of those approved by Birmingham Urban Renewal Department explained the benefits to him of Urban Renewal tightening up qualifications criteria for contracts.

Yes, I used to, in the early days do private work for people but they just wouldn't pay you on time. It was too much hassle, could you do this bit more, and could you do this bit more, I couldn't get paid. The unfortunate thing in the building industry is everything costs so much. Builders can't give great discounts because costs are high and risks are very high in this industry more than everything else.

But I'm trying to just concentrate on council work because there you could liaise with council officers who could check your work, so there aren't so many disputes at the end of the day. About the 1970's, early 1970's, I started up on my own... and by 1975 I had got into doing council work. But instead of doing it directly for the council, as it is now, the owners approached me and they got the money from the council themselves and then paid us afterwards, and of course often the case that you wouldn't get paid...

I grew up with the work itself, we got on the list when it was beginning before lists clearly developed. But for anyone new trying to get in, it's got to be tough because their standards got to be high plus you've got to be very formal with the officers. They need to tighten up the regulations because while we were operating there were so many cowboys... people were being mucked about, prices were too low and the standard of work poor so they had to tighten up.

(Asian general builder, age mid 50's).

Quite clearly a contractor on the Approved List as it operates in 1986 is in a sheltered market. A sheltered market may still be competitive, but the boundaries of competition are narrower; overall the level of competition depends on the amount of work

available and the number of firms on the list. The council even find clients and draw up schedules of work; all the builder has to do is send in a reasonable tender. Those contractors that were excluded from Urban Renewal when approved lists were drawn up were very bitter, because they felt that they were being penalised for contractual problems that had occurred because of the way the grant system worked in the early days, and not because of any problem related to their own workmanship.

During the 1960's and 70's, until 1978, we tried doing up a lot of houses we find we come up to a bad moment, which was the inspectors. I were working in Lozells and we had a property which the person asked me to do the job before they had the money, he were getting a loan from the council. Well we do part of the work, one of the inspectors came and passed it. He said OK so I could get some of the money and then the person went back to the council and says the work wasn't done properly, because it wasn't done how he wanted it to be done. Well I said I couldn't change it because they had a plan drawn up and I had to do it to the plan. Building surveyors came around and passed it OK and I couldn't track the money that was supposed to be paid to me, and they never pays me the money.

(Jamaican general builder, age late 50's).

Some of the excluded builders tried repeatedly to have their company put back on the Approved List, but were never re-accepted. One man was very angry about the whole procedure of lists and Urban Renewal offices,

It is a fact that there are a lot of black builders that can't get on that list. Yes I have applied to go on the approved list. First they sent me a letter to say my bank didn't know me, that was after I had been trading since 1978/79. So I went to see the bank... then they changed and sent me a letter saying the bank OK but I didn't have a builders reference. Now from 1964/65 I've been buying from *** I've been buying there ever since but I've paid cash. If I don't pay cash I sign a cheque and the bank clear it so they do know me. So when I asked for a reference all they said they know me as a cash buyer, which keeps me out of trouble and which they prefer. I didn't know they wanted someone to go and have an account there every month. So that was why I didn't get on the list. Through that I just don't bother with the council, but now we can't get any work anywhere.

(Jamaican general builder, age late 50's).

Housing associations provide an alternative source of work in the house repair and maintenance market. They have work suitable for jobbers, general builders, new build and trade subcontractors. It seems that they are even harder to work for than Birmingham Urban Renewal department. Only one respondent was an approved contractor to a housing association, but he had bad experiences and now steers clear of all housing work which was connected with associations or Urban Renewal. Most of the other respondents have been refused or not tried for housing association work because of expectation of refusal. Housing associations in Birmingham have a poor reputation with the black community, and a poor reputation in black builders' eyes for employing blacks.

I used to do work for X housing association but I lost too much money, so I tried another avenue. Within about eighteen months I lost £11,000 on housing association work. It was refurbishment, I subcontracted from builders or was nominated or employed through the architect... Now I only work for recognised builders.
(Black British electrical contractor, age mid 30's).

The problems of payment in the construction industry are widespread. Another contractor had found the city was equally unsupportive to his needs over payments. He said,

We don't like jobs from the city because it takes too long to be paid. For the same reason we do not try to work for housing associations.
(Asian plumbers).

5.3.3. Building Inspectors.

Building inspectors are responsible for ensuring that all building work is carried out according to rules and regulations drawn up by Parliament. They have tremendous power in that they can encourage builders or have them removed from Approved Lists. They can pass work or find so many faults that the builder may have to do some work again and he ends up losing money on the contract. There was a mixed experience of inspectors among the respondents, but they were all aware of the disproportionate amount of influence wielded by inspectors, and of the arbitrary nature of some of their decisions.

The major change in policy with regard to keeping a list of House Improvement Grant approved builders lead to allegations of racial discrimination because black and Asian builders seemed disproportionately to be the ones who were excluded by recommendation of white building inspectors and urban renewal officers. The role of urban renewal inspectors in the development of black building companies is critical. None of the respondents named any one inspector in particular as behaving in a discriminatory manner. It was more a general feeling of double standards operating for white and black companies. Inspectors do not like builders who may, through inexperience or ignorance, cause them problems, or where building standards fail to keep pace with modern changes. A builder on the Urban Renewal Approved List mentioned inspectors as an important dimension to the success of a firm,

I give you an example: they have inspectors from Urban Renewal which, if you are doing a job for the council they have to come along to inspect the work, they have works inspector and environmental health inspector. Now the work inspector come and check work say three times a week, sometimes five times a week. They check the work out thoroughly, when they know what type of work you do they may check three times or still five times. I can only give an example why I think a lot of these builders, what I have overheard these inspectors saying... the jobs they do, some of the builders, they don't do it right and if it falls back on the works inspector e.g. if you were one of these people getting grant and the work wasn't done properly, you complain to the inspector. And you may complain to the head inspector in the office and they get on to the inspector and he may lose his job. So apparently they make certain that the work done properly. So why I think a lot of guys don't get on the list, they can't do the work to the standard they want, because as I explained, you got to show the three jobs for recommendation, before they put you on the list and they send out the inspector to check them, and if they're not up to standard, you don't get on.

(Jamaican general builder, age mid 50's).

The builders related a catalogue of frustration with City indifference to their problems. Eventually they give up trying and move into the informal economy, or commercial and industrial sectors. Unfortunately the chance of doing housing repair and rehabilitation work for fellow minority householders outside the influence of Urban Renewal or housing associations is limited

because a large percentage of minority households are located within inner city areas that are covered by the activities of these organisations. Most respondents brought up the subject of inspectors without prompting,

The time we have been with the City council, there were some odd inspectors. Whenever you face somebody new there is a little bit of problem. But as far as you do your work right, you make your client happy, I don't think nobody will be in your way, but there again, after saying that, you can't make everybody happy.
(Asian general builder, age late 50's).

One problem that occur - if for arguments sake an inspector doesn't like you - he can report you and you don't know anything about it.
(Jamaican general builder, age late 50's).

Several allegations of bribery and back-handers were made, but could never be substantiated. It was also widely believed by the Asian interviewees that the friends of inspectors got a continuous supply of work and that inspectors tried to prevent black and minority households from choosing black or Asian builders to carry out their grant aided work. One man felt ,

White builders have got no problems, it's not the same. I've seen skirting board go on and it's not primed and stuff like that they get away with. It's the old pals act and back-handers. I've seen it, it goes on. This is not a joke, it's a fact.
(Jamaican general builder, age late 50's).

Other respondents claimed that inspectors seem to treat new black builders with suspicion based on poor stereotypes,

There is [suspicion] from one or two officers, but once they know that the standard of work is high enough, they don't seem too bad, but at the beginning some of them can be tough on the builder.
(Asian general builder, age late 50's).

No, once you proved yourself, you've got to prove yourself in the beginning, they're always watching you and always that question of doubt whether you can do the job and as I said, I've always had to prove myself. Every day your work has to be hundred percent or more, that's the only thing I've had to do and in a sense I think if anything that's made my work better.
(Black British roofer, age mid 20's).

5.3.4. Enveloping.

The opening section of this thesis in Chapter one highlighted the exclusion of black builders from inner city work. Enveloping - a new concept in management contracting - has played a major role in renewal of property in the inner city. The general builders and jobbers and Asian merchants were very angry about this lucrative form of work being creamed off by major contractors and outsiders. The Asian carpenter turned Builders Merchant explained the process as he saw it,

They give a block out to contract to Wimpey or Bryant. These people buy direct from big boys or through builders merchant and they want the account. Now the jobbing builder has been hit as well so therefore I've lost a lot of money or good earning. If there is a builders contract taking block of two or block of five they will shop around for the prices, but Wimpey or Bryant will just buy direct, that hasn't been much help at all. It may have been cheaper for the council but not for the builders merchant and it's been bad for small builders. It's made it worse, to be honest with you. All the council have done they have made the rich man richer and the poor man poorer. I think really they could have equally selected a few builders and given a block of two or a block of five and tender for jobs and this way they would have created more jobs and it would have been better for the builders merchant in the local area and better for the houseowner as well.

(Asian carpenter turned merchant, age early 30's).

An electrical contractor thought there was work that should trickle down to smaller local firms,

Instead of giving the big boys all the two hundred houses to do in the street why not give them one hundred and fifty and then split up the other fifty amongst small business because we all share the same needs. We all got to keep the bank manager happy.

(Jamaican electrical contractor, age mid 40's).

Very few of the respondents knew the difference between the sources of funding between each type of project, or which department in the local authority was responsible for administering the work. Consequently they did not know how to tender for work on enveloping schemes, nor did they know when work was likely to be available. By the time the site board went up it was usually too late. Only one labour only subcontractor respondent knew that he had definitely worked on an envelope

scheme. Other subcontractors had worked on contracts that sounded as though they might be enveloping, but they were not sure. The labour only subcontractor is the only black roofer I had identified in Birmingham at the time of the interviews, although others do exist. He relates an interesting story.

I started off with one guy there, it was very difficult there because... first of all because of the fact that I was black and because I was young people felt that well, first of all being black was a disadvantage. I had no reason to go on the roof, they used to pull my leg about the weather, they thought I would be here a bit and then take off again. Second they thought because I was young I didn't have enough experience required to do the job... all black that was the problem, we stood out from everybody else because there had never been a black roofing gang at all.

I've been on the roof since I left school. All the eight or nine years I've been working in Birmingham I've never seen another black roofer. I've always worked in white companies where I've always been the only black. So I've never ever before this worked with a work force that was all black. So for me this was a first because I was the only subcontractor working on the site there, all the other black lads were labouring and chippies...

Anyway, I had the architect standing over me, the clerk of works running up every minute, my foreman coming to see if I was making a balls up or whatever. Everybody was there watching me. I did my work anyway, I did my side and they were pleased with that. After a couple of weeks of everyone watching me and standing around I went from strength to strength after that. I won everyone's confidence after that.

(Black British roofer, age mid 20's).

5.3.5. Supplies of Building Materials.

In the discussion of economic development it was suggested that a strategy of vertical integration, that is by developing close ties with suppliers and other subcontractors, was one means by which an ethnic group might improve its economic base. The first linkage would be through the provision of building materials. There are a large number of building supplies merchants in Birmingham; many are owned by Asians who were at one time employed in construction. One of the respondents to the survey explained why his family had chosen to leave building for retailing. It reveals the Asian perception of contracting in Birmingham in 1986.

Working as a builder is a very tough life, people don't want to pay you when you've finished their work. Whereas

when you are a builders merchant it is cash and carry. You get the goods and you get the money although you might have problems with the account side, but on the retail side you're all right. We wanted to try something different because working as a builder it wasn't sort of really giving us the name we wanted, *** Builders, not many people knew of whereas *** Builders Merchants everybody knows of... to publicise our name we have to go into the merchant sideline.

(Asian carpenter turned merchant, age early 30's).

There are no Afro-Caribbean owned suppliers in Birmingham. Afro-Caribbeans therefore bought their materials from white or Asian suppliers. On the other hand, there is some evidence of vertical integration in the Asian community of building contractors and suppliers.

A good relationship with the supplying merchant is essential if the contractor is to get a credit account. A credit account is one of the Contract Compliance requirements for inclusion on the City Urban Renewal List. It has become a requirement because officers believe it saves time and cuts down on delays in the work schedule; builders who can send an operative to collect material on credit don't have to waste time sorting out payments and signatures on cheques. However for the contractor it can take time and patience to be allowed to open an account. One respondent said,

I paid cash until I was known enough to be trusted. The supplier has to be sure you're credit worthy.
(Asian general builder, age late 40's).

Most of the longer standing companies did have credit accounts at two or three suppliers, with varying time limits from one week to two months. They were less likely to purchase outside this network. Many respondents did not like credit accounts and preferred to pay by cash or cheque as they bought materials. A common response to the question of credit accounts was,

I have got credit but I prefer to pay outright cash.
(Jamaican general contractor, age late 50's).

Supplies for building are not hard to come by, but credit is, especially it seems for West Indians and for newly launched companies. The double glazer illustrated the process,

A lot of things are cash on demand, which is natural I suppose. One supplier I've got for aluminium, he only gets small amounts and he wants cash straight away. Supplies are not hard to come by but trust is hard to come by. They don't see [much] West Indian business and they tend to be on the cautious side, but I don't let that bother me.

(Black British glazier, age early 30's).

Suppliers can be useful contacts for contract opportunities. The Asian Builders Merchant told me that he did refer known builders to customers who asked for recommendations. In turn some of the respondents said they did work for their suppliers. It would appear that some suppliers act as an intermediary and charge the customer for the service, or benefit by increased sales or enhanced reputation. However, this strategy has not been developed in the Afro-Caribbean building community that I interviewed.

5.3.6. Banks and Financial Institutions.

Scase and Goffee (1982) claimed that it was possible for building companies to start with negligible assets; growth would be largely self financing. Ludman (1985) advises a minimum of £300 is needed to start a small construction business. For builders who want to undertake work the size of House Improvement Grants this advice is misleading. A more realistic amount would be about £10,000. The builders (in the quotations above) emphasised the problems they experience in cash flows that are often not of their making. They have to have considerable amounts of liquid assets or access to bank overdrafts to tide them over long time payment lags. So, for builders the provision of financial loans is probably not as important as for other types of small business.

Ethnic business surveys have shown that there are problems for black business owners in respect to the stereotyped perceptions that financial institutions and bank managers as individuals have of new or Afro-Caribbean business (Ward and Reeves 1980; Kazuka 1980; Brooks 1983; Wilson 1983b). In the Birmingham survey there was a mixed response to questions on banks and bank managers. They were aware of wide variation in individual banks, and between branches and managers. A typical response was,

We've had several problems. We went to several different banks and it's not a case of whether Barclays is better than another one, it's just the case of the bank manager.

(Asian general builder, age mid 50's).

Those who were unable to negotiate the overdraft facilities they needed had reacted accordingly and adopted an individual coping strategy.

No problems with the bank. I asked for favours, I didn't get it so I geared myself differently. I've got enough to finance myself over jobs.

(Jamaican general builder, age early 40's).

I went to the bank and told them, at that time I had £3,000 of work in hand and I wanted overdraft of about £1,000 and they wouldn't let me have it. I'd got this house, the mortgage paid on it, I thought this house would stand security that was required. What I did was to borrow each week from friends and we managed like that for the first six weeks until we got payment and everything was back to normal.

(Jamaican general builder, age late 40's).

Contracts have been lost because of bank managers' lack of confidence in the builder. An electrician, newly set up, found it difficult to get going without bank support.

One of the reasons, from my point of view, to expand the business a bit, in order to do that, you need backing from the bank and that's one of the problems I'm really facing, to get backing from the bank. When I first went, I tell him someone promised me a good contract, but they want bank references. I went down and told him, until I get this contract can you give me something. He was prepared to give me just an overdraft, because a cheque is thirty days, once the invoice is in they pay me in thirty days. He looked through all the papers and said, 'No, I can't do that'. At that time I'd just been redundant for six months really. Then I went to Barclays under the government guarantee scheme, gave them a cash flow, costs and everything like that. He even commented that it is right, but about seven days later he said he can't go through with it.

(Jamaican electrician, age mid 40's).

Some of the respondents were aware the bank managers regarded them with stereotyped views as poor risks. Racial discrimination is illegal but bank managers have ways of perpetuating disadvantage through their refusal to support black contractors. One respondent was only too well aware of the problem,

Well that problem has always, well not so much worried me but I always hoped it wasn't because of that. Whether it is or not I can't very well say that it is, because the person lending you the money doesn't say that it is because you are black. But I'd hate to think that. At the back of your mind you feel it is. But I'm not looking for prejudices. But the thing is I find that banks could be far more helpful in the sense that I find that the Asians are very successful in dealing with the banks, but somehow it seems the Afro-Caribbean is way behind it. I don't know if it's because they haven't got black banks as such. The Asians are creating their own banks which are in competition with the normal High Street banks. But I feel that if black banks were set up, other banks would be more competitive, because they would find themselves competing against Afro-Caribbean banks for the business instead.

I think the people in their forties seem to put us in a category, we're stereotyped no matter who you are or whatever you are. As I said I'm not one to cringe or complain, I get on with it, but you still feel at the back of your mind... no one has ever said to me we're not going to do it because of his colour, but when the restrictions are there you question yourself, 'I wonder why I'm not getting the same help as ***?'. Yes, I find that they could be more helpful. They regard you as a nonentity before you start some of them do. You haven't got a hope, when I say that I'm not trying to be overcritical, but... you always find that there's that doubt.

(Barbadian proprietor, age mid 40's).

There is a saying that black people are not very good business people, by many of these people. Whether it is past record that cause them to do that, or whether it was the people before us who didn't have stable business. It's not only the building, it's wider than that. I never asked for a loan again.

(Jamaican general builder, age late 40's).

Aside from the operation of stereotypes there is the banker's need to ensure his money is secure. Banks appear to be cautious about lending on many accounts. New firms face credibility problems. As the owner of a new business complained,

There were problems when I first started, Barclays wouldn't give us any money because we were new, even with the house for collateral it took two or three years before the bank allowed us an overdraft facility.
(Asian plumbers).

Successful expanding firms also face problems, but of a different nature,

We have been refused, we were told because our sales went straight up because the work was coming in to us,

and the bank manager said 'oh no building firms are going bankrupt, you are going to go bankrupt so we don't want to know you'... Something I've heard said from other firms is that once you get to know a bank manager well and your firm's expanding, bank managers are scared to give you bigger limits. They knew you at a lower stage and as you grow higher they get scared, but if you dropped out of that bank and went into another at a higher limit then that bank manager would know you at the higher limit and not, he would not know you from behind and he would trust you from that limit onwards. It actually happens.

(Asian general builder, age mid 50's).

There is a danger of building into research reports a new stereotype of unsupportive bank managers. The problem with banks was not universal in the survey; other respondents had found a good bank and bank manager with whom they could satisfactorily operate. For example,

I have got a bank manager and I would say he's like my grandad. He is not much older than I, but why I say he was like my grandad, my grandad was like a pusher, he helps me, he tries to see the best come out of me. This bank manager, his name is Mr.*** I give you an example: he was at Bearwood in 1968, he moved to Five Ways and to Solihull, and now he's in Small Heath and I move all around with him. Now he is a very good man, the bank is *** Bank, but why I say he is a good man, I think he is one of the best men God ever made. You know some times are really difficult, I remember at one time middle last year I was £26,000 overdrawn, and he said Mr.*** don't worry, I know as soon as some money come in from the council you'll pay. I find that man was really understanding, he was a very understanding man.

(Jamaican general builder, age mid 50's).

My bank's been absolutely 100 percent behind what I'm doing. When I first set up the bank manager made just one comment, ' Mr.*** you've got a good job, why are you packing that up to take a chance going self employed ?' I just told him that I'm pretty confident I can succeed. He said 'well that's it', he loaned me a couple of weeks wages to start off. I'd been with the same bank since I left school.

(Black British electrical contractor, age mid 30's).

One direct effect of the failure by banks to offer loan facilities is that the builder is forced to operate on a cash basis. Without bank references building suppliers won't give credit. The contractor may have to ask for cash up front from the client before work commences so that he can pay for materials and labour. It is not hard to see that the temptation to operate outside the

VAT and Inland Revenue system develops from this type of operation. I did not ask directly about operations in the informal economy; one respondent explained how he managed to survive in business in the absence of institutional support,

What I do is cash jobs to get money to sponsor and finance other work... [when you say cash do you mean it's not going through your books? JKJ] That's it. It's totally wrong and I can get put away for it. I've tried but they want lots of things, like collateral... I used to be at TSB... he [bank manager] said West Indians haven't got a track record in business. He wouldn't lend me money.

(Black British glazier, age early 30's).

5.4. An Ethnic Niche.

In the theoretical framework the development of an ethnic niche was seen to be a possible route by which black or minority business might develop. Kazuka (1980) suggests that black firms tend to depend on an ethnic market, while Phillips (1978) pointed out that many West Indian businesses have limited their expansion prospects by concentrating on an ethnic market. Two criteria for assessing the existence of an ethnic niche have been used to analyse the position of Birmingham builders. They are (a) the ethnic origin of customers, (b) the location of the proprietors home and the location of his business premises. A third dimension which relates more to an ethnic enclave than an ethnic niche, is the ethnic origin of employees; the use of ethnic labour can be a source of competitive advantage as well as a source of employment for black workers.

In section 5.2.5. above I found that black builders did tend to employ a high proportion of black and Asian workers, but the extent of black employment was limited by the availability of skilled workers. Only four companies had all black crews, one of which was an all Asian family firm, fifteen had mixed crews, and the remainder were subcontractor's (one man).

In a free and open market it would be reasonable to expect that general builders and jobbers would develop an ethnic network of customers. Building a network of regular customers is a classic business strategy used by all builders (Scase and Goffee 1982).

However, interventions in the inner city housing market by the public sector limit the extent to which this strategy is possible. Some builders reported that where a customer chose their company to carry out an Improvement Grant contract the client would be told by a building inspector that they could not use that builder. On the other hand, there were three builders who said that their reputation was so high that clients were prepared to insist that they were used and to wait months for them to carry out the work. Word of mouth recommendation of good builders spreads quickly in housing action areas where Improvement Grants are available. Clients of all ethnic groups were claimed by all builders, but the Asians said that their own people always asked for them to do the work. An Asian general builder claimed,

Most of the work is through my clients, it's like now, number twenty *** Road. Another job just now, they rang me last night. They said well they have got a builder. The city has given them a builder to do the work. He said he wanted me to do his work and because he wanted me he has seen our work, he has gone through all that and he says you are a local fellow, they all got trust in us so they wanted me.

(Asian general builder, age late 50's).

Afro-Caribbean builders were not so well supported by their community. These builders were very much aware of the limitations imposed by relying on the Afro-Caribbean community for support and this extends to relying on support from other black business. One man aware of this limitation, had wider horizons,

Another thing I find is lots of small coloured business look to other coloured business to help them, but the situation is that most of these coloured businesses that are set up are to deal with the community, and when that market dwindles, it suffers. You've got to set up a business and look for a market world wide, whether it's there or not you've got to look further than the community. You must look outside the community. And then you find there's so many businesses doing the same thing they might be ten small carpenters, or ten small electricians... all within the same radius and sooner or later it means that some of them will go out of business because they're not generating the work. That is a drawback in a sense. Small black business cannot help small black business because they haven't got the market and they haven't got the potential.

(Barbadian proprietor, age mid 40's).

Some of the Afro-Caribbean builders referred to events in the past which they felt lead to a lack of trust in black business by the black community. The lack of support was also noted by Wilson (1984). A young subcontractor mentioned this lack of support as a cause for concern to Afro-Caribbean businessmen.

The black community is so blind still. It's the old thing again, trust. I've sat and heard older folks talk of what happened to them in the past. They were so let down by their community, now and in the past. I've priced jobs and didn't get them off my own people because I'm black. They thought they couldn't trust me because I'm a fellow Jamaican. They don't trust you and you've got to be careful of them. Young people still at the learning stage can prove and show differently. The younger ones realise we have to pull together if we are going to get it together... the problem is still that lack of trust that fails the West Indian community.
(Black British roofer, age mid 20's).

Another respondent, who also owned an electrical goods shop, said his customers were from all ethnic groups but he was aware of that absence of ethnic economic support,

Yes [customers] right across the board. Could do with a bit more support from my folks because one tend to think they would flood in. It's not the case you see. You do have a certain amount of curiosity, customers thinking whether you're, I don't know, I just put it down to whether you're capable of doing the job or not, but at the end of the day once they've found out you're quite capable you get the conscientious whites.
(Jamaican electrical contractor, age mid 40's).

Once white customers know that the firm is reliable they support the business. On the whole the ethnicity of the client was not considered important. It was contracts that were wanted.

The second criterion for developing an ethnic niche is living or working in close proximity to potential clients. Over half of the survey respondents lived within the inner city; ten of the respondents lived within the Handsworth/Lozells/Aston areas and a further five within the inner city area as defined by the core area of the ICPP boundary. Thirteen of the builders used their homes as an office. So from a residential aspect there was a good chance that these builders would be known in areas of black and Asian residential concentration and have a potential market. On the other hand, the electricians and fire services company were

more likely to have white customers drawn from a wider geographical area because the nature of their business was different. They were working in the commercial and industrial segments. For these companies in industrial and commercial segments the ethnic origin of customers was considered completely irrelevant. Respondents tend to see themselves in terms of a particular market segment, whether housing repair and maintenance, or commercial and industrial and then tried to concentrate their efforts on that market.

5.5. Problems Associated with Being a Black or Asian Building Contractor.

In this final section on Birmingham builders I asked whether they felt there were any problems specific to being a black or Asian builder. Their responses varied according to ethnic origin and the current state of their business.

On the whole they did not place much emphasis on racial discrimination, but raised other problems, sometimes reiterating what they had said earlier. Three main categories of problems were mentioned; first were problems specific to the nature of a construction business (some of which have been highlighted earlier), secondly they spoke of problems which were related to urban renewal and finally, their opinion on the significance of race or ethnic origin.

Small black owned building companies face problems that are common to all small construction businesses, such as meeting Contract Compliance requirements, collecting and dealing with VAT, finding finance and labour. It is not possible to run a profitable organisation that is capable of tendering for contracts and employing other people without adequate human and capital resources. However, speaking from the contractor's viewpoint, an electrical contractor thought that there were a considerable number of resources that a new firm was being asked for by public authorities under Contract Compliance policies that were not always necessary,

I think one of the problems is the restrictions now that you have to have insurance policy for £1 million, it's a must, and secondly, you have to have a yard; you have to have an office... which is ridiculous sometimes because a person could trade from his house and do it quite effective... He can't afford to employ someone. So you find the initial layout excessive for a small concern. That's one of the main problems. The second problem is that some of the officers within the city will help black people, some won't, so it's against blacks... so you may approach someone who is against blacks, it's a barrier there. They know the exact barrier to put in front of you, and you get disillusioned.
(Jamaican electrical contractor, age mid 40's).

The existence of cowboy builders or builders in the informal economy (not VAT or Income Tax registered) is seen as a source of unfair competition to those who are trying to operate a legitimate business. Some general builders resented this undercutting of genuine business. For example,

A further problem, builders who are signing on and are then able to undercut the legal firm. The problem with some people is that they are not serious and they don't get the right certificates and insurance papers.
(Asian general builder, age late 40's).

There is another thing. There are a lot of cowboy builders, who are not registered as VAT. This is the main problem why chaps like me, who are registered as VAT, are losing a lot of jobs; because if we go and price a small extension £2,000 or £3,000, we have to price plus VAT, then they have a quotation from us. They walk around the street, they find a man with a ladder on the roof, they ask him a price. Well, they say I will charge you only £2,500 instead of £3,000 plus VAT. These people get the job and do it. I think they don't pay no VAT, they don't even pay no tax. So that is another way where we lose this.
(Asian general builder, age late 50's).

Some of the respondents were themselves operating in the informal economy. They justified this by citing a number of difficulties; such as problems and time lags in acquiring a 714 Tax certificate from the Inland Revenue; or in dealing with VAT returns for Customs and Excise: the high cost of labour and low prices paid on contracts or the refusal of financial institutions to offer support. All of these factors limited their ability to operate on an equal basis with other building firms.

The second major problem area was connected to urban renewal activity generally, which influenced the levels of repair and maintenance work available. Some said their problem was the fluctuations in the level of work available, depending on which market they were operating in. Many respondents complained of empty order books,

My main problem is that I am not getting enough work and when I do get some work sometimes I don't get paid. Some people don't want to pay you. You charge them a small amount and they still don't want to pay you.
(Jamaican plumber, age mid 40's).

At the moment, at least we're not doing much work. Just small bits. I used to rely mostly on private work. During the last years since VAT, everything is vatable and we have lost a lot of work to people who isn't vatable.
(Jamaican general builder, age late 50's).

For many builders payment lags were their greatest worry. More organised and established companies tried to ensure interim payments were guaranteed in the contract. However, payment problems were common in both the private and public sector contracts. At some point in the past Urban Renewal paid the HIS grant over to the householder, who then paid the builder. This lead to problems of builders being unpaid at the end of the contract, householders spending the money for other purposes or occasionally builder and householder compromising on the work to be carried out. This system has now changed, but the scars remain indelibly etched in some builders' memories. But, sadly despite the safeguards and the promises of Urban Renewal and housing associations, disputes over payments continue to be a major feature of the builders' lives.

But the amount of trouble and aggro that you have in getting money... The point about doing work for the city, you have to outlay a lot of money, to get it you have people like the inspectors come round and act like this... and they go on holiday and you can't get your money. There's no good set up getting your money. You have to have cash flow. You have to pay people at work every week. You have to pay for the builders [merchant] every month, they want their money because they have people to pay...
I were finding the city wouldn't help me. They come around and look at the job, say this has to be done and that's it. Some of the environmental work and some of these old homes you cannot see all the work that has to

be done. They give you a list, when you go through the list you estimate from the list, but there's unseen work which you don't see until you come to... When you probe it the people that's having the job don't want it because they get maximum grant and they don't have any more money to pay, and then you either have to do it for nothing and you can't leave it, because they won't give you the rest of the money if you don't finish it off for them to pass. You won't get the money and you end up losing.

(Jamaican general builder, age late 50's).

It is possible to do the work for a House Improvement Grant without actually being an Approved List builder, local authorities have no legal right to deny this to householders but the householder has to insist on their choice of builder and sign a declaration which shows that in the case of complaint the Urban Renewal Department is not responsible. Builders who do get contracts this way find their payments are long overdue,

The worst problem is the delayment of pay up. If you do work on property not under [the guidance of] the HIS, people pay the money themselves and delay it.

(Asian general builder, age late 40's).

I still do grant work but I'm not on the list. I have to wait until the contract has been completed to collect the money. I can cope with that.

(Asian general builder).

The builders rarely mentioned racism until prompted at the end of the interview. So what is it like, I asked, to be a black builder? Asian builders told me they do not like to be called black, they are coloured and with one exception treated discrimination as a factor in their lives that would not be allowed to dominate their consciousness.

I am Asian but have no time to think about discrimination. Some people's work is not up to standard. If your work is good and you get a good reputation you should be OK. There will be some people who might not give work to blacks.

(Asian general builder, age late 50's).

There is no discrimination, I have found while working here. There might be bit arguments between the inspectors but... it can be sorted out. Sometimes I think people take the attitude the other way round... I am a coloured fellow. I am not trying to say this is discrimination. I don't believe in that at all. I don't believe it.

(Asian general builder, age late 50's).

A Barbadian also commented that the collective use of the term black hides a multitude of differences.

When people refer to blacks it is so collective it is sometimes soul destroying. It's like you take the British Isles, four different people with different characteristics, ways of speaking, belief, personality. It's just the same with the West Indies. They've all got their own little complexities. The first time I met a Jamaican was when I came here, 1958... no disrespect but they are all different.

(Barbadian proprietor, age mid 40's).

Most respondents were reluctant (even when pressed) to include racial discrimination as a problem that restricted them, as the following quotations show.

I tend not to bother. If they've got their hangups, they've got their hangups. As long as they don't lay a finger on me that's all right.

(Black British glazier, age mid 30's).

Very seldom discuss it. Most people have feelings and experience, you know it's effecting daily - but it only really gets to you in an impulsive sort of way. Personally I don't think there's any point talking about it. Every black builder has a tale to tell.

(Jamaican general builder, age early 40's).

Well, let's put it this way, I haven't found any great problems that I couldn't overcome since I was in business. Of course, you're going to get white blokes who thinks that because you're the wrong colour you shouldn't be doing what you're doing. Also you're invading on their country and doing what you're doing, but I don't look at life like that. I just carry on and do the best I can. I personally haven't experienced anything which I would get upset about, from anybody. You get the odd couple of digs, making a few comments here and there, bit of jealousy I suppose, but it doesn't bother me. Frequently people have said to me 'no sorry I can't use you, I've got Tom or Dick down the road', it doesn't affect me. I don't think they give it me because I'm coloured. They might do. I think positive. I don't think that way. If I go round thinking they've turned me away because I'm black, I'm gonna go there half heartedly.

(Black British electrical contractor, age mid 30's).

There's not much work. I don't believe it's because I'm black. I know it's [racism] out there but I never look for it. Some people say... but if you look for it you'll find it. No problem.

(Jamaican plumber, age mid 40's).

I think that it [racism] comes a little bit lower down. Sometimes it is very easy to jump on the bandwagon and say it's race. But I wouldn't put it at the top. It's there. The racism that's there sometimes it comes indirectly from my point of view. The people that have the work, especially in the private sector, if you can prove you are able to do it you can get it. But the private sector again depends on quite a lot of things. One is qualifications... It depends on quite a few things, but then what we have to realise we are living in a white society and until the blacks ourselves can establish things the whites have to look after their own. You could look at it that way, but I think there is some racism, but then until I am told that 'it is because of your colour you can't have this' I wouldn't put it down as this. But when you are not told that it's difficult to say it's that, but it could be.

I remember when I just started there was quite a lot of building going on and then I could move from one job to another easily. You may find problems with the official bodies like the councils and something like that those days, but then there was quite a lot of work.

(Jamaican general builder, age late 40's).

These businessmen were aware of the marginal nature of black owned business and eager to see some progress made. A typical response to this subject was,

We need more doors opening, if we had more doors opened the pressure would be off.

(Barbadian proprietor, age mid 40's).

On the whole they wanted to get on with building and running their company in spite of racism.

The problems. The problems I would think is that basically they haven't got the sort of structure that one would [find], if you walk into one of the bigger contractors office where you had a couple of young ladies there always on the phone and the administration set up is not as advanced as the white builders, but I think the workmanship has always been there. Because after all when they are subcontractors they do the same sort of work.

It's a question of giving black builders the opportunity to develop themselves by having contracts to do so. It's no use saying to them well look you've got to go and spend £40,000 to set up a builders yard complex if they've got no contract. I mean if someone gave me thirty houses to do and there was a possibility of another thirty obviously you'd get up a proper builders yard and you'd do the business according to the requirements but if you haven't got the work it's pointless setting up the office structure as such. No I think black business needs all the help it can get. As

far as employing people, if you can't get off the ground yourself, you can't help someone else.
(Jamaican electrical contractor, age mid 40's).

The final comments in this section show that the builders have devised their own strategy to deal with racial discrimination. The builders comments illustrate that they are prepared to fight for their own futures in spite of the constraints which limit their ability to expand and be successful. They make suggestions as to what they would like to see happen, what one man referred to as 'the doors opening', such as more support for minority owned business, smaller contracts set-aside for small builders, respect and an equal opportunity to compete.

CHAPTER 6

BLACK BUILDING CONTRACTORS IN AMERICA.

This chapter looks at the position of black contractors in America. The chapter begins with a section on the background to the fieldwork visit and explains what I hoped to achieve. The interviews which follow are presented as case studies of three cities. The purpose is to demonstrate that different opportunities exist for business development in diverse environments. Each city case study opens with a brief introductory paragraph, which gives general information on the situation in each location. The experience of black contractors in each city is further illustrated by the accounts of successful black builders.

In addition, reference is made to the way in which various American practices, which have helped these contractors, could be implemented or followed in Britain. Such policies are taken up in greater detail in the following chapter on equal opportunity policies. Thus parts of this chapter anticipate some of the discussion and findings of the following chapter.

6.1. The Fieldwork.

The purpose of the fieldwork visit to America was threefold. First of all I wanted to speak to key persons who were involved in the black community who had personal and practical experience of the American construction industry over the past ten years. Secondly I wanted to reconcile my pessimistic findings of the American literature with the optimistic claims being made about the policy in Britain. It was clear from the literature that the practice known as equal opportunity Contract Compliance in the construction industry was not successful. Thirdly, the political climate of opinion on equal opportunity in America was changing rapidly during 1986. A visit to America would give me the opportunity to hear first hand about the struggles to retain an equal opportunity policy in America, to fill in the information gaps created by time lags in receiving research publications and also to evaluate what had been up until this point, research based entirely on secondary sources.

Moreover, it was felt that a field work visit would give an accurate up to date understanding of the impact of affirmative action policies on black workers in the American construction industry. At the same time it would allow American black contractors to make their voice heard in the debate. One of the problems with the American literature on Contract Compliance or minority business development initiatives is that the voice of the black worker or business owner is largely absent.

Prior to the visit contact was made with Ralph Thomas, the Executive Director of the National Association of Minority Contractors (NAMC) in Washington. He was willing to act as a sponsor between the researcher and the contractors. In the discussion on research methods, in Chapter three, the issue of problems of access to small builders and the particular problems of interviewing ethnic minority business owners was raised. In anticipation of a similar situation occurring in America I felt it was essential to have an authoritative sponsor or go-between in the black business community.

Thus in April 1987, during the third year of research and with the financial support of an Economic and Social Science Research Council (ESRC) grant, I visited four American cities in the space of two weeks. The cities were Washington, Atlanta, Detroit and New York. With hindsight it can be said that the time allowed for the field work was much too short, because half of the time was taken up in travelling. Nevertheless, notwithstanding time, cost and physical constraints, I did successfully interview thirteen people in that short space of time.

The interviews were not arranged in advance, they had to be made each morning in each location and of course that was not always convenient for the interviewee. The original intention was to tape record interviews, to use a similar methodology to interview contractors as was used in Birmingham. Unfortunately, due to a mix-up over luggage my tapes and recorder arrived in America three days after I did. Thus the American interviews are less detailed and have a less rich texture than the British ones.

All the contractors interviewed are prominent members of the NAMC and were deemed at the time to represent the successful face of black business in America. The purpose was not to compare like with like but to make a contrast with America and see how and why these individuals had succeeded. Each one had first hand experience of equal opportunity policies and the set-aside schemes which operated in their locality and we discussed these at length.

New York proved to be the least successful of the cities visited, this was partly to do with the time I arrived, which was very late on a Friday evening, after office hours. This meant that I had to make contact early on Monday morning, and the contractors were all busy or out. I had to leave on Tuesday. The time in New York was not wasted, I was able to make contact with other informants at the Minority Business Development Agency and the Minority Business Development Centre in Manhattan. I also met T Bailey, an academic in Columbia University, who has undertaken research in New York for the Port Authority.

The interviews with five black contractors covered a much wider spectrum than those undertaken in Birmingham. We discussed the division in the industry between union and open-shop contractors and the implications this had for minority contracting. In addition to talking about their own business we also discussed the significance of equal employment opportunity policies for black workers and business owners in the American construction industry. Much of this information has been incorporated in the previous chapter on the overview of the industry and in the following chapter on positive action.

6.2. Opportunity Structures.

In the theoretical framework, following Waldinger et al (1985) it was predicted that business opportunities will vary with time and place, these variations being a function of political and economic processes at large in a society. In this chapter on black building contractors, three American case studies are used to illustrate that some change and economic development is possible through affirmative action. The opportunity structure of business for minorities in America has been changed by political, economic and

social factors. These changes, deriving from equal opportunity in employment policies, form the basis of discussion in Chapter six.

The experience of black contractors in America illustrated in the following case studies contrasts with the British situation of the Birmingham black contractors. Such a comparison will show that black contractors have been able to overcome some of the disadvantages of race within a twenty year time span because the political and economic environment favoured such a process. Nevertheless the old problem of racism still remains and new problems of disadvantage, such as the lack of capital resources for bonding, have arisen.

A study of American minority contractors undertaken by Glover (1977) in the 1970's draws a picture of contractors operating at the margins of the construction industry. In the comparative profile of minority contractors in the relatively non-union cities of Houston and Atlanta and the heavily unionised cities of Chicago and San Francisco he draws a very similar picture to that described in the last chapter by Birmingham proprietors. That is to say, it reveals a profile of marginalised companies with low profits and few employees.

Ten years on from the Glover interviews the position of many minority contractors in America has changed substantially. For example, Bourdon and Levitt (1980) estimated that 97 percent of American construction contractors reported less than \$1 million in annual receipts. In contrast, the black contractors interviewed in the following section have risen well above that level.

In the following sections three city case studies are presented. The case studies are of minority contractors in America in April 1987. The purpose of each study, as with the Birmingham survey, is to highlight some of the personal characteristics of minority entrepreneurs and to identify the factors which operate at the local level which encourage or hold back minority business. Each city location has its own opportunity structure and its own historical legacy of racial discrimination, but with the help of affirmative action policies the contractors interviewed have grown to greater profitability. The \$1 million dollar contractor forms

part of a successful elite at the top of the construction hierarchy; all of the American interviewees counted themselves amongst this top five percent elite.

6.2. Detroit.

6.2.1. The Political and Social Environment.

Detroit was selected as a useful city for comparison with Birmingham because of its historical and close relationship to the motor industry. The subsequent decline of the industry in the face of international competition and its consequent impact on employment and the economic well being of the city is paralleled in Birmingham. Detroit is an industrial city, where sixty percent of the population is black or of minority origin. Detroit has a black Democratic Mayor and administration. The black administration has helped to open up opportunities for the black community, for example a sheltered market set-aside programme has been introduced to help minority companies participate in government contracting. On the negative side widespread city economic decline has been intensified by corporate sector business moving out to more profitable areas. This has meant that the Downtown area has declined more rapidly. High crime rates and high loss of employment from manufacturing, have not provided a favourable economic environment for the development of minority owned business.

Detroit is a union city, which means that all federal and state work is union; union membership is, therefore, an important requirement for minority contractors who want to work in the sectors of work funded by federal, state or local governments. An additional local factor is that all contractors and subcontractors in construction are required to be licensed by the State of Michigan. The historical problems which black and minority craftworkers have experienced with construction unions in America were related in Chapter four.

6.2.2. Black Contractors in Detroit.

Each city visited for the American fieldwork has an institutionalised equal opportunity structure of development agencies and minority business support programmes. Information concerning Detroit contractors was given by the Equal Employment manager of the South East Michigan Transportation Authority (SEMTA), by the construction co-ordinator of Detroit Minority Business Development Center (MBDC), and by the Executive Director of the Detroit Association of Minority Contractors (AMC). Mr Jackson runs his own construction contracting company as well as being the Executive Director of the Detroit Association of Minority Contractors. Each of these respondents considered that because of a strong commitment to enforcement, conditions and opportunities for minority contractors had improved and changed considerably in Detroit city, although new problems associated with trading at a higher level have surfaced.

With Detroit being a union city it has been harder for black and minority firms to establish themselves in the construction industry, to be formally trained or be union members. The Equal Opportunity manager of SEMTA described the Detroit construction industry as 'a closed operation for blacks'. In the early 1970's when the Office of Federal Contract Compliance Programmes (OFCCP) tried to take action on equal opportunity employment a Plan was negotiated, but the Plan had little impact and was deemed to have failed. Despite persistent local craft union resistance, which continues to limit black participation, federal work is easier to win in the 1980's, due to the affirmative action set-aside legislation. Nevertheless, minority contractors who are open-shop can still be involved but they must abide by the Davis-Bacon Act, which means they must pay union rates.

Many of Detroit's minority contractors are specialist trade subcontractors who are now predominantly involved in the commercial segment, where twenty years ago they were all open-shop (non union) in residential work. Moreover, it is now possible to operate in both open-shop and union sectors at the same time. This change is attributed to affirmative action which has both opened up new contracting opportunities and encouraged the entry

of new firms to construction. Respondents estimated that there are about fifteen really good minority contractors in Detroit, each with a turnover of approximately \$3 million a year. This is a relatively small sum when set against the earnings of majority corporations, but encouraging when looked at from the historical perspective. American success in this field has implications regarding the potential for taking positive action on behalf of Birmingham black builders. For instance, it ought to be possible to move Birmingham contractors across from housing repair and maintenance into public sector work as well as into commercial and industrial contracts.

All of the members of Detroit AMC are subcontractors or general contractors involved in commercial and industrial work, but not residential. They represent the elite of black contractors in Detroit. There are still many more small one man firms engaged in 'Mom and Pop' style work who have not yet benefitted from equal opportunity policies. Yet when the Detroit AMC was first established in 1963, all the members were in the residential sector, but as the corporate sector began to seek out minority owned firms to meet their Affirmative Action Plans (AAP) members had been able to expand their business as well as their expertise.

Ownership patterns in Detroit are slowly changing; the majority (90 percent) of minority proprietors are still craft based, only a small minority (10 percent) have managerial (opportunist) backgrounds. A new trend identified by interviewees is the partnership between craftsmen and proprietors with a managerial background, whereby the proprietors pool their qualities of skill and management to secure an improved business profile. This is just one example of making strategic alliances with other community owned business to take advantage of the opportunity structure in a given location. Respondents emphasised that there appears to be a change in perceptions about contracting in the American construction industry compared to twenty years ago. It is now considered to be what the Detroit MBDC construction advisor termed a 'high tech' business. The days of the pick up truck and 'Mom and Pop' firm are over for those seriously intending to run a construction business.

Contractor Jackson.

The contractor interviewed in Detroit, Jackson, is also employed as the Executive Director of the Detroit Association of Minority Contractors. The office is located in a residential area to the east of Detroit. His father was a general contractor, so Jackson learnt his skills in the traditional family way and not through union apprenticeship or formal training schemes. He set up independantly in business because he wanted to 'be his own boss'. In 1987 he employed thirteen full time workers and had a turnover of \$400,000. His main area of involvement is open-shop commercial refurbishment work.

Much of the two hour interview with Jackson was spent on discussing the organisation and potential of the AMC. Of particular interest was the role that the association plays in promoting the interests generally of black construction business and the strategy used to apply pressure to the Detroit city authority to enable the seventy members of Detroit AMC to secure contract set-aside policy. This was all useful background information for the development of Handsworth (Black) Builders Association.

Detroit AMC is also trying to meet the shortfall in training for black youths by having their own training programme. This is funded by the city through the Neighbourhood Opportunity Fund. The Association takes graduates from the vocational school and gives on the job training with member companies. In 1987 all fourteen trainees had just completed their course and all had found employment.

6.2.3. Problems of Black Contractors in Detroit.

Changes in the attitudes of Detroit minority contractors are noticeable, the interviewees claim. Proprietors have recognised the need for a professional attitude. For example they accept banks do not give credit unless a business is creditworthy, and that a business needs a business plan, prepared financial statements, and assets. Moreover they recognise that there also have to be professional supervisory staff to run the contract.

The opinion of the respondents seemed to be that minority contractors are good craftsmen and that they excel in the execution of their trade skills, but they are still lacking in administrative and management skills. This factor is believed to make them more vulnerable and adds to their cash flow and bonding problems. The Equal Employment manager at SEMTA said,

A lot of MBE's may be excellent in their trade but they don't know much about the administrative functions and that's how firms [main contractors] take advantage of them. It leads to cash flow and bonding problems.
(SEMTA Equal Employment Manager 1987).

Estimating continues to be an area where minority contractors lose out. Detroit construction proprietors are at the mercy of white professional estimators because of the lack of qualification in this area. Bids have to be competitive; if the contract is awarded on an underpriced estimate, financial difficulties leading to failure will follow.

Bonding (a form of insurance required of mainstream contractors, described in Chapter four) is a new problem for minority contractors, that has arisen as a direct result of the transition to mainstream contracting. Bonding was irrelevant for work in the residential sector. Currently few firms are able to tackle really large contracts, even though they have the technical ability, because of their inability to obtain bonding. So most firms end up being subcontractors to prime contractors. In order to overcome this problem Minority Business Development Centres are encouraging joint ventures. Joint ventures are an association between minority and majority contractors which are intended to exist only for the duration of one contract. They allow access to finance, bonding and practical managerial experience through the prime contractor. This has proved to be one positive and successful way in which blacks in America are breaking into the white contractual network.

State and city developments in downtown Detroit such as SEMPTA, and the Detroit MBE set-aside have been instrumental in advancing minority contracting opportunities, at the same time Minority Business Development Centres have concentrated their efforts on

developing business management skills to enable owners to move away from residential and into the commercial and public sectors. On the negative side the Construction Co-ordinator of the Detroit MBDC said that the Detroit community might have an equal employment policy, but there were still areas outside which did not have much commitment.

All respondents reported that racism is still an every day fact of life for Detroit contractors. Writing about the inter - racial conflict in Detroit throughout the twentieth century Shogan and Craig (1964) report that thousands of black workers may have been employed in Ford's Rouge Plant at Dearborn, but the town's white citizens like to boast that the sun never sets on a Negro in Dearborn (p125). Black men know that they will not be welcomed in white areas such as Dearborn (the Ford Motor town) so they do not pursue contracts there. There has been a resurgence of racism which has intensified over the past three years in Michigan. The effect was such Jackson said, that

The men know that they will not be treated fairly or get a proper review of their bid. There's no realistic chance of work. If they're not safe to go in they park, they won't go there to do business.
(Jackson, Executive Director Detroit AMC 1987).

Opportunities for contracting are more likely to exist in areas where black political power has been able to change policy and to enforce and monitor the change. In areas of white power the situation has not altered at all.

6.3. Atlanta.

6.3.1. The Political and Social Environment.

Information on Atlanta was given by two black contractors and the Equal Opportunity Manager of Metropolitan Atlanta Rapid Transportation Authority (MARTA). Atlanta, with a sixty percent black population has a special place in the history of the American Civil Rights movement and a correspondingly strong history of black business involvement.

City and statewide economic expansion has meant that there were plenty of opportunities for black business development. Atlanta has now become a major business centre in the South East. Atlanta has always had a longstanding, small but poor black business class. With the election of a black Democratic Mayor, Jackson, the opportunities for black economic expansion were increased; the existing minority enterprises moved forward to take advantage of an opportunity structure improved in both economic and political terms.

Affirmative action in construction has worked better in Atlanta than in Detroit partly because of weaker union power and partly because more skilled workers were available in the open-shop sector than was the case in Detroit. Mayor Maynard Jackson, who was elected the first black mayor in the South in 1973, set a precedent for American black economic development long before the federal government recognised the legitimacy of minority business support. Mayor Jackson recognised that if blacks were to become part of the economic life of the nation, market forces alone would not achieve that end. In the 1970's Mayor Jackson insisted that black and minority owned businesses must participate in the construction of Atlanta's Hartsfield International Airport - he delayed the start because he could not get a commitment to affirmative action - the first time in American history black political power was exercised over the economic life of white America.

As a result of this strong, supportive political environment Atlanta has attracted more successful minority entrepreneurs. Success encourages success. For example a business survey carried out in 1972 showed that gross receipts from Atlanta minority firms were slightly higher than the national average, but a 100 percent growth in receipts over the previous five years in Atlanta was double that for the nation (personal communication - Schabl). In the construction industry twenty years ago black contractors were either limited to minority community employment - an ethnic niche - or on low income housing work for the government. Now they are involved in all sectors of work including heavy and highway segment contracts. The following case studies, of Mr Freeman and Mr Marsh, illustrate the new kind of demand made on contractors

when they move from marginality to mainstream contracting, and the profitable results that can be achieved from affirmative action in the construction industry.

6.3.3. Black Contractors in Atlanta.

Contractor A.

Mr. Freeman owns a company operating from the residential area of East Point Atlanta. It is a non union firm now, although it was union in the past. Freeman represents the 'opportunist' type of contractor; after graduating in engineering, Freeman served four years as an officer in the US Air Force, where he was involved in the management of construction projects. In 1977 he recognised that business opportunities were opening up, so he left his safe, secure job in middle management of a national company to set up a steel erecting firm with members of his family. He has owned a number of companies since then. In 1986 his present firm had diversified into fabricating steel products for the construction industry and was achieving a \$3 million turnover. Through vertical integration in the industry he is able to fabricate and install his own steel products.

Freeman acknowledged that he represents a new type of black businessman in America emerging from his generation. They are the products of an improved economic, social and political climate, who are better educated, more widely experienced and with greater resources. According to Freeman all these factors stem directly from legislation such as the Brown v. Board of Education case and the desegregation of education, the Civil Rights Act 1964, the Voting Rights Act 1966, Executive Order 11246 in 1965 and MBE support from 1971. Freeman summed up why people like him are becoming business owners,

We are a new educated generation which has moved up into corporate America, but we only get to middle management. Because of frustration some people are now moving out into business.

(Contractor Freeman 1987).

Contractor B

An example of the type of craftsman/businessman that successful affirmative action attracts is Mr Marsh. Marsh comes from a family of builders. He relocated from California in the 1970's to take advantage of the opportunity structure opening up in Atlanta. Operating both open shop and union companies, this firm has federal, state and city contracts in its portfolio, in addition to work in the commercial sector. Originally a carpenter by trade, Marsh called himself a 'Mom and Pop' firm when he was in California. Now in 1987 he has a turnover of \$8 million.

I interviewed Marsh after he had finished his days work and prior to him going out on business again. Therefore the interview lasted about an hour. I asked him why he was successful when so many others were struggling still. He replied,

You've got to be highly motivated to succeed in what is now a very sophisticated industry. Historically we could work out of the back of our pick up truck, and I started like that. But unfortunately for contractors that are entering the industry today no longer can we expect that. You must have good cash flow projects for the bank, for the bonding company. You must have good estimating and cost data systems and you must have good project management on the site to see that quality and schedules are maintained. Unless this is done you are going to fail. It also requires an awful lot of motivation and self determination.

(Contractor Marsh 1987).

Marsh has adopted a professional outlook to his business, believing that since construction today is very sophisticated, contractors have to employ the same techniques in terms of costing, estimating, material management and planning as all other companies.

6.3.4. Problems of Black Contractors in Atlanta.

Many of the problems identified by Glover (1977) do not arise for the proprietor with good craft and management resources. However, these two contractors stress that new problems arise which derive directly from expansion. For example, the legacy of union racism means that there are difficulties associated with finding good

minority managers and good skilled tradesmen. There is still a constant problem of raising capital and credit due to the low capital resources typically held by minority proprietors. Low capitalisation means for instance that Freeman is constantly tempted to take short cuts, which leave the business vulnerable.

A consequence of these disadvantages is that on joint contracts the prime contractor may occasionally have to be asked to help. MBE set-asides and joint contracts are based on the assumption that a prime contractor accepts the intention of the legislation, and the handholding role that a contractor may be required to play. For their part some prime contractors do not want to be bothered with what they consider to be welfare work and handholding of potential rivals. Evidence suggests (USSCR 1985) that the prime contractor Trade Associations have played on the apparent weaknesses of MBE contractors, which can involve the prime contractor in extra costs, to support their aims to have MBE supporting affirmative legislation curtailed. The complaint about extra costs is then used as an economic, rather than social justification for complaints against affirmative action.

For Marsh up to 80 percent of his work is subcontracted out. Marsh is operating largely as a management contractor. Even so, he claims, it is difficult to find good skilled craftsmen. He feels that as more opportunities become available there is a responsibility on the part of black business to perform well, because the purpose behind MBE affirmative action is not to help lame ducks, but to provide the opportunity to do business. Although the opportunity may be increased, if the business does not have the management skills and craft techniques required to carry out the contract the company will fail and the reputation of black contractors goes with it. Marsh feels that, having pressurised the politicians for support, the minority community has a duty to fulfill that potential.

In Atlanta the ethnic advantage derives from the black political powerbase. Mayor Andrew Young, the current Mayor, is well respected and admired by both black and white people. Atlanta attracts blacks looking for business success because of the high profile of the Mayor, firstly Jackson and now Young, from the

positive business climate created by these Mayors and ultimately because of the reputation of existing black business success. The nature of power at the local level in America means that Mayor Young can make life very difficult for those who will not comply with the equal opportunity philosophy of his administration.

Atlanta has been quite successful in developing its black business sector, but there is still the ever present factor of racism. In construction racism can hide behind informal networks; the importance of the informal information and contact network is a dimension to social relationships that Freeman felt needed to be emphasised. He said,

A lot of deals are done on the golf course or in the club. When you look at personal relationships, being a minority in itself has some disadvantages. People who have had very little contact or association with minorities are not comfortable in dealing with us. That's just a fact. They don't socialise with us. They don't go to church with us. They don't invite us to their homes neither do we invite them to our homes. So in fact we are strangers. Minority, that's a label we are going to carry with us for a long time and forever. How do we project ourselves in a positive sense to be recognised and appreciated as a business person?
(Contractor Freeman 1987).

Both these Atlanta contractors acknowledged the contribution that affirmative action through equal employment legislation and MBE support has had on their business. One major problem they foresee in the future is the political change in the Reagan Administration which has tried repeatedly to curtail and repeal affirmative action legislation. They are convinced that positive action for change hinges on a commitment from the top and a commitment to see the policy through. When that political commitment is withdrawn, there is a danger that all the affirmative action infrastructure might crumble away too.

6.4. Washington D.C.

6.4.1. The Political and Social Environment.

Information on Washington DC was given by two black contractors, the Director of Apprenticeship and Training in the International

of Bricklayers and Allied Craftsmen (who was formerly employed in the OFCCP under Carter) and the Executive Director of the National Association of Minority Contractors (NAMC).

Washington DC. with a 70 percent black population, has a black Democratic Mayor, Marion Barry and a black administration. Washington has a unique status in being the administrative capital of the United States, but it experiences a massive professional population turnover with the each incoming administration; the poor and black population are a more permanent feature of the city. In the construction field an extensive programme of renewal and refurbishment has been initiated in downtown Washington areas. As a result of MBE set-aside programmes the work is providing contracting opportunities for blacks. Under Mayor Barry the city has initiated a Sheltered Market Programme, mandated under the D.C.I-95 Law, which states that 35 percent of all contracts of federal agencies must be set-aside for MBE's. Construction in Washington DC is now almost non union, a factor that encourages blacks to enter the industry. The situation in Washington DC is illustrated by two black contractors, Mr Parker and Ms Dunlop.

6.4.2. Black Contractors in Washington DC.

Contractor A.

Mr. Parker is a mechanical and general contractor with a \$14-15 million revenue, employing between 50 and 100 workers depending on the number of contracts running. His office is located just over the top of Capitol Hill. His is a union firm and must, therefore, hire labour from different locals (craft union referral halls) for each trade. A successful company needs to be in on the information networks about the quality of labour because new or uninformed companies can have problems with the labour referred to them by unions. They can find that they are not being sent the best workers from the union local. The business agent usually controls the quality of the work force sent to each contractor. As Parker expressed it,

So if you are new to the unions - they have guys sitting around the union halls who most majority contractors won't take. It can take you some time to find out who's a

good worker and who isn't, it may take an entire job to find out your union labour is poor.
(Contractor Parker 1987).

Parker entered the industry as a maintenance man in Philadelphia ten years ago, then came to Washington DC in 1979 when he saw that the business opportunities were greater there. In the early days of trading he was an SBA 8(a) contractor. This means that he was an MBE supported by the SBA 8(a) programme). He found there are transitional difficulties to be overcome upon graduation.

Once you become an 8(a) graduate its like starting again. Most of our contractors are having to rely on SBA for their funding and also their technical knowledge and such to get a foothold in the industry. But once we are out to competitive bid we have to start all over again.
(Contractor Parker 1987).

These difficulties he described as a major unsettling experience for his company, that were almost terminal.

Contractor B.

Ms. Dunlop is the owner of a general contracting business. She is typical of the new kind of owner of black American construction firm. As a graduate in accountancy and business administration she worked for ten years as the management partner in a general contracting business. Then in 1983 she set up on her own. Dunlop has an open-shop enterprise, but she has problems complying with Davis-Bacon wage rates on all federal work. In the past women have not been employed in construction in America. Only with the advent of equal employment legislation has the industry opened up. In the 1980's it is becoming more and more common to find women owned construction business enterprises (WBE) in America. Dunlop has considerable experience of the management side of the business and feels that opportunities have changed sufficiently for her to be able to own and control her own firm.

Ms Dunlop called in at the NAMC office in Washington DC to be interviewed. We discussed the Washington DC 1-95 Law which had set-aside contracts for minority business. Lack of enforcement by the OFCCP on Contract Compliance was one reason why set-aside policy had been considered an essential next step in developing

the black economy. She explained how firms qualify for the programme and the problems of shams. The Washington DC Minority Business Opportunity Commission certifies contractors. Contractors who want to bid in the sheltered market must have an office and be incorporated in Washington DC. They must be 51 percent minority owned and controlled (see Appendix A). They must also employ 51 percent of Washington DC residents and bank with a Washington DC institution. This programme is operating a 'local' element that has been emulated in Birmingham, as described later in Chapter eight.

6.4.3. Problems of Black Contractors in Washington DC.

Like the Detroit and Atlanta respondents both contractors declared that there are still problems in finding adequately trained minority labour because it is still not easy for minorities to enter the industry. In Washington DC there is a skilled manpower shortage existing at the same time as high levels of youth unemployment. Although there are plenty of construction jobs available for skilled workers and unskilled labourers, construction continues to have a poor reputation in the black community because of historical racism (which was described earlier in Chapter four). There is still a feeling held by many black youths that the industry has nothing to offer them. A further problem in recruitment is related to the practical need for personal transport. Construction workers may have to move daily from site to site and they need transport; poor black and minority youths do not have transport and public transport does not meet their specific need. Some workers may be lucky enough to be recruited from the back of a pick up truck on the street, but such workers are likely to be unskilled labourers.

Dunlop is concerned with the quality and quantity of available black labour. In Washington DC she finds that unskilled labour is easy to hire off the streets (this method of recruitment was vividly described by Liebow (1967) in an ethnographic study of black men and their experience of the Labour market in Washington DC) but it is difficult to find skilled workers. Open-shop skilled workers are hired by word of mouth recommendation, but being an open-shop company means that pay rates are lower than those paid

by union contractors; there is a resistance by young black and minority workers to working for low pay. In addition to manual labour problems there is a chronic shortage of managerial and supervisory skills overall in the black and minority community.

The need to pay Davis-Bacon rates on federal contracts helps employees but it is still a problem for the small and newly set up minority owned company; this reflects a conflict in the development of a community through business strategy because on the one hand employees need to have a good level of remuneration and work conditions, while on the other the employer needs to obtain as much work as possible at the lowest cost. There is an inbuilt conflict of interests in this situation, because while black owned business is expected to act in a philanthropic way towards its employees the same pressure does not apply to white employers.

As well as labour or union related problems there are still constraints deriving from bonding, low levels of working capital and lack of suppliers credit. Thomas (1987) of the NAMC estimates that three quarters of all minority contractors have been denied the right to perform contracts which they had won fairly in competition because insurance companies would not bond them. The 'old boy' network extends across contractors to bonders and filters down to suppliers, it still has the effect of excluding black and women contractors.

The view of construction contracting given by Washington DC respondents matched that given by construction contractors in Detroit and Atlanta; it was that twenty years ago the industry was 'feel oriented', but now it is a serious business. That means that a different kind of attitude is needed and maybe a different kind of person is involved now, such as lawyers and management graduates. The implication of that is that craftsmen based firms are even more likely to fail if MBE's try and operate in this highly competitive field without any management skills. One answer to this dilemma is the joint venture, where one partner is out in the field on site and the other in the office. Such a partnership can pool resources to make one successful well financed company instead of two underfinanced struggling businesses.

Changes in professional training are slow to evolve. The number of black contract or project managers is still the same in 1987 as it was in 1971, although there are more Indians and other minorities trained in these skills. When black and minority craftworkers are employed in majority owned firms they are exposed to craft and field experiences but rarely to the office management and business side; they rarely learn the technical language of the prime general contractor or become involved in the management relationships that are essential for the successful completion of a contract. Black firms are not yet in a position to provide that experience either (Personal communication - Parker).

6.5. Conclusion: Similarities and Differences between Black Contractors in Birmingham, England and Contractors in Detroit, Atlanta and Washington DC America.

The Birmingham builders are, in terms of background and company profiles, in the same position that black Americans were over ten years ago, as described by Glover (1977). Birmingham black builders are sole proprietors; with the exception of younger British trained men, they are from craft or manual backgrounds, using mostly skills learned in Jamaica or on site. The modern successful American black contractor is more likely to have a professional background or, if he is a craftsman, to be joined by a management trained partner. The majority of black owned firms are still small; the successful ones serve the function of role models and hold out the promise of what can be achieved.

In both Britain and America black and minority youths are less likely than whites to be trained in a formal apprenticeship programme. Even if they do gain access to the industry they tend to receive second class training which in time causes problems for black owners who are trying to seek out and employ skilled black labour. This problem of skilled labour was raised by nearly all interviewees. When workers with second rate craft skills try to set up in business, the shortfalls are reflected in the standards of work produced by the company.

In Britain black and Asian contractors are confined for the most part to the housing repair and maintenance market, with the

exception of one or two electricians who have moved out of this market and on into the commercial sector. Twenty years ago American contractors were solely engaged in residential work, now many of them are working in all segments of the industry, whether that be federal, state or local and commercial and industrial work. The path to economic development through business strategies have been opened up by affirmative action legislation for MBE's.

Twenty years ago in America black and minority contractors were confined by segregation and racial discrimination to a marginal role based within the black community; that condition has now begun to change. In Britain the operation of the public sector and community distrust of black owned business has limited the development of an ethnic niche in construction, although Asian contractors appear to have been able to rely on their own community to support them. The lesson from America is that contracting within the public sector can be a way to break out of an ethnic niche and into mainstream contracting; the task in Birmingham is to marry that knowledge of possibilities with the capacities of the contractors and encourage the public sector to take on the role that American public authorities have accepted in the economic development of their black community.

Racism still continues to be a barrier to black economic development; legislation cannot deal with many individual acts of discrimination because they are now so subtle. The case of Detroit illustrates how a white community can continue to have a negative effect on black business, where the perception of hostility shapes expectations. The contractor in Atlanta emphasised how the social relations that develop from segregation hinder access to information and business networks. Exclusion from such networks, in the construction industry in particular, are difficult to overcome. In Britain too the builders were only too well aware of continued racism, but they do not let it dominate their thoughts and actions. Black and Asian contractors in Britain also find themselves excluded from information and contracting networks.

In the next chapter the differences in background and implementation of legislation on Equal Opportunity policies and

positive or affirmative action between Britain and America are compared and contrasted.

SECTION FOUR

EQUAL OPPORTUNITY POLICIES AND AFFIRMATIVE OR POSITIVE ACTION

CHAPTER 7.

EQUAL OPPORTUNITY AND AFFIRMATIVE ACTION.

7.1. The Need for a Legal Framework.

Chapter one reviewed the major theories which might inform the debate on black economic development through the encouragement of minority owned business. I have argued that from all the available evidence it is clear that black owned business has not achieved its potential.

Chapter one concluded by outlining the political perspectives which might form the social basis from which positive action policies could emerge. In Britain, in the absence of a central government lead on positive action, most initiatives have developed in local authorities who have an Equal Opportunity policy; but I will argue that positive action to support black and Asian business is just as likely to emanate from Economic Development Programmes for the Inner City as from Equal Opportunity Units. By contrast the American experience of affirmative action is rooted in equal opportunity policy and anti poverty programmes which were legitimised from the beginning by federal government and the President.

Opening Chapter seven I confirm the need for positive action in the construction industry, which has been a major theme throughout the thesis. Then I consider what exactly is meant by positive or affirmative action, and finally I analyse the achievements to date of positive action in Britain and affirmative action in America in terms of the construction industry.

7.1.1. The Need for a Legal Framework in Britain.

The construction industry has been described as one where there is an increasing casualisation of the workforce and where small firms in terms of size and turnover are the norm; recruitment procedures are mostly informal and because of the structure of the industry.

Outside of the large and medium sized companies there are very few personnel managers or personnel departments who might introduce a more equitable recruitment policy at the site level.

A second complication derives from the fact that training processes for construction operatives are in a state of flux. The old apprenticeship scheme, whereby trainees were linked to a construction firm for the duration of the apprenticeship and later became a skilled permanent member of that workforce, has disappeared. Training has been centralised through the Construction Industry Training Board/Youth Training Scheme (CITB/YTS), or the Manpower Services Commission (MSC), and the number of training places in absolute terms has been cut back drastically. In a time of high youth unemployment this has increased competition, making it less likely that black and Asian youths will find good training places.

At the local level in Birmingham, young black school leavers have not had equal access to the best training schemes (Lee and Wrench 1983) and they are barely represented in good construction training schemes (Fenton 1984; Reits 1985; Pollert 1985; Jesson 1986). The training black youth receive in construction is from CP and YTS schemes that will only fit them for a future in labouring and unskilled work.

I have also shown that black workers from the West Indies and some Asians have a historical advantage of working in construction, which can be capitalised on, but as the recession has deepened these black and Asian workers have been marginalised and excluded. At the same time as direct employment opportunities in the private construction sector have changed, cutbacks in Direct Labour Organisations (DLO's) have made it even less likely for minority craftsmen to be directly employed in the public sector.

Increased competition between contractors and the tightening up of public sector regulations has not benefitted black and Asian contractors. The comparatively low business participation rate of black contractors is a particular cause for concern because of the relationship between sponsoring employers and trainees. The small number of black contractors who currently exist cannot assume

overall responsibility for training the next generation of black craftsmen.

From the interviews with Birmingham builders, we have seen that Black and Asian contractors are mostly involved in housing repair and maintenance work; yet they were apparently unable to participate in building opportunities which derived from urban renewal initiatives or the increase in the housing association workload (WMFHF 1982; Review Panel 1986). The builders' own perspective on this subject is given by respondents in Chapter five.

One of the reasons for non-inclusion lies in the formal requirements of both the local authority and the housing associations; black and Asian contractors found the qualifying criteria difficult to meet, with the result that only six black and Asian contractors were approved by the Birmingham Urban Renewal Department in 1986, and only one of the respondents to the survey was housing association approved. Given the number of black workers estimated to be in construction, this figure is disproportionately low.

A second reason for their low representation can be attributed to the building inspectors and Birmingham Urban Renewal officers, whose personal preferences appear to intervene in what should be a fair system, despite the fact that both Birmingham City Council and the local housing associations are declared Equal Opportunity employers. It is the professional opinion of a building inspector which can ensure that a company either stays on or is removed from an approved list, but inspectors also have powers indirectly to affect this process. For instance, since Handsworth Black Builders Association has been in operation I have become aware of an individual case where an inspector advised a contractor not to use an approved black subcontractor, or else his work would not be passed for payment.

Finally, fragmentation in the construction industry, in terms of the nature of employment and management contracting have lead to changes in the requirements made of contracting proprietors. Many small contractors, including those interviewed, have a background

in craft or skilled work, but they have no managerial training. They have been slow to gear up their operations for the more professional managerial style which is demanded by these structural changes.

Overall, the construction industry, including employers and training organisations has adopted a colour blind approach to the subject of race in the industry, and because of this attitude they are unable to identify, with any accuracy, areas of discrimination. In comparison, other industries have accepted a need to look at their workforce in terms of ethnicity and an increasing number of companies have adopted Equal Opportunity policies. Such companies include British Petroleum, Austin Rover, and ICI, in the manufacturing sector, the clearing banks and some building societies in the service sector, and some companies in the retailing sector (CRE 1986 p17).

7.1.2. The Need For a Legal Framework in America.

The structure of the American construction industry is very similar to that in Britain, and it has been said that Britain is rapidly moving towards the American model (Flanagan 1986). In terms of company formation the industry is dominated by large contractors who are underpinned by a multiplicity of small, highly competitive contractors (Business Roundtable 1983; Flanagan 1986).

As described in Chapter four, prior to the Civil Rights Act 1964, which legally enforced Equal Opportunity in Employment upon the American labour market, there was a dual labour market in operation. Black and non white minorities were allocated to the secondary labour force. In the context of construction this meant that black and minority workers were excluded from the highly paid unionised sector, they were concentrated in the lowest levels of the industry and allowed to compete only in the open shop sector (Columbia Journal 1970; Gallo 1983).

We have seen how historically in America overt, legalised, racial discrimination excluded blacks from trade union controlled apprenticeships and from holding any substantial presence as business owners. Black and minority contractors were largely

confined to work in the residential segment of the industry; and the best opportunities for contracting were to be found in areas of weak union power, such as in Atlanta (Glover 1977).

The events in America which lead up to affirmative action policies being implemented share a number of similarities with the current British position. During the summer of 1963 mass demonstrations were held at construction sites in certain American cities, which succeeded in drawing public attention to the exclusive activities of craft unions. Such construction sites, in New York, Philadelphia and Chicago, were typically located in black areas, but work was carried out by white contractors, using white labour from outside the ghetto areas (Rowan and Rubin 1974), a similar situation to that of which the Birmingham contractors complained in Chapter five.

Halting the progress of work on construction sites is an extremely expensive exercise for the client and the main contractor, but it achieved results. In one such incident, in Philadelphia, the organisers of the demonstration succeeded in stopping work on an \$18 million school construction project until the unions involved agreed to admit black apprentices (Marshall and Glover 1975). Protestors asked for a number of changes to be made in employment practices, which would open up the industry to workers at all levels. They demanded that black workers should be assigned quotas on construction projects; that unions should admit all qualified black journeymen to membership and that unions open up apprenticeship programmes to blacks at twice the proportion each group formed in every city population. These measures were considered the least that could be done in reparation for the historical discrimination that had for so long been common practice.

The Civil Rights Act 1964 and Executive Order 11246 began to open up the industry for black employees in construction. Executive Order 11625 provided the opening for black contractors. Prior to these legislative changes the consensus view on minority contractors in America was that they shared a number of unique characteristics and that they were largely marginal to the mainstream American economy.

The characteristics black businesses shared, in addition to cultural and educational disadvantage, included the following:

- lack of managerial experience and faulty business planning;
- market inadequacies in terms of technical expertise and time delivery;
- capital and financial difficulties and lack of track record.

Most black minority businesses were small in size, and they were concentrated in a narrow spectrum of the service sector, where competition was already intense, such as construction, retailing and some areas of manufacturing (Glover 1977; Bates 1985). By forcing governments and business to buy goods and services from black and minority contractors through Executive Order 11625, President Nixon set Black Capitalism (or Black Economic Development) upon a new road.

7.2. Affirmative or Positive Action.

7.2.1. Positive Action. The Legal Definition in Britain.

Race relations legislation, Equal Opportunity policies and positive action in Britain have all been modelled on the American experience. Positive action was first sanctioned in Britain under the Race Relations Act 1976, which repealed the previous Acts of 1965 and 1968.

The Race Relations Act 1976 has three main aims:

1. To make discrimination on racial grounds unlawful.
2. To promote Equality of Opportunity through the removal of discriminatory practices and through positive action.
3. Through the Commission for Racial Equality (CRE), to investigate and act against discriminatory practices.

Employers have a statutory duty to obey the law and not discriminate against a person, directly or indirectly, in the field of employment. However, they do not have to take action to identify areas where they might potentially discriminate or act to redress the consequences of past discrimination.

The CRE defines positive action in this way:

Positive action is a series of measures by which people from particular racial groups are either encouraged to apply for jobs in which they have been under-represented or given training to help them develop their potential and so improve their chances of competing for particular work. The element of competition remains paramount. The Act does not provide for people to be taken on because they have a particular racial origin, except in very limited circumstances where racial group is a genuine occupational qualification for the job. What it does is provide for fairer competition.
(CRE 1986 p15) .

Positive Action is permissible under Sections 5, 35, 37 and 38 of the Act. Sections 37 and 38 are those most relevant to black economic development because they allow training bodies, or employers, to take positive action to encourage members of a particular racial group to apply for work or training where they have been under represented over the previous twelve months. Under representation is defined by the CRE Code of Practice as

either there was no one of a specific group doing the work in question, or there were disproportionately few in comparison with the group's proportion in the workforce at that establishment, or in the population from which the employer normally recruits for work at that establishment.
(CRE 1984 p20).

The Race Relations Act 1976 also places an obligation on Local Authorities to promote good relations in society. They are instructed to

make appropriate arrangements with a view to securing that their various functions are carried out with due regard to the need (a) to eliminate unlawful discrimination and (b) to promote equality of opportunity and good relations between persons of different racial groups
(CRE 1982 p5)

It is through their interpretation of this paragraph in the Act that some local authorities have introduced the policy which has come to be known as Contract Compliance in Britain. Contract Compliance promises to open up employment opportunities to ethnic minority workers and women in companies where they had previously been excluded. I will argue in the following sections that for a number of reasons that promise, though welcome, is difficult to impose on an industry like construction.

Returning to the Race Relations Act 1976, the impact of the Act has been marginal in changing employer's recruitment practices, apart from ensuring that overt discrimination did not take place (see CRE Annual Reports). In response to this apathy the CRE published a Code of Practice (1984) which again tried to bring racial disadvantage to employers' attention. The Code of Practice offers practical guidance on the understanding of provisions in the Act, and advises how employers can best implement policies to eliminate racial discrimination and to enhance equality of opportunity. The Code of Practice imposes no legal or statutory obligations on employers; it is merely advisory, and there lies the main problem with it. In the absence of any statutory obligations to take positive action, employers do not act unless they are pressed by other agencies. Such agencies might be local authorities, trade unions or community groups.

Positive action is an integral part of an equal opportunity policy, but it can only be adequately undertaken after the preliminary procedures of adopting such a policy have been gone through. That is to say, that without undertaking an ethnic audit of existing staff and reviewing practices, the positive action may be inaccurately directed. Despite the permissive nature of Sections 37 and 38 of the Race Relations Act 1976, which clearly allow positive action to be taken, very little use has been made of them by employers or training bodies.

7.2.2. Affirmative Action, the Legal Definition in America.

Affirmative action has been described variously as 'a concept with no single meaning' (the black economist Thomas Sowell 1976) and as 'a result oriented programme which concentrates upon numerical results rather than racially neutral non discrimination practices' (Mitchell 1982). Two critical initiatives form the basis of affirmative action in America. They are:

- (a) The Civil Rights Act 1964 and,
- (b) the Federal Contract Compliance Policy of Executive Order 11246.

The Civil Rights Act 1964 marked a significant turning point in political involvement in American race relations. The 1964 Act

prohibits discrimination on the basis of race, colour, national origin, sex or religion. It applies to employers, labour unions and employment agencies and it covers hiring, firing and terms of employment for all employees. The Equal Employment Opportunity Commission (EEOC) was set up under the Act to administer and monitor the progress of the Act.

The general principle behind affirmative action is that a court order to 'cease and desist' from some discriminatory practice may not be sufficient to undo the harm already done. The principle is not a new one, it was used prior to the Civil Rights era as a remedy against employers whose anti-union activities were contrary to the law (Sowell 1976 p48).

The term affirmative action was first used in a legal document by President Kennedy in Executive Order 10925, in which federal contractors were obliged to take action to bring about changes in employment practices. Contractors were to 'act affirmatively' to recruit workers on a non discriminatory basis.

Affirmative action in America has its roots in Executive Orders and Equal Opportunity policies. The concept of a national right to equal employment opportunity in America does have a longer historical basis than that in Britain. A short review of the history of American federal Contract Compliance reveals that policies which ask for voluntary action and which carry no penalties, are not effective in bringing about change. Federal Contract Compliance dates back to the post civil war reconstruction era. In later years, during the Roosevelt New Deal Era, employment discrimination on the grounds of race was legally prohibited (although segregation continued) and quotas for blacks to obtain a fair share of work were established. At the same time pressure was applied to trade unions and contractors to co-operate with this policy (du Rivage 1985).

The concept was to re-emerge as the USA mobilised for the second world war, when A. P. Randolph, the President of the Brotherhood of Sleeping Car Porters, threatened that thousands of blacks would march on Washington DC unless desegregation in the armed forces and defence places was eliminated. President Roosevelt capitulated

and issued an Executive Order which required defence contractors not to discriminate on the grounds of race. This Executive Order had no powers of enforcement and it became clear that the major barrier to minority employment chances was not so much overt racial discrimination as the indifference of employers to establishing a policy of non discrimination. In 1961 President Kennedy issued Executive Order 10925 which for the first time required affirmative action and established sanctions for non compliance. Affirmative action was consolidated by President Johnson in Executive Order 11246 (1965).

The slowness of employers to respond to the need for affirmative action was in part due to the fact that the precise meaning of the term was not clear although the concept was redefined several times over the following twenty years. For example, the Director of the Office of Federal Contract Compliance Programmes (OFCCP), Sylvester, said in 1967,

I would say in a general way, affirmative action is anything you have to do to get results. Affirmative action is really designed to get employers to apply the same kind of imagination and ingenuity they apply to any other phase of their operations.
(Withers 1985 p214).

This rather vague definition introduced a new concept into equal opportunity employment, it was the concept of result (Glazer 1979). To achieve a result implies some action has been taken to change existing practices. In 1968 OFCCP ordered federal employers to compile 'a written affirmative action programme (AAP)'. Instructions to non-construction federal contractors included the need to set specific workforce employment goals and timetables to meet deficiencies. Deficiencies were defined as under-utilisation. Instructions to the construction industry were made in the form of city wide Plans.

Executive Orders are legally binding initiatives made by the President. On the other hand the Civil Rights Act was an initiative which emanated from Congress. In America the Orders of the President and the laws of Congress are interpreted by administrative agencies who issue guidelines, and the courts who

also interpret legislation and issue guidelines. To avoid violation of the Civil Rights Act the Executive Order could only require contractors to make 'good faith' efforts to meet the requirements, although the ultimate penalty for non compliance was debarment from future federal work.

By the 1980's, after twenty years of re-conceptualisation and redefining the meaning of affirmative action in America by Presidents, the Courts, Congress, and academics, there are two types of action discernable which have been broadly categorised as weak or strong action. Weak affirmative action involves the following:

- an analysis of employment practices to see if they have a discriminatory impact, whether intentional or unintentional;
- outreach and recruitment efforts by employers and training programmes for employees.

On the other hand strong affirmative action involves the establishment of numerical goals and timetables for employment, or the promotion of individuals who belong to a group that has historically suffered discrimination (Goldsmith 1985).

It is over the differences between weak and strong (sometimes called preferential action or reverse discrimination) affirmative action that the debate in America has ranged. Where there was consensus between 'conservative', 'liberal' and 'black' perspectives over weak affirmative action programmes, that consensus broke down over strong (preferential) action and lead to the setting up of pressure groups to reverse the policy altogether.

7.3. Affirmative or Positive Action in Practice.

7.3.1. The British Experience.

Throughout this research I have repeatedly emphasised the colour blind attitude of the British construction industry. This view was formed through interviews and correspondence with a wide ranging group of people, including construction trade trainers at the two Birmingham Further Education Colleges and officers of the MSC with control over CP, YTS and Skillcentres, and with trade union

officials from EETPU, UCATT, GMBATU and TGWU. I have also spoken to Urban Renewal officers and inspectors in two West Midlands local authorities and with the building managers in four Birmingham Housing Associations.

By scanning job advertisements in the construction journals it was established early on in the research that no construction employers declared themselves 'Equal Opportunity Employers'. It follows on from that, that none of the organisations kept ethnic records, or could be expected to take any form of positive action in employment. By the end of the research period a number of significant changes had occurred.

Before detailing these changes it should be noted that the development of Equal Opportunity policies in construction, and any ensuing positive action, has to be seen in the context of developments in alternative employment sectors. The struggle to change construction is still in its early stages.

The first change referred to above concerns the CITB. After a long running battle between MSC and community groups concerned about the unaccountability of YTS agents for their reproduction of disadvantaged patterns of employment for minorities and women, MSC promised to enforce and monitor its own Equal Opportunity policy. In 1987 the CITB was forced by the MSC to declare itself an Equal Opportunity employer, or lose its contract to be the sole managing agent for YTS construction training (Guardian 10/3/1987).

However, based on the experience of local authorities and other employers and again from reading job advertisements for the CITB equal opportunity officers, it is unlikely, given the attitudes of construction employers, that the colour blind nature of the industry will change. Moreover, it is unlikely that any immediate changes in employment patterns will develop in the short term because of the lack of formal training for minorities in Britain in construction skills and the informal and casualised nature of the construction industry, which will continue to be a major impediment to their chances of being employed.

The second change concerns construction employers themselves, who in 1987 are beginning to declare themselves as 'Equal Opportunity Employers'. Strangely, some firms have adopted a personalised statement, they have devised a specific form of words which departs from the generally accepted statement issued by equal opportunity employers. The following example shows an acceptance of the case to employ women, but not an acceptance of the needs of black workers,

Our jobs are open to persons of either sex and this advertisement should be construed accordingly (Higgs & Hill in Building 27/3/1987).

7.3.1.1. Attitudes of Other Employers Towards Positive Action.

It has to be said, however, that the willingness to take positive action in any field of employment in Britain has been cautious. The potential influence of central government on the commitment to equal opportunity employment has been limited. Yet the experience of America shows that central government commitment is vital if employers are to change their recruitment policies.

The significance of a positive government statement lies in the fact that government statements create an atmosphere and environment which legitimates the desirability of equal opportunity in employment. The Race Relations Act 1976 represents the limits to which the British government is prepared to go to improve black employment prospects. The British government still considers that the right course of action is to leave the decision on equal opportunity policy to the individual employer (Hansard 22/11/85 p325) and although employers are advised to follow the CRE Code of Practice, there is no encouragement or compulsion for them to do so.

Employers generally in Britain have been slow to take up Equal Opportunity policies or positive action. Ollerearnshaw (1983) describes their behaviour as 'a near total lack of action taken', and their reaction against positive action is, she asserts, even more pronounced.

The main employers organisation in Britain, the CBI, is not in favour of monitoring, which is one of the most fundamental parts of an equal opportunity policy. Monitoring the ethnic origin of employees could, the CBI state,

Impose a formal and inflexible system of evaluating the effectiveness of a company's equal opportunity policy without any regard to the circumstances or need of an employer. Monitoring by reference to ethnic record keeping is also objectionable in many circumstances because it highlights racial differences and could therefore be counter productive.

(Personnel Management March 1984 p30).

The CRE has constantly emphasised that it is only by carrying out some form of monitoring that the status quo can be assessed to see if any action needs to be taken; without monitoring an Equal Opportunity policy is just wishful thinking.

Further support for this assessment of inactivity in implementing the CRE Code of Practice is given by a survey of employers in the Birmingham area (BCRC 1986). Two years after the launch of the CRE Code of Practice, the BCRC report concludes that there was little evidence of employers taking positive action and

Few [employers] appear to have completed the basic preliminaries in terms of reviewing selection procedures, analysing the ethnic origin of the workforce and [they] fall a long way short of effective and thorough implementation of the Code.

(BCRC 1986 p3)

7.3.1.2. Local Authorities and Examples of Positive Action in Construction.

Turning to Local Authorities and construction related action, there are a small number of experimental projects undertaken by Labour controlled London Boroughs which have involved training and job placement for minorities and women. These projects have tried to redress the racial imbalance of council employed staff as revealed by undertaking an ethnic audit of their employees. To take just one example, the Powell House Project in Hackney (City of Sheffield 1986), which was a fifty place scheme with a one to one teacher/pupil ratio, was designed to recruit black and female YTS/apprentices to the Hackney DLO.

An example of the information an ethnic audit of staff has revealed comes from the GLC. At a conference on Contract Compliance Ken Livingstone reported that the GLC discovered that in its DLO only white electricians did overtime, this resulted in a significant wage differential between black and white electricians. Lewisham has also undertaken a good ethnic audit of its staff; the data reveal narrow concentrations of black workers in certain manual trades such as carpentry and labouring and their absence in others such as roofing (London Borough of Lewisham 1987).

These two examples show that it is only after an ethnic audit has been undertaken that policy changes can be proposed. Unfortunately, the extent of this type of positive action initiative is limited by the fact that only about ten local authorities have actually undertaken an ethnic audit of staff in such a way as to identify underrepresentation (Labour Research 1986). One reason for this may be the continued resistance to the idea of an ethnic audit from a number of quarters, including the black community and trade unions. This resistance reflects a concern over the use to which the data may be put and suspicion on the part of blacks that nothing positive will be derived from ethnic record keeping.

The greatest advances in Equal Opportunity employment seem to have been made by local authorities in their role as a major local employer under Section 71 of the Race Relations Act 1976, which requires them to promote equality of opportunity. Some progressive, mostly Labour controlled, authorities have been at the forefront of implementing Equal Opportunity Programmes and in devising positive action initiatives to redress the balance of racial disadvantage within their own workforce.

The introduction of an Equal Opportunity policy and all that it entails has the potential for conflict on two levels; first between employees and elected members within the authority, and secondly between the council and its electorate. In many cases negotiations with affected trade unions can take a number of years, during which time an authority will find itself under severe criticism from its supposed supporters, who grow impatient

at the lack of visible or statistically measurable progress. A further problem derives from the fact that many of the affected parties are ideologically opposed to equal opportunity policies, but even where there is not opposition on the grounds of ideology, there are vested interests to be protected.

Most of the positive action initiatives that have been undertaken in British local authorities can be described as weak action; they are generally confined to the encouragement of blacks and minorities to apply for work. Initiatives that might be termed strong action, which attempt to target a special group, only began to develop in 1986 and it is too early yet to make any meaningful assessment of their progress.

One example of an authority setting recruitment targets is Birmingham. In June 1986 the Labour controlled Birmingham Council, on advice from its Race Relations and Equal Opportunity Committee, announced that a twenty percent target was being set for black and minority recruitment to the Authority workforce (Birmingham Evening Mail 22/7/1986). The Authority was careful to stress that this figure was a target to be aimed for and not a quota. Secondly, under its Economic Development Committee, Birmingham City Council was inserting a thirty percent local labour clause into all its own building contracts in the inner city.

The response of the Conservative opposition was to take expert advice on the moves, which they regarded as 'a dodge to evade the law by using words', while the local evening paper editorial reported that minorities 'means Scots and Irish as well as blacks and Asians', thereby denying any justification for targeting the black or Asian community as a deprived sector of society (Birmingham Evening Mail 22/7/1986).

These local authority initiatives have been concerned with the authority as an employer in its own right. A second way in which authorities have begun to try and influence employment opportunities has been through their role as a purchaser of goods and services. This has become known as Contract Compliance. It is under Contract Compliance that the Birmingham Council thirty percent local labour clause has to be considered.

7.3.1.3. Contract Compliance.

Since 1983 some local authorities have sought to secure the compliance of contractors, suppliers and voluntary organisations with which they deal to themselves become an Equal Opportunity employer. One facet of British Contract Compliance has been borrowed by the labour movement from the American concept, that is the goal of equal opportunity in employment.

Although as far back as 1978 the Labour Party Race Relations Action Group was recommending 'councils to require firms to which it subcontracts to give undertakings to publicly declare an Equal Opportunity policy in employment', it was not until 1983 that the first authority actually launched its own Contract Compliance policy .

The first authority to take this step was the Greater London Council (GLC), which, after consultations with trade unions and trade associations, began reviewing and updating its existing Council Codes of Practice for Tenders and Contracts. GLC added compliance with the Race Relations Act 1976 and the Sex Discrimination Act 1975 as major new requirements for contractors to meet. The aim of the GLC's newly named and located Equal Opportunity Contract Compliance Policy was 'to export to the private sector some of the better equal opportunity employment practices which have been developed within the public sector' (GLC 1984).

However, a closer reading of British Contract Compliance literature reveals that the public sector trade unions and some local authorities saw the tightening up and enforcing of existing Standing Orders on Contracts as a useful way to check the increasing number of firms encouraged into public sector work by the Local Government Planning and Land Act 1980 (NUPE May 1982; Sheffield City Council February 1983; GMBATU 1983; Contract Journal December 1984; UCATT nd). In other words the promotion of Equal Opportunity Employment in the private sector by the public sector was a defensive reaction against government attacks on local authority DLO's and not a firm proactive commitment to the needs of employment opportunities for blacks and Asians.

I am suggesting, therefore, that British Contract Compliance has two roots, both of which stem from the labour movement. One emanates from the American concept and represents a genuine desire to improve Equal Opportunity in employment. The second emanates from a desire to combat the effects of government legislation to reduce the power of DLO's and open up public sector construction work to competition from the private sector. At a conference in Sheffield on Contract Compliance Councillor McKay of the GLC said,

British Contract Compliance has to be set in the framework of countering government policies - it is a major public sector fightback against casualisation and deunionisation.

(Sheffield City Council 1984 p17).

Because of these two diverse roots, British Contract Compliance means different things to different people. In the absence of a centrally imposed policy each local authority which has taken up the practice has selected elements which suit its own political circumstances. So we find that in addition to the normal requirements for technical and financial competence on the part of construction contractors, contractors can find they have to comply with any or all of the following:

- to have and operate a Health and Safety Policy on all sites and other workplaces;
- to employ labour directly unless the authority agrees otherwise;
- not to deter any employee from joining a trade union or making contact with a trade union officer;
- to be a member of an appropriate trade association;
- to pay the going rate for the job, that is to abide by the Authority's Fair Wages Clauses.

(ILEA nd)

The complexity of demands and wideranging nature of the requirements made by some authorities are reflected in the random selection of requirements listed below:

- contractors are to take greater responsibility for training by recruiting a number of trainees in ratio with employed craftsmen (such as Sheffield which requires one apprentice for every ten skilled employees);
- contractors must declare any contractual relationship with South Africa (a requirement in Birmingham. Lewisham refused to accept tenders from Shell because of its links with South Africa);
- contractors must declare donations made to any Political parties (a requirement of Thameside);
- contractors must declare whether any directors are freemasons (a requirement of the London Borough of Newham);
- contractors must comply with the Race Relations Act 1976 and the Sex Discrimination Act 1975 (a requirement first advanced by the GLC);
- contractors must declare any work carried out on nuclear installations (Peterborough refuses to accept tenders from firms involved in the cruise missile sites);
- contractors must employ a fixed percentage (e.g.30 %) of local labour (a requirement of inner city contracts in Birmingham).

The first group of Contract Compliance requirements, taken from an ILEA leaflet, is clearly designed to restructure the organisation of the construction industry and counter the process of fragmentation and casualisation . The second set of Contract Compliance requirements has different political goals. However, the multiplicity of aims and objectives makes it difficult to distil any meaningful understanding of the British Contract Compliance movement.

The above list of Contract Compliance clauses demonstrates how the concept of Contract Compliance is the latest weapon used by the Labour movement in the struggle between local and central government over the concept of public ownership and the private provision of resources. The conflict in this case is played out between the public and private sectors in construction. The construction industry is the main focus of attention and most of the clauses are relevant only to construction companies. A comprehensive document produced by Wolverhampton Borough Council

gives several reasons why the industry was chosen, 'it was because of its importance in relation to the council's pattern of expenditure, for the important role it plays in local employment and the local economy, because of increasing pressures within the industry leading to lump labour and self employment, because of the need to change working practice to secure a trained and responsible workforce, and to improve prospects for disadvantaged groups within the construction force' (Wolverhampton MBC 1987).

A survey by the Association of Metropolitan Authorities (AMA 1986) of its members on the extent of Contract Compliance in Britain confirms that most authorities have concentrated their efforts largely on the construction industry, because this is the area in which government legislation has forced competitive tendering between public and private sectors. The AMA survey showed that of one hundred and four local authority respondents fifty three operated Contract Compliance on the provision of goods and services, while seventy two operated Contract Compliance on construction. The clauses that were most enforced were Health and Safety (sixty eight) and the use of sub-contract labour (sixty five) while only four said they enforced their local labour clause closely and only one said the same for equal opportunity employment.

The low priority attached to equal opportunity in the British Contract Compliance policy is further demonstrated by the case of Lewisham, where a Contract Compliance Unit was in operation for two years before any ethnic monitoring of firms was undertaken; by Wolverhampton where there was no ethnic origin question asked of contractors until after the first review of returned forms, and by Birmingham and Sandwell, where no equal opportunity requirement was ever included at all.

7.3.1.4. Evaluation of British Contract Compliance.

The GLC is the authority with the longest experience of trying to implement and monitor a Contract Compliance Unit in Britain. Predictably, in the light of the structural description of construction given earlier, GLC ran into problems in enforcing Equal Opportunity clauses on construction contractors. They found,

specific difficulties of pursuing equal opportunity in the building and civil engineering industry.... and it is not possible to pursue equal opportunity in companies which do not have the basic minimum employment practices of a stable workforce.
(GLC Committee Report 13/1/84, 1984d).

In addition to problems encountered with the construction industry, the GLC and other authorities have had to deal with a number of other problems. First there is a national lack of personnel officers with expertise in the field of Contract Compliance as well as a lack of personnel officers with experience in implementing Equal Opportunity policies. This is a reflection of the limited extent of the application of Equal Opportunity policies in all other sectors of employment and the fact that most of the knowledge about Contract Compliance and the theory behind it has come from America. Moreover, those local authorities who have been slow in implementing their own Equal Opportunity policy lay themselves open to injunctions from opponents in the private sector to 'practice what you preach' .

Secondly, internal problems over the location of the Contract Compliance unit and its staffing have aroused disputes related to the distribution of power in local authorities. Contract Compliance units and staff take over some of the functions of staff already employed in an authority to enforce building department Codes of Practice and Standing Orders, but in the past infringements of the Codes have not always been acted upon because they were not considered a political priority. The enforcement of Contract Compliance requires considerable resources in terms of staff and revenue, not least because of the number of clauses to be monitored. A further problem arises with officers who have expertise in enforcing construction standards, but who have no experience of personnel and equal opportunity practice, similarly officers in personnel departments are not able to deal with the technical aspects of construction. Consequently Contract Compliance units are best located in the Chief Executive or Policy departments. In many cases extra resources spent on duplicating functions within an authority at a time of severe economic cutbacks have been difficult to justify.

The overwhelming conclusion drawn from attending Contract Compliance seminars and speaking to both officers and politicians concerned with Contract Compliance, is that Contract Compliance has been hastily introduced to meet a variety of specific political objectives, only one of which might be the pursuit of equal opportunity, and that the personnel and resource requirements were only considered at the last moment. This results in ad hoc, inadequately monitored units, whose only effect has been to raise the debate about the relationship between public and private sector construction.

I have argued that British Contract Compliance is a programme of social change designed to alter the structure of the construction industry rather than enforce equal opportunity in employment. The success of Labour authorities in introducing Contract Compliance, such as it is, demonstrates a practical compromise of overlapping interests. The political ambitions of the black community for positive equal opportunity action in employment coincide on this occasion with the political ambitions of the labour movement and the trade unions to defend jobs and to exert some influence over labour relations and employment conditions. While it has been shown earlier that trade unions have not made any significant impact on the promotion or implementation of equal opportunity policy for ethnic minorities in the past, on this occasion they were to come to a compromise in return for black support for the entire Contract Compliance policy. Unfortunately, the black community has not gained in any measurable way because of the industrial backlash that resulted from the employment clauses.

Concerted effort by opponents to the policy has now caused a halt to the progress of Contract Compliance. For example, the Association of British Chambers of Commerce protested to government at the growing number of Authorities who were 'inflicting their political views' on firms tendering for public contracts (Birmingham Evening Mail 21/10/86). Similarly the Federation of Civil Engineers attacked local authorities for imposing 'politically motivated and noncommercial requirements' on its members (Guardian 11/11/86). At a more rational level the Contract Journal, commenting on the alarm in the construction industry on the subject of Contract Compliance wrote, 'the threat

is worse than the reality - the principal is more important than the actual practice' (Contract Journal 20/11/86 p21).

The concerted efforts of opponents to Contract Compliance have achieved a result and in June 1987 a Local Government Bill to stop Authorities imposing political conditions on contractors received its second reading. The Bill was debated in the House of Commons Standing Committee and passed to the House of Lords in November 1987.

Possibly the weakest point in the whole British Contract Compliance argument has been the failure of supporters, which include the opposition parties, the GLC, CRE and TUC, to win Conservative government backing for the concept, and this is because of all the other clauses that imposed restrictions on the free market in construction. On the opposition side are ranged the Conservative government, many Conservative Councillors, the Association of British Chambers of Commerce, the Post Office, British Airways, the CBI and the Construction Trade Associations whose main concern seems to be over the clause which requires direct employment and not the equal opportunity in employment clause (Building 7/7/87 p11; House of Commons Standing Committee on the Local Government Bill 1987). Even so, in the absence of any government support or legislative backup, local authority Contract Compliance policies have no legal status and can exact no penalties, except to remove a contractor from any authority's Approved List, and so opponents would appear to have little to worry about.

When we consider the position of small black and Asian contractors, from the experiences described by Birmingham contractors in Chapter five, the whole idea that Contract Compliance can help them to grow is questionable. Contract Compliance has raised the threshold at which firms are accepted by authorities; that threshold is too high for small marginal black contractors.

On the contractors' part it involves the completion of very lengthy and detailed questionnaires if the firm wants to be included on local authority Approved Lists (GLC's questionnaire

was fifty pages long and the AMA has drawn up a model questionnaire document for construction contractors that has eighty four questions (Building 28/8/87 p9), and the net result of selection is likely to be a much shorter list of successful qualified firms with which an authority has to deal. Although black contractors can usually comply with some of the criteria, especially on Health and Safety and Equal Opportunity, black builders in Birmingham quite clearly cannot meet all of them. For example, they tend not to employ labour directly, or to recognise trade unions or belong to a trade association. It is this obvious conflict with the aims of encouraging and supporting local and ethnic business that has caused some Authorities to look again at their ethnic business development strategies, and in some instances to consider modifying their Contract Compliance requirements. I turn to consider this ethnic business strategy in the next section.

7.3.1.5. Positive Action for Ethnic Business.

Many of the initiatives undertaken for black business development have been direct copies of the American experience. They can involve elements such as the following:

- giving financial advice and help with grants and loans;
- management training programmes;
- the publication of Black and Minority Business Directories;
- the provision of conferences, seminars, and public meetings.

Black business development is a small part of black economic development, yet it is an integral and important strand. A major indicator of the economic development of the black community lies in its ability to develop a business class of its own which might go some way to meeting the employment needs of the other ninety percent of the community who will never be self employed.

7.3.1.6. The Political Dilemma.

The origins of British government support for the development of an ethnic business class can be traced back to the early 1980's when the Home Affairs Sub Committee on Race Relations commissioned a research report on the state of Afro-Caribbean business in

Britain (Ward and Reeves 1980). Following on from there, in the enquiry into racial disturbances in urban areas, Lord Scarman (1982) argued in favour of the development of an ethnic business class for the benefit of the Afro-Caribbean community.

Political and social support for developing ethnic business has arisen at a time of Conservative central government and Labour local government in most of the areas in which black and Asian people live. There would appear to be an apparent contradiction here with Conservative governments supporting the concept of business programmes targeted by racial group, yet being ambivalent and hostile to other policies to redress the balance of racial inequality, such as Contract Compliance offers. However, in practice the targeting of programmes by racial group more typically evolves into a 'geographical' target (such as Handsworth or the inner city) or a 'needs' target (such as building workers).

Business development supported by public funds is not a new initiative, but the sponsoring of black entrepreneurship is. Government interest in promoting black business initiatives can be traced back to the 1979 Conservative Manifesto, which promised support to black people in setting up small business, with the aim of creating a black business class. The concern expressed by the Home Affairs Committee (1981), by Lord Scarman (1982) and by the Department of the Environment (1983) to revive the inner city economy by encouraging minority investment, reinforced the programmes aims, which are wholly consistent with Conservative ideology. It is an ideology which believes that black business development would bring peace and good community relations to England's cities; it is the acceptable face of community relations policy, because it does not threaten existing structures or raise questions over who has access to scarce resources. Moreover it also offers the prospect of growth and encourages traditional values of enterprise and self reliance, while at the same time curbing public expenditure by reducing unemployment.

From the 'conservative' perspective, the notion of an ethnic business class which includes Afro-Caribbeans is attractive. Inner city riots threaten the status quo and any policy which reduces

the threat and channels energy into enterprise is welcome because of the belief that people with 'a piece of the pie' do not riot. Moreover, the perspective assumes that support for an ethnic business policy diffuses demands for greater equality of opportunity in society generally, these demands are manifest in measures such as equal opportunity policies, positive action and Contract Compliance. In spite of Conservative government support in general terms, positive action policies in favour of a targeted group on the grounds of race alone remain illegal under the Race Relations Act 1976 (except under the Sections noted earlier). Many attempts to introduce positive action schemes are immediately criticised by hostile media or an excluded group, usually white business owners. So policies for ethnic business support have been camouflaged under the canopy of community or inner city or small business support programmes.

Ironically most of the initiatives that have been introduced to support and encourage black or ethnic business have been undertaken by local authorities under Labour control. Some authorities have seen that support for ethnic business is one way to take positive action to compensate for historical disadvantage, but they have also insisted that ethnic businesses which receive public finance must offer good employment conditions. In 1987 alone twelve local authorities have strengthened or started agencies to assist black business ventures (New Equals 1987 Autumn p8). Yet supporting small, black, community or ethnic business (whichever label is chosen) has ideological complications for traditional Labour party members, because the party represents the interests of labour in its fight against exploitation from capitalist employers.

Labour's reluctance to support small business may also be founded on a widespread stereotype of Asian sweatshop owners who refuse to recognise trade unions or meet minimum employment protection standards. For instance, the Aekta Project (1986), is the report of a voluntary organisation set up by the WMCC to investigate the clothing industry. The report claims that thousands of Asian workers are being exploited in clothing industry sweat shops, sometimes earning as little as one pound per hour.

There seems to be a conjunction of conditions under which an equal opportunity policy that includes support for ethnic business will emerge. Ethnic business initiatives tend to arise in authorities, (such as the London Boroughs of Brent, Lambeth, and Haringey) where a number of black and Asian Councillors, or white Councillors of the 'new left' persuasion (that is as opposed to the 'old Labour' persuasion) have been elected to office in sufficient numbers to take political control and to persuade their fellow Councillors of the need for positive action. The Labour division in ideological terms is not about left or right but about old ways of doing things based on class analysis and new ones which include an analysis of discrimination based on gender, race and class; often the division is further cross cut between the more or less educated and those involved in the public sector and those in private business.

In the London Boroughs with high levels of black and minority residents, combined with a black or Asian council leadership, black business support has become an important element in a comprehensive Equal Opportunity programme. This co-incidence of black political power and black electoral power in bringing about change is consistent with the information related by the American respondents in the contractors' chapter.

In Birmingham, the District Labour Party consistently rejected calls from the Labour Ethnic Minority Liaison Committee for black business initiatives to become part of Labour policy. After a number of years of persuasion and campaigning on the issue, the policy was accepted by the Party and action taken. Eventually the Birmingham Community Enterprise and Small Business Strategy was launched by the Economic Development Unit in Birmingham Council in June 1986, and although the terms black and minority are underplayed, the policy document shows quite clearly an attempt to take positive action to support the black business community. Labour Councils do support ethnic business development as a way of engaging in positive action; however, the commitment in Birmingham has been more concerned with an 'inner city community' target than with a racially defined one.

I have argued that divisions in perspectives on positive action are not always clear cut along racial lines. Two incidents demonstrates this claim. In 1986 a Further Education College in Birmingham planned and advertised a course specifically targeted at ethnic minority business proprietors. The Asian Chairman of Birmingham City Council Race Relations and Equal Opportunity Committee publicly spoke out against the plan on the grounds that it was discriminatory (Daily News 15/9/87). Three years earlier an attempt by the West Midlands County Council (WMCC) to take positive action by supporting black business had to be drastically redefined when the white Conservative opposition called in the CRE to have the policy declared illegal and stopped. This type of reaction tends to lead to policy being implemented covertly without its real aims being stated and of course without anyone taking the credit or shouldering the responsibility.

In the black community there is widespread support for positive action on black business support, by existing and aspiring entrepreneurs as well as by community activists. From their perspective, encouraging the development and growth of a black business community fits in with a philosophy of self-help which allows greater control over the black community's wellbeing. The potential of self employment or business ownership holds out the promise of avoiding the stigma associated with unemployment and the ascription as an underclass surviving on welfare handouts. It also means that black workers do not have to wait for the government, trade unions and other institutions to commit themselves to a genuine practice of equal opportunity. This perspective reflects a shift in emphasis of economic development strategy by black run organisation, such as Birmingham's Handsworth Employment Scheme and Community Roots, towards the provision of jobs for minority workers through community owned businesses.

7.3.1.7. Evaluation of Ethnic Business Initiatives.

Aside from institutional support for black and ethnic business development initiatives, there has been some independent activity within the black community synonymous with the concept of self help. For example, there are black owned and run, independent

business consultancies and business training agencies, such as Equinox Associates, the Paul Bogle Trust and the Community Roots Trust. Collective action, such as attempts to establish Afro-Caribbean business networks, have been made through initiatives such as the publication of the glossy magazine 'Wealth'. On the financial side a venture capital fund has been set up and discussions continue on the development of the black First Partnership Bank. Many of these strategies are not new, but there is a new better educated class of black business promoters engaged in the field of promoting black politics and economic well being.

Black Business Development Associations, such as the UK Afro-Caribbean Chamber of Commerce, have been established for over ten years, but they were largely ineffectual. In the early 1980's new Business Development Associations have been set up in a number of cities. In fact there has been a simultaneous explosion of business advice services in the voluntary sector, all funded through the Urban Programme. Organisations such as Handsworth Employment Scheme, Community Roots and Project Fullemploy are staffed by black business graduates. The growth in the numbers of black graduates leaving Britain's universities and polytechnics is a relatively new occurrence. It is interesting that, as in America, many such graduates find employment in the voluntary or statutory organisations and not in the business sector.

In Britain the lack of a centrally defined goal or policy programme on ethnic business is a major drawback, it has meant that there is a wide range of scattered local initiatives, plus a few deriving from government departments and the corporate sector under the umbrella of Business in the Community (BIC), none of which have been assessed by researchers to date. There are three advice agencies jointly sponsored by central government, local government and the voluntary sector which are in the process of evaluation but no public results have yet been published. No overall picture exists to show what is going on since the last update from the Commission for Racial Equality in 1984 (CRE 1984 B). As with Contract Compliance and the CRE Code of Practice, positive action for ethnic business needs to be monitored to improve delivery and targeting.

The promotion of black or ethnic business in Britain is still a relatively new idea; it is too early yet to assess whether there are any benefits accruing to the black community or to the inner city economy. Despite this lack of feedback on progress more and more ethnic business advisors and advice agencies are being set up.

Some supporters of ethnic business policy as a form of positive action are vocal in their criticisms of developments to date. One criticism derives from the lack of a national strategy already referred to, which, critics claim, means there is no cohesion or co-ordination between local authorities or community based groups. On the other hand there are supporters of positive action who would prefer a locally based strategy to develop from local need. Secondly there is confusion caused by the conflict over political ideologies and perspectives, which is being fought over in every city and which, it is said, could be solved centrally if all sides got together and reached some consensus position on the subject of ethnic business support strategy. Thirdly there are questions being raised based on definitions of need, such as who defines what the need is (there are a variety of potential decision makers, such as white academics, black practitioners, black community activists or black and white businessmen), and who decides which group to target or which industry to target and when. One problem with this criticism is that (as with Contract Compliance) there are very few people who have first hand knowledge of running a black owned business in any industry, and those who do have first hand knowledge are too busy doing it to be involved in giving advice to others or to undertake research, or attend committee meetings, conferences and seminars.

An additional problem derives from the nature and source of funding. At the moment the Home Office is a partner with local authorities, the private sector and community groups in funding three business development agencies aimed primarily at the inner city Afro-Caribbean community (in Birmingham it is called 3B's), while local authority initiatives use funding mainly from Section 11 or the ICPP. All of these funds have short term limits with capital and revenue implications for the agencies. The absence of any long term source of funding is seen from the 'black'

perspective as evidence of a lack of commitment or understanding of the extent of support that is needed, while from the 'conservative' perspective it implies only the recognition of a short term need.

One criticism of the business support services provided by development agencies and the small business advice literature is the generality of its advice. In the early days of the research it seemed to me from a survey of all the business advice centres and agencies within Birmingham that their services were too generalist in nature to help a black building contractor, in that none of them had any special programme or expertise to deal with problems related to the construction business. Advice has been available on the usual aspects of setting up in business, but not on dealing with the specific problems related by Birmingham builders in the interviews on items such as completing forms and questionnaires for Approved Lists, or identifying markets, or on estimating and tendering documents. In comparison, American agencies tend to have a construction specialist on the staff. This omission suggests the need for more specialist industry related advice; in effect this service is to be provided by the Handsworth Black Builders Association (HBBA).

Authorities who have implemented their own Equal Opportunity policy and introduced a Contract Compliance policy together with an Ethnic Business Development policy have now begun to realise that there are some problems faced by black and Asian contractors in construction that the authority has made worse. The problems in Birmingham in gaining admission to Approved Lists are not unique to the city. In one of the London Boroughs, Haringey, the Contracts Compliance Unit and the Economic Development Unit jointly held an open seminar for small, black and local builders to disseminate information on the types of public sector work available, on the council's promotion of equal opportunity in relation to the employment practices of building trades and the position of small firms. Haringey said they were concerned to encourage small builders to seek out work from the council and discuss any difficulties (personal communication - Haringey Councillor July 1987).

It is clear from the interviews with Birmingham builders and experience in HBBA that, despite the fact that Birmingham has been a declared Equal Opportunity Local Authority for the past four years, commitment to Equal Opportunity has not been extended to building departments. Such a commitment would entail the identification of minority builders and a review of contracting procedures, such as would occur in the implementation of a good Contract Compliance policy, to ensure that black and Asian contractors had an equitable opportunity in competing for and winning public sector contracts.

In the next chapter I return to some of the field work which involved implementing positive action to develop the Birmingham builders through the setting up of an association and the implementation of the local labour clause in the inner city policy.

7.4. Affirmative Action in Practice in America.

7.4.1. Federal Contract Compliance.

Affirmative action has been pursued in the American construction industry for over twenty years. The three important areas of activity are in the fields of federal employment, recruitment and training and minority business support. Each of these is dealt with in turn, beginning with affirmative action in federal employment.

There are two basic types of affirmative action in operation. First there is an administrative function applying to federal contractors and the federal government itself, which is prescribed by Presidential Executive Order and federal department regulations. The second type is mandated by Congress in Title VII of the Civil Rights Act 1964. It gives federal courts the broad authority to order such forms of affirmative action as they think appropriate and enable the imposition of class action and pattern and practice remedies (Hammerman 1984).

The language of Executive Order 11246 imposes two obligations on federal contractors: first, not to discriminate, and secondly,

whether or not there is any evidence of discrimination, to take affirmative action not to discriminate. It is clear that the American Contract Compliance policy has had political support from the top right from its inception, in comparison with Britain where the Prime Minister has not lent her support to the concept. Also in the United States the existence of a centralised organisation, the Office of Federal Contract Compliance Programmes (OFCCP) has played a major role in the implementation and monitoring of the policy.

The fine details of the American policy have evolved over twenty years as obstacles to implementation and shifts in the political, judicial and economic environment have dictated. Under Title VII of the Civil Rights Act 1964 employers and unions are compelled to stop discriminating against black and minority workers, but they cannot be compelled to hire, train or promote minority workers. However, federal Contract Compliance is a demand related policy, in that it has attempted to increase the demand for black and minority workers.

Located in the Department of Labor, the OFCCP has struggled continuously to impose federal Contract Compliance onto the construction industry, and the officers have been aided in that struggle by states and localities who have themselves adopted Contract Compliance for contractors. Over twenty years OFCCP have had to contend with evasion by the craft unions and hostility from the trade associations to their intervention in the structure and practices of the construction industry.

Contract Compliance was bitterly fought by majority contractors associations such as Associated Builders and Contractors (ABC). In 1980 when OFCCP set new employment goals for the industry, which were currently in use in other supply and service industries, ABC issued a statement which summed up a few of the reasons why federal Contract Compliance had not been successful in construction; they were related to the characteristics peculiar to the industry which were described in Chapter four. ABC claimed that the Department of Labor

had failed to distinguish the unique characteristics which exist in the construction industry... one unique feature of the construction industry is the fluid and shifting nature of the workforce, because the job site is constantly changing.
(Construction Labour Report 22/10/1980).

ABC asked Congress to conduct a comprehensive review of the OFCCP operations. At the same time a spokesman for the American Subcontractors Association (ASA) said of the new 1980 regulations,

Since subcontractors employ about 80 percent of the labour force on federal contracts, minority goals would have their greatest impact upon the subcontracting industry. Unionised contractors will have an especially difficult time meeting OFCCP goals because they must go to the union hiring halls which are predominantly white.
(Construction Labour Report 22/10/1980).

Another confirmation of the marginal impact of federal contract compliance on black employment in the American construction industry comes from Hammerman, who concludes,

despite its varied and at times intensive efforts to end discrimination in the construction industry over a period close on two decades, the federal government has been largely frustrated by the complexities of regulating the industry.
(Hammerman 1984 p57).

7.4.1.1. The Plans.

One important arm of the affirmative action strategy in construction was the Plans. I have repeatedly emphasised the unique structure of the construction industry (its fragmented and casualised labour force, informal channels of communication and informal employment practices, which in the federal sector are dominated by craft unions), because they are a significant factor to be taken into account when trying to introduce equality of opportunity in construction. The OFCCP Plans were designed to overcome some of these limitations.

The OFCCP Plans set short term recruitment and employment goals for federal contractors in cities where the black community had demonstrated at building sites over black exclusion from construction. The aim of the Plans was union membership and permanent jobs for black workers. They were known as Imposed or

Hometown Plans. By March 1975 six Plans had been Imposed on cities and sixty four Hometown Plans had been negotiated; this represented the total effort of the OFCCP to tackle black exclusion in construction between 1965 when Executive Order 11246 was published, and 1978 when OFCCP was radically restructured.

In 1978 OFCCP reviewed its programme and declared 'the construction industry has been hard to tackle because of its transient workforce'. The October 1978 regulations allowed Hometown Plans to remain but eliminated Imposed Plans. Prior to the issue of the regulations affirmative action obligations were imposed through three different methods in construction; they were Hometown Plans, Special Bid Conditions and Imposed Plans. All three established programmes for equal opportunity compliance on a local or geographical basis. A renewed effort in 1980 set goals for minority representation in the construction industry for all contractors, whether they were working on federally funded contracts or not (Bailey 1986).

7.4.1.2. Evaluation of Contract Compliance in the Construction Industry.

In order to inform the debate on equal opportunity in construction in Britain it is important to know whether American Contract Compliance has been successful. Unfortunately there has been little academic research on the national impact of federal, state or local contract compliance in construction. There are local reports, and state reports, but individual geographical circumstances differ and many reports reach conflicting conclusions.

National statistics on employment show that there have been some positive changes in some states and in some cities, but over the decade 1976-1986 total black employment in construction fell from 8.6 percent to 7 percent (where the black share of the total workforce remained constant) (Bailey 1986). Data published by the USCCR on all minorities in construction show that in 1985, compared to whites, minorities were less likely to work in the construction industry than at any time since 1972 (Latham 1986). It is possible that there has been a turnover in labour of

unskilled workers leaving the industry and new educated and trained workers entering as a result of affirmative action policies across the spectrum of construction, but in the absence of adequate data this can only remain a hypothesis. The overall trend suggests that Contract Compliance has not achieved its promised potential.

Evaluation reports from the United States Commission on Civil Rights (USCCR), the General Accounting Office (GAO) and House and Senate Committees on Labour and Public Welfare concluded unanimously that affirmative action had been an ineffective tool in construction equal opportunity policies in comparison with other employment sectors, because of weak enforcement and the reluctance to apply sanctions. Only twenty seven contractors were ever debarred from federal construction work (Hammerman 1984; USCCR 1985).

The reasons offered in explanation for the OFCCP failure in construction are wide ranging and often depend on the perspective of the critic. One major mistake recognised by all observers was for OFCCP to target only federal contractors and not include the open shop sector, because the federal sector had a smaller share of the total market and because of the domination of craft unions. In due time some craft union locals did face prosecution in the courts because they were violating Title VII. The courts imposed 'pattern and practice' affirmative action orders on union locals; but the American legislative system is such that cases have been running for twenty years, with little tangible improvement to show (USCCR 1985). The OFCCP itself never achieved any leverage over the craft unions (Hammerman 1984). Secondly contractors and unions did not necessarily employ more black workers to meet targets but motor-cycled black union workers from one site to another, and OFCCP was unable to deal with this.

A further characteristic of the contracting industry which offers a third explanation for failure is the existence of thousands of small subcontracting firms. Federal contracts valued at less than \$10,000 and firms with fewer than 50 workers were outside the scope of OFCCP. In his economic analysis of Contract Compliance in all industries and employment establishments Leonard (1983) has

shown that it is in small scale establishments that least progress in equal opportunity employment has been achieved. Leonard asserts it is easier to change employment practices in multi-plant corporations or in huge bureaucratically organised, strongly directed organisations with sophisticated personnel functions than in small firms. It is small firms that hire friends and relatives, 'people like us' where personal prejudice is free to thrive; small construction firms are typically represented by this model (Glazer 1970; Leonard 1983). There is no apparent reason why racist attitudes and behaviour should change in this close knit kind of environment.

The blame for the failure of the OFCCP in construction can also be laid at the door of successive Administrations, who refused to allocate sufficient resources in the shape of revenue and staff for the work of the OFCCP to be adequately pursued, to monitor compliance or to ensure that the Plans were fully implemented. OFCCP also failed through its poor data collection, organisation and dissemination procedures, because after twenty years they have rendered any meaningful comparison between geographical locations or types of contractor impossible (Rowan and Rubin 1974; Hammerman 1984; USCCR 1985). This failure also made it easy for political opponents to argue against continuation of the programme.

Finally the economic climate in which Contract Compliance has operated has played a decisive role. Over twenty years there have been booms and slumps in the American construction industry. In times of boom black employment increases, in times of recession black employment in construction falls. This suggests that blacks gain in a tight labour market, but that the gains are not permanent. It is this observation which has lead critics of affirmative action such as Welch (1985) to argue for expenditure on growth alone to be a strategy for reducing black unemployment and improving black economic development. Whereas supporters of affirmative action, such as Leonard, argue for expenditure for growth together with strongly enforced affirmative action. Growth allows firms to incorporate federal pressures to employ targeted groups. The success of affirmative action in other employment sectors than construction, through the enforcement of the Civil Rights Act 1964 by the EEOC, shows that reliance on voluntary

declarations by employers is meaningless, which leads to the conclusion that some form of compulsion is necessary to improve equal opportunity employment.

Federal Contract Compliance sought to change contractor behaviour and to raise the demand for black workers. In Chapter four the problems blacks and minorities have experienced in acquiring training were described. This discrimination meant that the skills blacks held were not necessarily those in demand; there was certainly no highly skilled pool of unemployed black construction workers just waiting to be taken up by employers. Some affirmative action in training was recognised as an essential adjunct to the other aspects of policy. A brief summary of affirmative action in training follows.

7.4.2. Affirmative Action in Construction Training.

The cumulative effect of the Civil Rights legislation and Executive Order 11246 was to create opportunities for black workers, but at the same time there was need of action to ensure that black workers had the skills which would enable them to take those opportunities up. Outreach Apprenticeship and Journeyman schemes functioned as Access courses for black American construction workers.

From 1963, Code 29 of the Federal Regulations Part 30 (29CFR part 30) prohibited discrimination in training; the regulations required the adoption of affirmative action programmes (AAP) from training organisations which would include goals and timetables for increasing the representation of minorities and women in apprenticeship programmes (L.B. Johnson School of Public Affairs 1979).

In construction this affirmative action initiative appears to have had more success than the Executive Order 11246 Contract Compliance requirement for employees in the industry, but in the early days there was only a limited impact on minority recruitment to training because few blacks applied for places or could meet the qualification requirements or pass the testing procedures (Marshall, Knapp, Liggett and Glover 1978).

The skill training problem was tackled outside the formal BAT/SAC programmes at two levels. Provision was made for the new entrant at apprenticeship level, and also at the journeyman level to meet the needs of the older worker. Most of the projects were set up at community level and they were run by voluntary sector community organisations with the help of federal funds.

The main barriers to apprenticeship entry had been lack of qualifications and lack of union connections. Outreach programmes had to overcome these barriers. Outreach apprenticeship programmes consisted of seeking out minority youths who were interested and able to pursue a career in construction. The youths were given information on how to apply for apprenticeships and told when to apply and for which crafts they should aim. Trainees were prepared for the apprenticeship examinations by extra tuition to make up for their inadequate schooling. One example of the self-help type of project is the A. Phillip Randolph Educational Fund, which devised new teaching techniques to achieve in a few weeks what the school system had failed to do in years (Glazer and Moynihan 1970).

Once accepted for a union apprenticeship place the trainee would be sponsored and helped to find job placements. Throughout the whole process the Outreach organisation provided continuous moral support and helped to overcome the isolation felt by those without contacts in the industry (Robbins 1972).

Comprehensive Employment and Training Act (CETA) federal funding enabled the Outreach Programme to expand to one hundred and five locations for apprenticeship training and seventy three locations for journeyman training (USCCR 1976). It was found that the best results were achieved when a black apprenticeship co-ordinator was used to screen applicants on their suitability for the industry (Rowan and Rubin 1974).

Outreach focussed on placing trainees in the unionised section of construction. Union co-operation in the schemes was necessary because of the informal on the job training which still forms a major part of learning on construction; without the active co-operation of older workers and union officials who assign jobs,

the young black workers might be enrolled as apprentices but fail to qualify through inability to attain the necessary performance standards. In fact unions did resist this intrusion on their power and were able to mediate the potential of Outreach, but not as much as they mediated the potential for employee Contract Compliance.

Outreach programmes did achieve exceptional success and can be used as a model for good practice in Britain. The success rate in the United States is demonstrated by the figures which show that while blacks accounted for only about three percent of all construction craft trainees in 1960, by 1972 the number had risen dramatically to over fifteen percent (Marshall and Glover 1975).

7.4.3. Minority Business Support Initiatives.

The third type of affirmative action that needs to be examined is the minority business support programmes. After setting minority business support in its historical context, some of the initiatives that have developed over the past twenty years are described and then assessment is made of their utility in terms of black and minority economic development.

The Small Business Administration (SBA) was created by Congress in 1953 to ensure that all small business had an equitable opportunity to participate in the American economy. The aim was to uphold the free competitive enterprise economy by ensuring that small business had its fair share of government sales and purchases (known as procurement).

Following the Kerner Report (National Advisory Commission 1968), which recommended that the federal government should take special efforts to encourage business ownership by blacks and minorities, President Nixon issued a series of Executive Orders to facilitate the growth of 'Black Capitalism'.

The ownership gap in the 1960's between black and white Americans was startling. One sixth of the population, the American blacks, owned less than three percent of all business and less than half of one percent of the nation's capital (Michigan Law Review 1972).

Beginning with Executive Order 11625 (1971) the 'Black Capitalism' or 'Black Economic Development' (depending on the perspective of the writer) became an important extension of the support given to any small business owner in America, but it had its roots in the War on Poverty programme. By 1987 a total of twenty two states and fifty four localities had enacted legislation establishing minority business goals and set aside programmes (Thomas 1987).

The Minority Business Development Agency (MBDA, formerly OMBE) was set up to work towards reducing the poverty gap between black and white Americans. The choice of concept, that is, calling the programme 'Black Capitalism' or 'Black Economic Development' meant that a wide variety of people across various political and economic perspectives were placated. That is to say that 'Black Economic Development' would be acceptable to those of both the 'conservative' and 'liberal' perspective, while 'Black Capitalism' appeals to those of the 'black' perspective.

Basically there are two types of black business support programmes, those that enhance the capacity of black business to take on larger contracts or do more work, which include dealing with factors such as bonding, finance, technical, managerial and labour training and those that stimulate demand for the products and services of black business, which concentrate on procurement or job development efforts (Glover 1977).

7.4.3.1. Contractor Enhancement Initiatives.

Agencies such as SBA and MBDA which concentrate on stimulating the capacity of black business recognise the legacy of disadvantage that has resulted in gaps in human capital. They are based on the empirical, academic research of writers such as Myrdal (1943) and Bates (1985b) and in construction Glover (1977), who have identified the constraints specific to black ownership. Programmes are based on an implicit assumption that work is there and available, but the black contractor needs to train to qualify to perform the work.

The federally funded MBDA gives finance to Minority Business Development Centers (MBDC) which deal with black owned business

enhancement. In addition there are a myriad of privately owned organisations which have been set up to meet the needs of minority and black owned business, such as the Minority Enterprise Small Business Investment Companies (MESBICS), the National Minority Supplier Development Council with its affiliated Regional Purchasing Council and the publication of Minority Business Directories. There are also countless self help trade associations. All of this infrastructure of business support can be located under the heading of weak affirmative action.

The term affirmative action in this context is generally understood to mean positive active measures to seek out and assist capable minority owned small business. On the other hand the set - asides take racial discrimination as the one major factor keeping black contractors out of the mainstream of construction. The aim of this policy is to ensure that qualified minority owned firms are not kept out of the market because of discrimination.

7.4.3.2. Contractor Procurement Initiatives. Set-Asides.

Under the heading of strong affirmative action are the procurement programmes, the so called set-asides which took off in the late 1970's. In 1978 Public Law 95-507 gave legislative support to the SBA 8(a) Procurement programme, under which federal agencies co-operated with SBA in reserving set-aside contracts for black or minority owned business. In other words, the scope of the law requiring federal agencies to take affirmative action to ensure a fair proportion of government contracts for goods and services and construction contracts were placed with small business, was now widened to cover targeted MBE's (targeted groups are variously referred to as Minority Business Enterprise (MBE), Disadvantaged Business Enterprise (DBE), Women's Business Enterprise (WBE) and targets vary between projects).

In effect Congress mandated that contractors submitting a bid must state the percentage goals of minority owned subcontractors to be used. Business set-aside acts as a complement to Executive Order 11246 for employees and is commonly understood to be included in the American concept of Contract Compliance. The Local Public Works Act 1977 (LPWA) was the first Congress mandated set-aside of

\$4 billion expenditure which became known as the ten percent MBE set aside (Mitchell 1982). In 1982 Congress authorised the Surface Transportation Assistance Act (STAA) of over \$4 billion to be spent over four years on highway construction, with a DBE set-aside of 10 percent.

In addition to Congress authorised set asides there are state and local programmes. One example of a local programme is one the Washington DC contractors mentioned, the Washington DC Sheltered Market, where thirty five percent of Washington DC contracts are set-aside for MBE's.

Overall the states have responsibility for running the federal set-aside programmes, for determining DBE eligibility and certification awards, monitoring, compliance and enforcement, within the guidelines laid down by the Department of Transport (DOT) through the Federal Highway Administration (FHWA). Most states require DBE's to be certified and they are then included in a MBE Directory which serves the purpose of an approved list; except that in this case the approved list is inclusive rather than exclusive for DBE's. Any goal setting is based on a consideration of the number of qualified DBE firms available. An alternative to group targeting is the area approach, this process is when the project location, type of project and project circle is drawn around, say a fifty miles radius, and only business within that area is considered. This is equivalent to the 'local labour' clause in the Birmingham Contract Compliance policy, which is raised again in Chapter eight.

7.4.3.3. Evaluation of set asides in Construction.

The growth and expansion of affirmative action programmes to encourage black economic development have not been systematically evaluated by the American agencies responsible for implementation. Thomas, of the NAMC, asserts that the public sector as a whole has failed to demonstrate the necessary creativity, resilience and forcefulness to make the ethnic business programmes work to their maximum potential. On-going problems have included unscrupulous prime contractors, who evaded as far as possible the regulations

and resistant government personnel, who were lax in their implementation and enforcement (Thomas 1987).

Bates is probably the most prolific writer on SBA 8(a) set-aside provisions. He has been extremely critical in a constructive way of SBA 8(a) programmes. Areas of concern he notes are targeting of the service, such as whether to target new business or existing business and the failure to identify the criteria for a good potential business or poor risky ones. In the absence of adequate monitoring reports on the capacity enhancing programmes, evaluation of the benefit to construction firms is difficult. More care has been taken in researching the effects of federal funded set-asides and it is on these that the rest of this section will focus.

As with capacity enhancing initiatives, the growth of set-asides has not been accompanied by any systematic evaluation (Black 1983; Latham 1986). Data collection and monitoring by the sponsoring agencies have generally been poor. One interesting example of evaluation at the local level comes from the MARTA in Atlanta.

Since the early 1970's MARTA has implemented a policy of involving Minority Business Enterprise (MBE) in its contracts. Research into the impact of this policy was commissioned in 1985 and 1986 (Schadl 1986). Research Atlanta's final report in 1986 concludes that there are still residues of discrimination which contribute to the five most important problems facing MBE's in Atlanta. They are:

- the persistence of inaccurate preconceptions among white lenders and businesses which underestimate the MBE capabilities ;
- insufficient capital, stemming from inordinate difficulty in obtaining loans and from the comparative poverty generated by lack of equal educational, employment and business opportunities;
- the exclusion of minorities from informal business networks;
- restricted MBE access to non- minority markets.

(Research Atlanta 1986).

Despite the concerted attacks from various sectors of the American construction industry over the LPWA program, MBE initiatives proliferated nationally and the participation of MBE's in local public works construction projects did greatly increase. MBE's received 18 percent of funds allocated under LPWA.

Set-aside has been abused. Quite often the beneficiaries have not been bona fide MBE's but shams. The Abt Associates Report (1986) cautions that reliable data are scarce and often anecdotal, but nevertheless the front problem (also known as scams, shams and fraud) remains significant enough to warrant attention. In the projects reviewed by Abt they appeared, upon close investigation, to be relatively rare (Abt 1986).

The Congress mandated STAA (1982) achieved more for the Department of Transport than all the voluntary efforts that the DOT had engaged in since 1969, which included national goals introduced in 1977 and a comprehensive programme in 1980 established under federal MBE regulations (49 CFR pt23). In 1982 FHWA reported over \$400 million in awards to DBE's, a substantial rise from the \$32 million recorded in 1980 and \$71.5 in 1977.

A report by Abt Associates Inc, under contract to the FHWA found that the positive direct impacts on DBE's of DBE requirements under STAA 1982 have been substantial (Abt 1986 plx). The Abt report also considered these improvements to be short term, meaning that growth had not been consolidated and implying that, if political support for affirmative action was withdrawn, then DBE firms would probably slide back to marginality. Abt found there was also evidence that DBE set-asides had contributed to an increased number of DBE failures, often as a result of business growth being too rapid.

Other negative impacts concerned the non DBE market. The contractual share of non DBE market firms in the highway and heavy segment of the construction market decreased substantially because the ten percent goal was applied to a section of construction where roughly twenty percent of the work is subcontracted out. A ten percent set-aside will automatically reduce the market share

of a twenty percent section by fifty percent. Secondly DBE set-asides under STAA have increased costs to the state and federal administration, as costs to non DBE contractors were passed onto the customer.

One of the questions that Abt were not able to answer was the effect on minority employment, except for the employment of minority owners; they conclude that it is rational to assume that the impact was positive, but there is no data available to show either way.

A final consideration comes from the USCCR (Latham 1986). The USCCR report on set-aside found that a comparison of self employed figures before and after set-aside shows there is no evidence that set-aside has been effective (p11) and that in fact the self employment gap in construction has widened between the years 1972-1985. In 1972 minorities were only fifty percent as likely as whites to be self employed in construction; by 1985 the figure was forty two percent. Yet the LPWA dollar expenditure definitely shows an increase in the amount of federal procurement won by MBE's. Since there can be no doubt that set-asides have increased the minority share of federal procurement dollars, the self employment figures reflect a different restructuring process occurring. Some firms have been strengthened, some new ones have come into the industry and some have left.

7.5. Conclusions On Affirmative Action Set-aside in America.

American observers can confirm that what may be good in theory has shortcomings in practice. While there is an overall consensus over the provision of weak affirmative action programmes for DBE and MBE programmes, set-asides, considered as strong affirmative action, have triggered heated and often controversial debates from both supporters and opponents. The shortage of fully relevant quantitative and qualitative data on set-aside and other affirmative action programmes has increased the degree of political vulnerability of the programmes. Most analyses and comments on set-aside are based on rumour and hearsay. Beliefs about efficacy are based on partial and imprecise information. But

the varied pictures of the impact of DBE and MBE set-asides are complex; both positive and negative impacts can be identified.

Conclusions drawn about set-aside are as much a function of ideology as of empirical findings, and on the attitude of the writer towards a number of factors such as history (the role of past discrimination) and the impact of being a member of a group that is positively or negatively affected. With reference to the three perspectives drawn upon in this thesis, the black business community are critical of many aspects of the implementation and monitoring of the set-aside policy, but insist that the policy is in theory a good one and that it must remain for a long time yet in order to redress the balance of three centuries of second class citizenship. Those of the 'conservative' perspective object to the set-aside programmes because they appear to be preferential policies of reverse discrimination. The more 'liberal' have a mixed opinion, seeing both the good and the bad points, but on the whole recognising the need to continue for the time being.

Each policy encounters problems at the level of practical implementation. It is clear that for any positive economic development to occur the black community cannot rely solely on either labour demand stimulation policies, notably through Contract Compliance, (because in many cases workers do not have the skills), or on supply enhancement (because that in itself does not increase demand for black workers). There needs to be a mixture of the two kinds of policies based on an adequate data base and understanding of the industry and the workforce concerned.

7.6. Conclusions: Similarities and Differences between Affirmative Action In America and Positive Action in Britain.

7.6.1. The Legal Status.

The main difference between affirmative action in America and positive action in Britain is that in America the concept has legalised status and centralised authority. The concept of affirmative action originated in America because of intransigence and endless subterfuge on the part of unions and indifference on

the part of employers in the face of massive evidence of the legacy of racial discrimination in employment, which blocked social mobility for black workers (Glazer 1979 p50). Discrimination cannot be corrected by depending on the voluntary efforts of the same employers who have discriminated for years and who have persisted in such practices in the face of laws prohibiting such discrimination. Today (in the 1980's) affirmative action is a statutory obligation which is enforced by Presidential Order, the Congress and the Courts. It was also introduced in response to demands from the black community, as lead by Dr Martin Luther King, for a right to equality of opportunity in American society. In Britain positive action is permissive in only a very few exceptional circumstances, but it is not an obligatory action and there is scant evidence of any will to take the practice up.

American affirmative action spans the whole of employment possibilities in the construction industry, covering apprenticeship and training through Outreach, and employment through Contract Compliance and OFCCP, with business development through the set-aside programme. British positive action does not allow for a comprehensive industry wide policy, developments are ad hoc and still experimental in nature.

In America two types of action are discernible, which can be broadly defined as weak and strong initiatives. While there appears to be an overall political consensus for weak actions, there is considerable conflict over strong actions. Weak actions in Britain and America are broadly similar, with Britain copying the American practice. In many instances strong actions in America have been ordered by the Courts for redress against past discrimination.

In Britain only weak actions are permissible by law. Where public authorities, such as Brent, have tried to introduce strong actions, such as set-aside for black construction firms, they have been threatened with legal action (Building 7/7/1987 p11). This sort of response to strong actions has meant that in Britain such initiatives have to be more subtly introduced or hidden

inside a wide ranging programme targeted on small business or the inner city, which ultimately weakens the impact.

7.6.2. The Importance of Political Support.

Political support for affirmative action is essential. In the early days in America, policy support came from the top, and it quickly trickled down to state and city administrations. The opposition to affirmative action in construction, whether it targeted employees through Contract Compliance or employers through black business set-aside, came mainly from construction unions and construction trade associations. Central political support is now diminishing and the concept of affirmative action is under threat (du Rivage 1985; New York Times 1986). In Britain political support for Contract Compliance is mainly from the labour movement, opposition coming from the CBI, construction trade associations and the Conservative government; hence the Bill to ban Contract Compliance in Britain.

7.6.3. Contract Compliance.

The outcome of American Contract Compliance in the construction industry has not been adequately demonstrated by the available data one way or another. All evidence shows that the main impact of affirmative action hiring is on the better qualified, on those who already possess the professional and technical skills that an employer is looking for. It has barely touched the mass of unskilled and unemployed in the underclass that really need help in finding work.

There are three views about affirmative action. One claims that contract compliance has achieved what it set out to do, therefore guidelines can be relaxed. A second argues that it has not been successful, therefore guidelines should be abandoned. The third view is that enforcement has been weak and guidelines easily avoided, and therefore the policy has to continue in the foreseeable future.

Econometric studies by Leonard (1983) do suggest that the measured impact appears to fall below the potential impact. In this case,

he says, the answer lies in better monitoring, research in understanding why this has occurred, and stronger enforcement. The potential impact may be limited by the human capital existing in the available workforce. Equal employment opportunity means dealing with racial discrimination, but a hypothetical firm seeking a roofer may never discriminate in the selection of roofers because there is a shortage of them. Affirmative action requires the employer to recognise the shortage and to take action through training in employment to remedy the shortfall. In this way the link between human capital and employment is made; narrowing the racial differences in human capital investment is an integral part of the policy.

While both countries use the same language, the pursuit of equal opportunity in practice through Contract Compliance has been more the result of a conspiracy of interests between the British labour movement, in its desire to impose some order on a fragmented, casualised labour market in construction, and the ethnic minority community. But the outcome of this is that Contract Compliance units have a multiplicity of aims, of which enforcing equal opportunity in employment is a minor aim. The available evidence on Contract Compliance in America suggests that in construction the policy has been almost impossible to enforce. In Britain a similar experience is predictable.

7.6.4. Why Target The Construction Industry?

I have argued that the construction industry has been a particularly important target for Contract Compliance in both countries, but for very different reasons. In America construction featured the most invidious racist practices of all employment sectors. It was targeted for enforcement because of that history of job discrimination against women and minority groups in the skilled trades (du Rivage 1985). Construction also pays relatively high wages in comparison with other industrial sectors, and its workers have high visibility. Journeymen jobs frequently provide a route to higher paid supervisory work and in times of high federal expenditure job opportunities are plenty (Hammerman 1984). OFCCP, set-asides and minority business support are working towards

allowing black workers to enjoy the prosperity that construction employment offers.

In Britain construction employs about one worker in ten, and it holds out the promise of business ownership through self employment. One in five self employed workers are working in construction, but the wages paid to employees are relatively low in comparison with America. In Britain construction has been a focus not because of any overwhelming evidence of any overt racist practices but because the size of construction budgets in local authorities, as in America, holds out the potential of using financial leverage to achieve a goal, and because of a backlash against the Local Government and Planning and Land Act 1980 which began the current round of attacks against public sector construction DLO's.

The construction industry should, in theory, be a good industry for black workers to enter as small business owners. The levels of remuneration and opportunities they can take advantage of, such as where equal opportunity employers seek to use local or black business, can be exploited, but this depends to some extent on individual skill and ability. Businesses based on a skill are good ones to opt for in preference to businesses based on buying and selling. One area in which the black builders in Birmingham can develop is by improving the levels of technical and craft skill that they have, and secondly by investing in management and operational skills.

Evidence collected for this thesis shows that there are in Britain and America numerous access problems to construction jobs for black workers, which above all include a failure to ensure that black trainees receive adequate training and work experience in construction skills. This lack of good quality training and work experience will make it highly unlikely that sufficient new black workers will be recruited to construction in the short term in sufficient numbers to make any significant difference to the overall economic well being of the black community. Adult training, as utilised by mature women entrants to the industry is needed. The following chapter deals with the experiences of Handsworth Black Builders Association and the practical reality of

implementing the local labour clauses in Birmingham City Contract Compliance policy.

AN ALTERNATIVE APPROACH: COLLECTIVE COMMUNITY BASED SELF HELP.
HANDSWORTH (BLACK) BUILDERS ASSOCIATION.

8.1. The Case For A Self Help Initiative.

In Chapter seven the development of positive action in the public sector was analysed. The two main policies in Britain which have been introduced which directly affect black builders are Contract Compliance and Small Business Support. I concluded that Contract Compliance is unlikely to benefit any significant number of black construction workers in the short run, and that it was not possible yet to make any evaluation of the effect on black business of Small Business Support policy.

A complementary strategy through self help collective activity can supplement the equal opportunity and positive action policies of public organisations. In this chapter the scope of self help and collective action in construction is explored in the light of the experience of Handsworth Black Builders Association (HBBA) in Birmingham. In order to demonstrate the need for self help and collective action I have drawn up a typical profile of black and Asian builders based on comments made by respondents during interviews and drawn on stereotypes from the literature.

Having laid a theoretical basis for such action the experience of America is again compared with that in Britain. HBBA is the first construction contractors association in Britain which has developed to meet the need of black (since the majority of members are of Afro-Caribbean origin I use the term black here) contractors. Although the organisation is still in its infancy some evaluation of its activities can be made.

In the theoretical framework of Chapter two the advantages of collective action as a supplement to individually instigated strategies in social mobility and economic development were recognised. For example, the Partners system of raising small amounts of capital has been identified as a collective community based strategy by Afro-Caribbeans to further economic development.

In a similar way business networks within a community help to keep jobs and profits circulating within the community, and by the multiplier effect reduce the extent of economic leakages into the wider community.

At one level the concept of self help needs little explanation or justification. It is a practical response to the predicament of a particular group of people in a particular context, whereby some members of a defined community mobilise themselves to help other members of the same community (Stares 1984). It does require a certain degree of awareness of the goals and commitment to mutual support between members of the group and it obviously entails more than just providing services or mobilising resources. In effect it is about people taking collective control over their lives and exercising a greater degree of responsibility for their own lives and the rest of the group.

The interviews with black and Asian contractors in Birmingham revealed that, although they had many problems in common, the contractors were trying to overcome them on an individual basis but they had not taken any steps to enter into joint contracts or to develop joint initiatives to tackle the problems posed by Urban Renewal. Yet they felt very much that they had an important positive contribution to make and were keen to participate more fully in the economy of Birmingham.

It is important to mention here that three of the respondents had taken some action in response to their awareness of increasing marginalisation. They began in the late 1970's, by enlisting the support of a local black Labour Councillor, who arranged an interview with the then leader of the Labour Council. They expressed their grievances, but were disappointed with the result. In effect nothing changed, the local authority explained its need for accountability and the need to secure value for money on building contracts but did not make any move to encourage the builders concerned to come into compliance with these needs. In addition one of the respondents had been involved with Birmingham City Council in an Industrial Tribunal case in which he tried to regain some of his financial losses incurred through an Urban Renewal House Improvement Grant, but again with negative results.

8.1.2. The White Gatekeepers' Perception of Black Builders.

Handsworth Black Builders Association developed from a research project carried out with black builders in Birmingham during the lifetime of the thesis, as explained in Chapter three in the research methods. One objective of Handsworth Black Builders Association is to raise the professional profile of black building contractors. I have demonstrated throughout that the white perception of black builders is either a colour blind or a largely negative one. In the early post-migration years black builders were seen as a secondary labour force, which could be dispensed with as market conditions dictated (Bramwell 1986).

From the views expressed by a wide variety of respondents to this survey it is possible to build up a stereotyped view of black construction workers which assumes that the skills of black construction workers are inferior to those of workers trained in Britain. Stereotypes are often negative views which may be based on a real experience with one person and then applied generally to all persons in the group. In addition there are all sorts of myths relating to the ability of black workers to tolerate cold and wet weather. Examples of such stereotypes were related by contractors interviewed who were interviewed twenty years ago by Patterson (1968),

Jamaicans tend to be rough carpenters - what we call shuttering hands. Some are stimulated by working in gangs and the high bonuses available, but others simply can't adjust themselves to the pace of this organisation ... Then again coloured workers seem especially susceptible to bad weather conditions and tend to stay away sick for long periods (p88).

The labourers are all lazy and the tradesmen don't come up to our 'fair' standard according to the foreman.. ... the painters are bad at setting out their tools and planning and the carpenters are fairly rough (p90).

These same stereotypes exist today. Stereotypes are also made about black workers' alleged tendency to be lazy (Fairbairn MP 'Lazy Blacks Attack by Tory MP', Birmingham Evening Mail 27/9/87), and to the dangers of allowing black men to enter

domestic premises where white women might be present. For example a contractor told Patterson (1968)

We have to be careful as some clients object and I imagine many more might to coloured men being used on maintenance work when housewives are at home on their own (p90).

This comment was also made to me by an EETPU officer in 1986.

Comments made during interviews conducted for this research all repeated in one form or another elements of these stereotypes. The views of the respondents are important because they range across a wide spectrum of people who play the role of gatekeeper to organisations in the construction industry. They are gatekeepers to training institutions, construction unions, construction trade associations; some control access to local authority and housing association contracts. The views were always made with the proviso that 'if you quote me, I'll deny it'. This caveat on their part merely serves to demonstrate that the Race Relations Act 1976 may have made the practice of overt racial discrimination illegal, but it has not forced people to change their attitudes. They are merely rather more cautious when expressing such views.

Building inspectors and Urban Renewal officers, who had practical experience of dealing with Birmingham based black contractors, said that 'on the whole the standard of work they performed is of an inferior quality to that required to meet the standards expected in the public sector' and they went on to suggest that this inferior standard of workmanship might account for the black contractor being under represented on any city Approved Lists. It was also claimed that on-site supervision is poor and contracts are rarely completed on time. No written confirmation of this claim was available. Organisations are very careful not to lay themselves open to prosecution under the Race Relations Act.

This is an important criticism that is being made, because allegations of shoddy workmanship can be a cover for racism. Based on the evidence of a variety of sources over three years, on considering this particular allegation, I would say that in some cases work may be below an acceptable standard, but the bad

examples are being applied generally to all black builders. This view, which white contract allocators hold of black contractors, reinforces my conclusion that the black construction workers' structural location as semi skilled or non time served workers has left them poorly equipped to meet the requirements made of business proprietors in construction in the 1980's.

8.2. The American Self Help Strategy.

An important lesson from America has been a recognition of the significant impact upon the political and economic environment that collective action can make. In reviewing the differential outcome of Contract Compliance in individual cities, Marshall, Knapp, Liggett and Glover (1978) argued that the successful cities were those where local community groups presented a united front to the city unions and main contractors, such as in Cleveland. Organised community groups in Cleveland were able to use their extensive knowledge of the local labour market, construction industry and union practices to make specific and clear cut demands through the Office of Federal Contract Compliance Programs (OFCCP). On the other hand, in cities where community organisations indulged in factionalism and in-fighting, such as in New York, the impact of Contract Compliance was negligible.

Successful community based groups have enhanced the court action activities of the Equal Employment Opportunities Commission (EEOC) whereby the community groups were able to capitalise on their local knowledge of construction workers and experience. One such example cited by Robbins (1972) in a research survey of the early impact of Contract Compliance concerns the June 1970 judicial decree on the craft union Seattle Local 86, where to remedy the present and past effects of racial discrimination the union was required to alter union pattern and practice policies and to take affirmative action to solicit minority participation in order to meet an imposed quota.

The United Construction Workers (UCW) in Seattle undertook action of their own to implement the court decision by acting as a source of minority labour to satisfy the demand for minority labour raised by the court decree. To do this it contacted affected

workers and explained the meaning of the decree; it organised and implemented a long range plan to prepare jobs for those and other minority journeymen and apprentices in the area. UCW contacted contractors directly and solicited jobs for minority workmen and once it succeeded in getting a job commitment it sent the worker to a union hiring hall. Then the contractor would call the referral hall and request the individual by name. UCW also served as an informal supervisory organisation. It ensured that members followed the proper referral procedures, that they had transport to work and the proper equipment they needed. It also screened applicants for the apprenticeship programmes. In spite of considerable problems, UCWA's success became widely known, and minority workmen in Seattle began to enter the industry in greater numbers (Robbins 1972).

In conclusion Robbins found that effective Contract Compliance in construction is dependent on the active supervision and monitoring of employment practices and the effective dissemination of information regarding the courts' decrees through the minority community. These functions are, he decided, best performed by the local community organisation which possesses the ability to organise minority workmen (Robbins 1972).

Most American cities had a branch of one of the many organisations participating in the civil rights movement, such as the Workers Defence League, the National Association for the Advancement of Colored People, or the National Urban League, to name just three. These organisations set up and operated Information and Outreach programmes, helped draw up lists or registers of skilled building workers and contractors in order to meet the demand for black labour and played a critical role in lobbying the federal government and Congressmen for the Civil Rights and Equal Opportunity legislation.

8.2.1. The National Association Of Minority Contractors. NAMC USA.

The British black community is very knowledgeable about life and conditions in America, and some of those interviewed in Birmingham were keen to follow in the path of American black contractors. It seemed feasible, in 1986, to set up in Birmingham an organisation

similar to the American National Association of Minority Contractors, where in the construction industry, the NAMC functions as the major lobbying and organising force on behalf of minority construction contractors.

The first direct contact was made with NAMC in the spring of 1986, when the Executive Director was invited to make the keynote speech at the Black Builders Conference in Birmingham. The Executive Director of NAMC has since revisited Handsworth at the invitation of HBBA, and in turn HBBA has been awarded sistership by the Executive of NAMC in 1987. (It was the Executive Director of the NAMC, Ralph Thomas 3rd who provided assistance and advice on the American fieldwork undertaken in April 1987 for this thesis and each of the black contractors interviewed in Washington DC, Atlanta and Detroit has played a prominent role in the undertakings of the NAMC).

The National Association of Minority Contractors was established in America in 1969 as a non profit making minority business trade association, to address the needs and concerns of minority contractors. As a measure of its success, by 1987 NAMC membership had grown to cover forty States, the District of Columbia and the Virgin Islands.

NAMC has served a long apprenticeship in learning to represent its members. Over a timespan of twenty years the NAMC has developed a wide ranging information network system which links over 3,000 minority contractors, procurement officials and others concerned in the public and private sectors, who address the needs of minority contractors. Moreover, NAMC headquarters, which is based in Washington DC, is ideally placed in the capital to act as an advocate and liaison point between political organisations on behalf of the membership.

National Headquarter staff are not contractors themselves, but are highly qualified in the field of law and thus able to work with policy makers, legislators, majority trade associations and trade unions to further the economic development of members (NAMC 1987).

8.3. Handsworth Black Builders Association HBBA.

8.3.1. The Historical Background.

On a number of separate occasions individual black contractors have told me that they dreamed of having an organisation such as HBBA in Birmingham. On the other hand some contractors have declared their scepticism of 'yet another black business association' which is a reflection of their experience of black organisations in the past. So, there were mixed feelings about HBBA right from the outset. Some contractors were enthusiastic and joined in wholeheartedly, others were sceptical and needed persuasion. Asian contractors did not participate in the Action/Research Project referred to earlier and only two Asians have joined the Association. For a self help initiative to be successful, as defined earlier, there has to be an understanding of the goals and a commitment to the organisation. The sceptical were kept informed of progress through minutes of the meetings, and in due time some of them have become paid up members of HBBA.

It was a fortuitous conjunction of events in 1985-6 which enabled HBBA finally to become established. My own research began at Aston University in October 1984, as I have described in Chapter three. After twelve months I had interviewed a sufficiently wide cross section of key informants in the construction industry, to begin to understand some of the dynamic nature of the experience of black contractors in Birmingham. From interviews with the builders I had identified the market segment in which they were located and noted the absence of any integrated network. I must also include in the informants two members of my own family who have small businesses in the construction industry, who have been a constant source of information and background explanation. Using this understanding as a base, I was able to begin to formulate ideas on where the potential for change lay.

Late in 1985 the West Midlands County Council, commissioned research from the Ethnic Business Research Unit at Aston University into the problems of black builders in the inner city areas. This was part of its endeavour to support the black community following the events of September 1985 in Lozells,

(which were referred to in the opening paragraphs of Chapter one) and as part of its anti-racism year. Eventually in January 1986, through the joint endeavours of Dr Robin Ward at the Ethnic Business Research Unit, Dr Ivan Henry of Handsworth Employment Scheme Ltd and myself, the details of an action/research project were agreed. An action/research study aims to examine a particular subject with a view to determining how resources and techniques can best be deployed from the point of view of the people involved, and the formulation of a plan for intervening was built into the design of the research.

The action directed stages of the project consisted of a series of training classes for black contractors and a day long conference which would bring black contractors and public sector contract allocators together. The classes and conference took place and a report of this whole project was eventually published (Jesson 1986). In May 1986 the inaugural meeting of the Black Builders Association took place and the formal process of trying to unite a disparate group of small contractors began.

8.3.2. The Aims and Objectives of HBBA.

At the heart of the Association is the notion that involvement in the mainstream of the construction industry is an essential prerequisite for economic development in the black community. The Association has to raise a group with low status in the eyes of white officials to a higher level, and as part of its unstated agenda, to build bridges and networks to develop some sort of collective action, maybe through a form of horizontal integration, in place of the present pattern of isolated action which leaves black builders on the periphery of the industry.

The strategy for achieving economic and professional development of members involves:

- (a) identifying and attracting black contractors to membership;
- (b) promoting jobs and training for black construction workers;
- (c) introducing potential contractors to clients;
- (d) the dissemination of up to date information about training, legislative changes and contract news;

(e) providing a forum in which to air grievances and aspirations and plan the development of the association's activities.

Without doubt indirect and institutional racism limits the ability of black workers and contractors to develop in construction, but from my on-going relationship with a large group of contractors through the Action/Research Project and the HBBA it is clear that other factors are involved which the black contractors themselves need to take into account (Jesson 1986). For example, one of the failings of black contractors is related to the fact that they appear to have little up to date knowledge of new building regulations, of new technology in building or of new and improved materials and products.

Secondly, the fact that they have meagre capital resources means that they may be tempted to cut corners, use inferior quality materials and employ unskilled labour because it is cheaper and because good skilled black labour is not available at a price they can pay. Their desire to make a profit on all their contracts in order to meet their financial commitments, together with their relative isolation in the building community generally, means that estimates and tenders are made with the profit margins too high to be competitive. Such characteristics form the basis of some of the stereotypes that are held about black contractors, but they apply just as easily to white small contractors, as evidenced by the widespread concern at the activities of 'cowboy' builders in the construction industry. The problems which limit all small contractors are compounded for black contractors by racial discrimination because even those who are good contractors find that clients are less ready to recognise them, such is the power of strong racial stereotypes.

Bearing these factors in mind, the purpose of the Action/Research Project and the subsequent association has been in fact to look outwards towards the majority community to confront and change the myths, stereotypes and perceptions held by white gatekeepers of black construction workers and contractors.

A second aim has been to look inwards and to use the analysis that I was making of the reason for underachievement, to confront the

failings of the contractors at a personal level. A third aim was the encouragement of co-operation between members, with the possibility of developing business networks and forming joint ventures to undertake larger sized contracts; in other words, to strive for horizontal integration in construction.

In an industry where ninety percent of firms employ fewer than seven people each, the short term goal of horizontal integration has more promise than striving for vertical integration. Trends in the industry would suggest that the establishment of one or two medium sized employers is unlikely to occur in the absence of a massive reflation of the construction industry. The existing structure of the West Midlands construction industry reflects the national picture. The West Midlands annual sector review of construction in 1986 identified 3,555 firms employing 48,800 people (Drewer 1986). Only twenty of these firms employ over two hundred people, and only three percent employ more than twenty four people.

Birmingham City Council Annual Report gives some indication of the fall in building work available through, for example, House Improvement Grants. In 1985/6 1,749 improvement grants were completed, compared with 6,756 completed improvement grants in 1984/5 (City of Birmingham Report and Accounts 1985-6 p55). Nevertheless, given the possibilities of seeking out a wider market than house repair and maintenance, and the scope for co-operation and joint contracting, the prospect for horizontal development looks promising.

An integral element of the development strategy is the improvement of standards of workmanship and business skills of the members. The need for education and training runs like a thread throughout this thesis. The Association has to take on that need as a priority because the need for more competitive estimating and tendering as well as the standard of work are all important areas where improvement could be made. The provision of advice on standard business needs, such as access to finance credit and the problems in locating good quality labour were discussed earlier; however, it is clear that the strategy for advancement does not

lie solely in making more credit or venture capital available to the contractors.

Apart from speculative work (buying houses to do up and sell or building new houses) or contracts obtained by negotiation, firms in construction are dependent for their survival upon their success in competitive tendering. In a perfect market tendering is the mechanism through which the resource allocation function of the market is performed. In reality other criteria are brought into consideration, such as the visual appearance of the completed tender document, which will also demonstrate an understanding of the work required. Reputation and track record, which are usually established by word of mouth, are essential when competitive tendering is concerned because where tenders are closely priced reputation can be the decisive factor in securing the contract. In Chapter five the contractors explained their view of the effects of selective tendering, which is now in widespread use in the public sector. One major goal of HBBA is to sharpen up the tendering and estimating skills of members to allow them to compete in public sector work.

The interviews with black contractors demonstrated the heterogeneous nature of the respondents. Each one has a different experience of training and employment and each one presents a different business profile. Each contractor's needs have to be considered individually and that is, of course a time consuming and labour intensive process. Where management skills are concerned there is scope for improvement in areas such as planning, programming and performance. The price of a particular job and the speed and level of efficiency with which it is carried out are determined by the contractor. Having won the contract the builder has to organise the sequence of operations necessary to complete the different steps of the work. This involves the close control of a large number of separate but inter-related operations. Close supervision and planning is vital if the non productive and non earning time is to be reduced to a minimum.

Where there are good, successful, qualified black contractors the function of the Association is to encourage them to develop even further, perhaps on a co-operative basis or on joint venture

contracts, whereby resources are pooled to meet the needs of expansion.

The Association also has a role to play in the implementation of Contract Compliance, equal opportunity or local labour clauses, in the event of them being pursued in Britain by contracting organisations. At the moment it appears that the anti Contract Compliance legislation is targeted at public authorities only, leaving housing associations and the private sector still to take up the policy. In its short lifetime of four years, Contract Compliance should have raised the demand for ethnic minority workers by contractors seek to undertake public sector work. It is quite clear that the organisations which have grown to promote the employment of women in construction (as summarised in the introductory Chapter) have achieved a success that has not been matched by any black or minority organisation (Personal communication - UCATT Research Officer).

HBBA is in a unique position to locate workers ready to meet that increased demand from equal opportunity employers seeking to meet their Contract Compliance requirements because of its close contacts with the black community. In the early days of the organisation discussions were held with representatives from the local authority on ways of reaching local labour; application forms were distributed and a local labour register was in the process of being drawn up when the government introduced its anti-Contract Compliance legislation.

The experience of contractors on the Birmingham Convention Centre, where a thirty percent local labour clause was in operation is a good example of how the local authority tried to recruit black or local labour. The contractors used a variety of recruitment sources, including the local authority lists and HBBA, but found that they were unable to find sufficient local workers with the necessary skills. The local authority was forced to relax the Compliance provision. This example reinforces the argument about more and better training in the construction industry .

The overall aim of HBBA, from its inception, has been to show that, given a climate favouring equal opportunity, with due

recognition made for the relative disadvantage under which black contractors have tried to compete in the past, through the exercise of some positive action, they can participate, compete and perform on an equal basis with their white counterparts, and by doing so help to build a substantial business class within the black community.

HBBA is working to enhance black contractor performance and to take advantage of the opportunities offered by declared equal opportunity employers. It can do this by acting as a bridge between black contractors and clients. Some contractors need help in making the quantum leap from the informal (cash) economy to the formal (tax registered) economy. The work also has a wider dimension of lobbying on behalf of all black workers across the industry spectrum, such as in apprenticeship recruitment and the training, employment and contracting spheres. The scope of development has been enhanced by the infusion of financial support from Handsworth Task Force, however, this outside influence has reduced the capacity for self reliance.

8.3.3. Funding and its Limitations

The source and nature of funding can pose problems for self help, voluntary or community groups; self help can become mere self management. HBBA is no exception. Once the original grant from WMCC ran out, the on-going costs of HBBA were assumed by Handsworth Employment Scheme Ltd (HES), but quite clearly this was not a long term possibility. The members of HBBA themselves were not able to meet the costs of continuing the project, so the Government sponsored Handsworth Task Force (HTF) was approached for funding in September 1986.

Five other organisations also applied to HTF for grants to set up similar organisations to HBBA, each one claiming, with little apparent justification, to be the true representative of black contractors in Birmingham. It was the consensus opinion of the Management Committee of HBBA at that time that these other competitors for grant aid were opportunists trying to cash in on potential funds to the detriment of HBBA. As a report to the Birmingham Urban Renewal Committee noted,

Following the riots a number of organisations have sought to address themselves to encouraging greater involvement by small building companies and individual tradesmen in improvement schemes initiated by Housing Associations and the City Council... indeed one of the problems officers have been faced post Handsworth has been the flurry of activity in establishing these organisations, all with similar aims and objectives, but in many ways competing for a small resource.
(City of Birmingham 8/12/86).

It is important to recognise at this point that HBBA was disappointed that rivals should seek to undermine the progress that HBBA had already made. Up to that point HBBA was a black organisation with no geographical boundary qualification for members; indeed participants came from as far away as Coventry and Newport. Secondly, the other applicants were all organisations operating in the public sector which already had extensive experience of tapping public funds for projects. Only one of them represented a black perspective. That was a London based federation that had no existing base in the Birmingham area. All rival applicants had had more than enough opportunity to do something for or with black contractors using the funds that they already had at their disposal. Only HBBA had actually identified and drawn together a group of black contractors to try to deal with the problems they faced. Having done the groundwork, it seemed likely that someone else would come in and claim the benefit.

The HBBA proposal was considered along with the other five. Their main fear was that, as a black organisation with no track record, no assets and no relationships with the establishment, they would fail to measure up to the other projects emanating from the housing associations and the local authority. In due process of time the merits of the HBBA proposal were recognised and HBBA was awarded a grant of £105,000 for two years to promote the interests of small builders in the Handsworth area.

The problem with such funding lies in its short term nature and in the strings attached to the grant. The strings were that first of all the name 'black' had to be removed and replaced by 'Handsworth', presumably to demonstrate the link with Handsworth

Task Force. There has been some heated debate within the Association of the merits of focussing on the black contractor alone. Black consciousness and pride in the black identity are important psychological elements in a self help strategy; in this case they may be seen as a rallying point, an attempt to counter the traditional colour blind or negative perceptions held of black contractors by some parts of the construction industry. Colour blindness is not a response to the particular problems faced by black workers, on the contrary, it denies that any problem exists. However, there are some black contractors who do not share that view, and this is also the case with Asian contractors, who wish only to be known as contractors.

Secondly under Task Force regulations grants are not to be used for the personal financial gains of individuals. This ruling meant that no commercial contracting was to be undertaken. That means that HBBA is prevented from setting up a holding company or trading in its own right to win contracts and subcontract to members. HBBA wanted to act as a rallying point for black contractors and to promote community action. The real need of the Association and its members is for capital for investment with no strings attached, so that the profits can be ploughed back for further business expansion to the point where the organisation can become independent of public sector funding and external control. This loss of internal control has also been a source of contention amongst the membership, which has yet to be resolved, because no strategy has yet been agreed on which will bring an income to the organisation. The ironic point in this financial restriction is that one of the rival applicants, based with a Birmingham housing association, was funded by Handsworth Task Force to trade and reinvest the profits it made.

Central government, through the Task Force, was only prepared to support black contractors as long as the concept of race was dropped and no profit was made. As Green (1986) recognised, government funding does not provide the space to be radical. It is given on the basis of integration into the existing social structure. This attitude is wholly consistent with the 'conservative' paradigm which has a deep distrust of anything that might be remotely identified in the public eye as positive action,

or encouraging segregation as opposed to integration. In reality HBBA poses no threat; the aims of the Association are wholly consistent with the ideals of small business and entrepreneurship as a means to create more jobs and to revive the economy of Birmingham. The scope of the self help strategy is mediated by the need to turn to the state for extra resources. The state in turn is using the organisation to help solve social problems and diffuse discontent, but the result can mean that self reliance has become merely self management within boundaries defined externally.

8.4. Contract Compliance in Practice at the Local Level.

In Chapter seven I outlined the introduction of Contract Compliance in Britain and concluded that the ability of the policy to achieve any significant changes in black employment in the construction industry in the short run was strictly limited. The Birmingham City Contract Compliance Policy does not require contractors to be equal opportunity employers, or even mention the Race Relations Act 1976 or the Sex Discrimination Act 1975. What it does have is a thirty percent local labour clause on all inner city contracts.

This thirty percent local labour clause is an excellent example of the way in which the concepts of support for the inner city and urban regeneration, and action based on ethnic or racial origin become confused and this contributes to a failure to produce the expected result. Throughout the lifetime of HBBA, I have observed the implementation of thirty percent local labour clause from the black contractors' perspective. The following section evaluates the progress on one such initiative.

8.4.1. The Broughton Road Initiative.

The inner areas of Britain's industrial cities, such as Handsworth, have become a testing ground for schemes by local authorities and central government where each tries to outdo the other in their desire to be seen to be doing something about the accumulation of deprivation. Yet when measured in terms of total budget expenditure at central and local level, allocations on

equal opportunity policies receive only a tiny fraction of expenditure. It also needs to be seen in the context of steadily declining rate support grant to local authorities.

The Broughton Rd Initiative is a classic example of a scheme in which central and local government have competed all along for the credit for a project in which a relatively modest amount of expenditure on the pursuit of equal opportunity has been allowed. It also demonstrates how the concept of 'black', as in the example of the Association name, is politically unacceptable and has to be changed to be 'local' or 'area' based.

The Broughton Rd Initiative is one in which HBBA was hoping it could play a major role. It is a £1.6 million refurbishment scheme of thirty eight Victorian houses in the Rose Hill Housing Action Area of Handsworth in Birmingham. It is a joint project involving central government through the Departments of Employment and Environment, Handsworth Task Force, Birmingham City Council and Tarmac Ltd. Tarmac is the nominated managing agent. The scheme was forecast to employ up to one hundred people through subcontracting and provide construction training for twenty four local youths.

Plans for the scheme had been originally drawn up by the Urban Renewal department in Birmingham in 1985 as part of its ongoing work in an area of multi-occupation, but the scheme was held up waiting for approval from the Department of the Environment. Early in 1986 I was present at a meeting when it was made quite clear by City Officers that black workers would be given a chance to work on the project. After all, that was one of the major grievances aired after the riots in Lozells (Silverman 1985; Review Panel 1986). The then Secretary of State for the Environment, Kenneth Clarke, was fully supportive of the plan. However, going on site was delayed by several months of internal wrangling during the painstaking searching out of local labour (the reason for the delay varies between informants). Late in 1986 Kenneth Clarke welcomed the Project in very positive terms:

This exciting and innovative scheme marks a major step forward by bringing together in one project an urgently needed housing and environmental work with the creation of local jobs and the chance for local residents to

acquire new skills. We are ensuring that an inner city contract provides work and training for the residents of Handsworth at the same time as it improves the physical state of the area.

(Birmingham Evening Mail 26/11/86).

Political opposition to the employment goal of the scheme seems to have developed after Nicholas Ridley took over at the Department of the Environment. He has argued that Contract Compliance is illegal under EEC laws, because Contract Compliance seeks to impose non commercial conditions when tendering for contracts. Under the Local Government Bill (1986) his department has enforced a ban on local authorities carrying out Contract Compliance policy.

In the early days of negotiations, looking from the contractor's end of the initiative, it was clear to HBBA that Tarmac itself was less than enthusiastic in its support for the black/local labour employment aspects. Tarmac does not appear to have a good reputation amongst building workers and small contractors, in part it seems, because of the low wages paid.

A case study of the process of fragmentation in the construction industry by McKinley (1984) shows that Tarmac have emerged since 1978 as the building sector's most successful and best managed group. They have achieved this in part by taking advantage of the growth in repair and maintenance as a proportion of all construction work, when all other sectors of the industry have been hit by severe government limits on public expenditure and high interest rates.

Tarmac have also been at the forefront of the changes in construction work organisation through minimising overheads and accelerating the turnover of capital during the construction process. In this way variable capital is reduced by subcontracting rather than directly employing labour and it is the externalisation of the economic risks endemic to the contracting industry that ensures profitability (McKinley 1984). It is these type of strategies that the labour movement has tried to check and control through its sponsorship of Contract Compliance policy.

Tarmac has created a contractual flow of work with subcontracting firms providing the specialist labour and technical services. Tarmac site management controls a very few direct employees, their main task being to act as contract supervisors monitoring the work by specialist subcontractors firms for time and quality, on what is in essence a series of sequential tasks with tight time and monetary budgets (McKinley 1984).

For Tarmac the traditional methods of establishing contractor relations is said to be by competitive tender in which a number of contractors are provided with identical information about the proposed project and the lowest tender secures the job. In practice only Tarmac knows how contracts are awarded and they consider that to be a commercially sensitive trade secret. On two separate occasions I made contact with Tarmac and asked about the subcontracting procedures, without any satisfactory success. My interviews with other informants with first hand experience of negotiating with Tarmac have revealed that in practice other criteria are taken into account, not least of which is reputation and track record. It is these understated criterion that are often the most difficult for new, small or marginal firms to meet.

The implication of this subcontracting relationship and pattern of practice is that the contract compliance requirements are likely to be pushed down on to the subcontractors to meet, because few managing contractors employ direct labour in sufficient quantities to meet craft needs. In an industry where over ninety percent of construction firms employ fewer than seven people the implication is that if targeting on an ethnic origin basis is required, then the ethnic origin of subcontracting owners will have to be taken into account. Thus some consideration will have to be given to the development and training needs of ethnic minority owned contracting firms.

A further important consideration is that of cost. In the Broughton Rd Initiative the labour targeting costs of half a million pounds were met by the Handsworth Task Force. It is very unlikely that Tarmac would assume them of their own volition.

8.4.2. Black v Local.

The Broughton Rd scheme was going to happen anyway, wherever the money came from for it. It was planned as the next phase of urban renewal work in the Handsworth area and was awaiting Department of Environment approval. The first public announcement in the local press was in the following terms:

Blacks and Asians living in deprived inner city areas like Handsworth were thrown a jobs lifeline by Employment Minister Kenneth Clarke. He announced plans to put Britain's most deprived ethnic communities to work rebuilding the run down environments in which they live.

(Birmingham Evening Mail 23/6/1986)

On the other hand another local paper announced the project as,

Jobs quota for locals in inner city plan

A tough new jobs quota which will force building firms to employ local workers if they want contracts in inner city Birmingham... which will mean the creation of hundreds of new jobs for blacks and Asians living in the most deprived areas of the city

(Sunday Mercury 29/6/86).

Broughton Rd is the first, and possibly the last, time that central government has been prepared to support a scheme with a voluntary local labour element (the City was not able to have the local labour clause written into the contract). There is, however, no quota, because such a requirement would be contrary to the Race Relations Act 1976.

Probably due to the publicity surrounding the scheme, a hostile white reaction emerged. As the white backlash grew a further confirmation of the opposition to the path the Initiative appeared to be taking (that is positive action based on ethnic origin) was made by N Fairbairn MP who alleged that Broughton Rd was a form of racial discrimination against white builders (Birmingham Evening Mail 27/6/86).

Twelve months later the Broughton Rd Initiative had become, again in Kenneth Clarke's words as reported by the local press, 'a perfect blue print for schemes to help inner cities'.

Over the space of one year the concept of positive action for black construction workers had changed to the concept of positive action for inner city workers. The precise moment when 'black' became 'local' is known only to those directly involved, but it is entirely consistent with the 'conservative' perspective drawn up earlier.

In 1987 Clarke is reported to have said that the government is legally entitled to help inner city residents with local jobs under its Inner City Task Force programme:

Our policies for the inner cities must above all be aimed at the people who live there... what we don't want to see are people watching from the side lines while their neighbourhood is being rebuilt and then having no sense of responsibility for it when the suburban building contractors move on.
(Guardian 21/7/1987))

He added that Section 35 of the Race Relations Act does entitle employers to discriminate in favour of offering training to local people. Of course, the Race Relations Act relates to ethnic minorities not local people and this illustrates the muddle that can develop when people cannot say exactly what they mean. The Broughton Rd initiative demonstrates some of the difficulties inherent in attempting to address racial disadvantage within the existing Race Relations legislation in Britain.

8.4.3. From the Builders Perspective.

Involvement in HBBA gave me an insight into the way labour was recruited to Broughton Rd and some awareness of the practical problems that arose. HBBA was not allowed a representative on the Broughton Rd Committee. Tarmac were unable to discuss Broughton Rd with me because of its sensitive political nature. Ongoing informal conversations with officers from Birmingham Economic Development Unit and the Handsworth Task Force have informed this section.

From the contractor's viewpoint the most important aspect of Broughton Rd was the targeting of the project on the employment of black subcontractors. The long delays in coming on site were a

cause of scepticism about the whole project, and as the differences of opinion between central government departments and local government politicians raged in the local press, interest in the project as a benefit to themselves waned. On their part, black subcontractors objected when the emphasis, or conceptual switch, from 'black' to 'local' occurred, because they saw that as somehow ghettoising them, by inferring that it is alright for black workers to work in the inner city but not necessary to enforce such a demand in the rest of the city. (Local labour in the Broughton Rd context means the electoral inner city wards of Handsworth, Aston, Lozells, Soho and Newtown). They felt local labour clauses should apply to all work in the city, but then of course that could in practice be a sure way to rebound against them in prosperous white areas where they are not part of a local workforce. On the other hand and perhaps most important of all, not all black subcontractors live in or run their business in the Handsworth area, and they could potentially be excluded by the 'local' definition used on Broughton Rd.

A second cause of concern arose from the actual requirement of subcontracting from Tarmac. I have explained that many of Birmingham's black and Asian builders are general builders. Some of them did not want to subcontract to Tarmac as supply and fix subcontractors, but wanted to be the main contractor. Tarmac was a nominated contractor, which means there was no competitive tendering process. This arrangement between client and contractor was seen as a way of discriminating against businessmen such as themselves, who were small but wanted to become main contractors. Some builders thought that a demonstration of positive action could have been made to allow contracts to be negotiated for them too.

Thirdly Tarmac would have to take into account the structure and nature of the available black contractors. At present black general contractors do not have the resources required for a block refurbishment scheme of the kind Broughton Rd presents and were likely to need help.

The actual recruitment procedure was conducted by Tarmac through advertisement in the press, for 'subcontractors in Handsworth or

subcontractors who could supply labour who live in Handsworth' to write in for work in fifteen trades. The fifteen trades did not include carpentry and bricklaying and although this was justified to me later by a spokesman for HTF, the reason was never given to HBBA. The reason was that these trades would be filled by direct Tarmac employees and the trainees. Reference back to the Birmingham interviews shows that a high proportion of contractors are represented in the wood trades. At the time that seemed like an indirect means of excluding these black contractors, or it meant that they would have to change their field of expertise and certainly change from being jobbers or general builders to trade subcontractors.

Another problem derived from the fact that these contractors were unlikely to see the advertisement or write in, which may help to explain the relatively poor response reported by an Economic Development Unit (EDU) spokesperson at the time. A lack of success in the past in finding work from the local press has led to a situation where they tend to ignore this potential source of work. HBBA personally undertook to circulate every known black contractor or subcontractor in the West Midlands with the intention that they should apply for work.

8.4.4. The Outcome.

When the time for subcontractor selection came round Tarmac found a mismatch between the trades they needed and the trades offered (personal communication - Birmingham EDU). Other problems related to the fact that contractors could not meet some of the city Contract Compliance requirements on items such as Direct Labour, 714 Tax exemption or Vat registration. In addition some could not cope with the financial demand made from a contract to work on thirty eight houses. In short, the block of thirty eight houses was too big for them to handle at this stage. Also, there was a noticeable lack of business and craft skills required to meet Tarmac subcontracting standards on a project of this size. This is a direct result of poor access to training facilities and intermittent work experience in the black community.

The Broughton Rd Initiative would have been better able to meet the needs of small black contractors if the contract had been broken up into smaller blocks of houses. As it was, the conflict over interests, of meeting efficiency and value for money, with the need to quickly refurbish houses and get them back into occupation decided how the contract should be organised. The goal of supporting minority business, identifying and meeting minority needs was a subordinate consideration. Despite all the problems mentioned above a spokesman from Handsworth Task Force predicts an eighty percent local labour employment rate on the Broughton Rd Project. Detailed monitoring is taking place but the results are not publicly available. However, it has been reported to HBBA that six black subcontractors were awarded contracts on the scheme, and twenty three out of twenty four trainees were black. Much of the credit for the successful recruitment of black trainees has to go to a Handsworth Employment Scheme Officer and the persistence of HTF. It is doubtful if Tarmac alone would have had the resources or local contacts to achieve such a result alone.

8.5.5. Discussion and Conclusion.

HBBA is a unique community based organisation in Britain which seeks to improve the economic development of black workers and contractors in the construction industry. HTF funding has allowed HBBA to employ a Building Inspector and a Manager (Contracts Manager) to work with the black members to improve their management and contractual aspects of business. The nature of the funding is restrictive and does not allow for any innovative or experimental investment to improve contracting capacity.

It is too early yet to evaluate the worth of the Association and no measures of evaluation have been set for the employees, whose main function under the funding remains advisory. As far as the membership is concerned, one or two of them are still very bitter about what has happened to them as regards Urban Renewal and are unable to recognise any personal failings that may have contributed towards that process.

The two employees of the organisation, a building inspector and a contracts manager, have been instrumental in drawing in

contracting opportunities from the private and the public sector. Work has been found by the extension of information and personal contact networks which both these men brought into HBBA. A further success has been the winning of contracts worth nearly £750,000 by three members of the association from one local housing association; none of these companies had been accepted onto the housing association Approved List prior to joining HBBA. New younger members are being drawn into HBBA as word of mouth recommendation spreads news of the success that has been achieved so far.

Progress with Birmingham local authority has been very slow and disappointing, but meetings and pressure continue. The contractors who won work on Broughton Rd have been helped to gain access to a track record, to the city approved lists and to the Tarmac network. Hopefully the benefits of this project will be used by them as a starting point for future expansion and benefits will extend to other parts of the community.

The demise of Contract Compliance through the Local Government Bill has been seen as a blow to the pursuit of equal opportunity in construction (ILEA August 1987; London Borough of Lambeth 1987). In response to representations made to him about Contract Compliance Kenneth Clarke has said that there is no reason why voluntary equal opportunity or local recruitment should not be undertaken in the future. The evidence from America suggests that this is a rather naive expectation. An article detailing the attacks on Executive Order 11246 by the Reagan Administration (du Rivage 1985) claims that unpublished Department of Labor studies suggest that companies will not voluntarily promote equal employment opportunity; the author concludes that strong government enforcement is essential in combating discrimination in the workplace.

In the British case the cost of training and recruiting local labour on the Broughton Rd Initiative has not been met by the voluntary acts of Tarmac, but by Handsworth Task Force at a cost of £575,000 on a £1 million contract. In the absence of the Task Force it is unclear where funding would come from to undertake equivalent work on other schemes which set similar employment

targets. The explicit aim of Broughton Rd was first 'black', and then later 'local' employment and training, while at the same time improving the housing stock and speeding the process of urban regeneration. It appears to have been reasonably successful, but the cost has been met not by the client, or local government but by central government.

The concept of 'local' or 'inner city' is a woolly one when it is used to define an area of employment recruitment. In the public sphere it is a new development to target in favour of black workers under the local label. It could also be interpreted as contrary to the intentions of the Race Relations Act 1976. Also the implications of supporting it may have detrimental consequences if it is used against black employees by white employers in white areas. It de-emphasises the need to improve black employment prospects and black business development. It carries within it an assumption that local equals black or ethnic minority. It is perfectly possible that a project in another Birmingham inner city area would fail to find any black contractors or skilled labour.

Black development may contribute to inner city improvement and some black business may be located in the area, but if black business is to expand it cannot be confined in its activities either to an area or to a customer defined range of programmes. Black business has got to expand its economic base and the scope of its activities and it needs policies which are enabling rather than confining. The American experience in developing black business shows that decision makers have got to understand clearly the separate needs of developing black business and the wider goal of developing the inner city or the ghetto. The Birmingham experience in developing black business in construction has shown that there is a need for self help in conjunction with support and some 'hand holding' from the public sector. In the event of the public sector being unwilling to commit itself to such help except for a guarded commitment to support for the 'inner city' there is still scope for advancement in the private sector, but this is likely to depend upon the desire of central government to foster such an initiative.

SECTION FIVE

THE WAY FORWARD

CHAPTER 9.

SUMMARY, DISCUSSION AND CONCLUSION.

9.1. Background to the Research.

The underlying theme of this thesis is the economic development of a black minority community in a white majority society, through the experiences of one industry - construction.

The original aim of the research was to investigate the alleged exclusion of black building construction workers from urban renewal housing repair programmes in Handsworth, an inner city area of Birmingham, to find out if they were excluded, and if they were, to understand why.

Arising from this investigative research was a second objective. This was to make comparisons with America, by analysing the outcome of equal opportunity employment policies, such as Contract Compliance and Minority Business support in the American construction industry. This comparing and contrasting of the two countries offers the potential to make a positive contribution to the debate on equal opportunity policy and to the black builder's situation in Britain.

The major objective of this research has not been merely to generate more information on black workers, or on the relative conditions of blacks compared to whites in America and Britain. That has already been done. The premise on which this thesis is based is that the available information needs to be analysed in a way that has clear implications for the form of practical intervention that would reduce black-white inequality in the construction industry. Action that is not based on prior knowledge, information or analysis is unlikely to have any positive impact.

Much of the anti-racism debate in Britain to date has been conducted at the theoretical and ideological level. There is no shortage of wordy rhetoric, speeches and publications ranging across the political spectrum from that produced by militant

groups within the black community, across the liberal centre to the fascist right. Therefore, the practical dimension of this research has been to stand aside from the rhetoric as far as practicable. The practical 'applied' aspect of the research is the main subject of Chapter eight. In order to organise and understand the different viewpoints of the various actors involved three ideal type perspectives have been distinguished. They are a 'black perspective', a 'liberal' perspective and a 'conservative' perspective.

To summarise the main points briefly, people who share the 'black' perspective seek more economic and political power for poor minorities. There is a fundamental belief in the right to make their own decisions about their own lives. They believe that they have the right to choose whether to integrate or not and the right to obtain the same opportunities for jobs, housing, and social resources as other groups. The 'liberal' model assumes that racism and prejudice can be overcome. The 'liberal' model recognises racial disadvantage and acknowledges the need for compensatory special action. The 'conservative' perspective is based on the notion that it is successful people who make things work and opportunities for success are based in the individual and not in the group. The emphasis here is on the value of human capital and the meritocratic route to mobility. Proponents of this view tend to be colour blind and against positive action. None of the ideal type perspectives are necessarily mutually exclusive; policy can be based on elements drawn from each one.

9.2. Methods.

The research has drawn on a pluralist methodology. Secondary sources have been used where possible to give an overview of the two construction industries and the American comparative dimension. Field work was carried out in Britain and America. In Birmingham tape recorded semi-structured interviews were held with twenty eight black and Asian building contractors; in America interviews were held with five black building contractors and several key informants.

Additional material was derived from interviews, telephone conversations and correspondence with experts and interested persons such as trade union officers, local government officers and training agencies. Participant observation was the third type of method used with Handsworth Black Builders, an Association which was established in 1986 to help black builders in Birmingham to compete for public sector contracts. As a member of this Association I was able to develop a much deeper understanding of the builders' individual and common problems.

9.3. The Theoretical Framework.

The thesis has not specifically set out to test a hypothesis, although the research has been based on certain underlying assumptions. The first assumption is that racial discrimination does play a significant role in determining the life chances of black people. The second assumption is that government intervention through equal opportunity employment policies and positive action can contribute to bringing about an improvement in the socio-economic position of ethnic minorities.

The comparison with America is based primarily on a presumption that lessons learned in America can be applied in Britain. Secondly, there are striking similarities between the two countries in terms of segmentation in their construction industries and of the history of black workers. Blacks have a history of working in construction in America and Britain; however the extent to which effective or token participation has been allowed has varied over time. One striking example of this is that racism has been far more overt in America than in Britain. In Britain a colour blind attitude prevails, the effects of which are not so readily identifiable as they are in an overtly racist system.

The first assumption, of racial discrimination, is based on substantial empirical evidence (Brown 1984). Race relations legislation, anti-discrimination policies and equal opportunity policies are all part of a strategy to combat black-white socio-economic differences. Additionally, the development of an ethnic business class or sector has been proposed by many interested

commentators (Scarman 1982; Haynes 1983) as one way to break out of the stranglehold of black disadvantage and its resulting high levels of unemployment and poverty.

Much of the American literature on eradicating black economic disadvantage and discrimination has been concerned with two complementary themes. They are,

(a) the need for human resource development at the individual level;

(b) the potential for the development of ethnic minority owned businesses through the creation of a well trained manpower source in the black community.

Through these two strategies it was predicted that the black community in America could advance.

Underlying these two strategies is a belief in the importance to the individual of human capital resources. By applying this theory to the building industry, it is shown in Chapter five that the typical path to proprietorship is recruitment from the ranks of tradesmen; trade skills are an essential human capital resource for business ownership. Achieved skills acquired through access to apprenticeships and good quality training are significant factors in business development. Yet as Liebow noted of the American construction industry,

Menial jobs are not, by and large, the starting point of a track system which leads to even better jobs for those who are able and willing to do them... it is the apprentice who becomes a journeyman electrician, plumber, steamfitter or bricklayer, not the common unskilled Negro labourer"
(Liebow 1967 p63).

Chapter two discussed a second alternative theory of processes in the labour market which does not assume perfect access to occupations based on merit and achieved skills. The theory asserts that a critical determinant of economic opportunity is the existence of constraints within a given social structure, based on a reaction to ascribed characteristics.

Current understanding of the multiple factors which underlie the formation and expansion of an ethnic business class is based on retrospective analysis of the historical experiences of various ethnic groups. In both America and Britain the deliberate development of an ethnic business class is a relatively new phenomenon.

Explanations for the relatively low levels of black self employment and business formation in Britain and America have concentrated on aspects of cultural differences or on the socio-economic characteristics of the black community. These characteristics of accumulative disadvantage have produced a situation where there is a lack of collective social and capital resources to exploit in the business context. A lack of community cohesion and an absence of exploitable social networks adds a further dimension and helps to explain why Afro-Caribbean entrepreneurs have not developed an ethnic niche in Britain.

In contrast to the cultural theory, the interactive opportunity structure analysis takes into account the economic environment in which ethnic minority groups compete for employment. In this theory opportunities vary with time and place and in the extent to which they are open to particular ethnic groups. Any group at any given time may be able to build upon its skills and resources to take advantage of the prevailing opportunity structure, but this depends on the closeness of fit between the particular set of business opportunities and the resources available to members of a particular ethnic group.

The second assumption, that government intervention through equal opportunity policies and positive action can contribute to change, is based on the American experience. In the theoretical framework, in Chapter two, following Waldinger et al (1985) I suggested that government could take action in situations where it can be shown that a community does have the informal resources that can be used to competitive advantage. Government can concentrate on easing the constraints or access to business by creating programmes that would lower the credit barriers and improve market mechanisms, as well as provide training in business skills.

Black Britons identify with American blacks. It is from America that Britain has most to learn about the historical dimensions of racial discrimination and the development and successful implementation of a policy of equal opportunity in employment and affirmative action. The American experience of dealing with equal opportunity in employment over the last twenty years has offered invaluable insights into the economic development of a severely disadvantaged segment of the community.

9.4. Findings.

9.4.1. The Marginalisation of Black Builders.

I have described the position of black workers in the construction industry as displaying the characteristics of the secondary sector labour market. However, this is a handicap that can be overcome. In the construction industry there is the possibility of economic development in the black community by building on existing craft skills. This can be done by offering more training in craft and business skills and by lowering barriers to contracting clients. In addition the possibility for vertical or horizontal integration of companies does exist, despite the absence of any readily identifiable ethnic niche.

The research confirms that black building workers were excluded from the urban renewal projects that were carried out in the inner city areas of Birmingham. Although a variety of opportunities for work did exist in housing repair and maintenance, black workers were not able to take advantage of them. The thesis explains this exclusion in a number of ways. Some reasons are a function of the overall structure of the construction industry and others are related to the relatively disadvantaged position from which black contractors are competing with white business.

The construction industry provides an interesting focus of analysis because in the past its characteristics of relatively low entry requirements, flexibility and casualisation have given opportunities for the employment of successive flows of uneducated and unskilled or semi-skilled immigrants. In Chapter five many of the Afro-Caribbean builders relate how they came to Britain and

found work in construction, as illustrated by a Jamaican general builder who said that 'during the end of the late 50's early 60's you could find most of the Birmingham building sites had about fifty percent West Indian workers'.

There are opportunities for the upward social mobility of black workers, whereby a disadvantaged worker can find a stable job, good working conditions, career prospects and continuity of employment. An essential pre-requisite is that a person can acquire a degree of skill. For example, employment mobility can occur by making the transition to the American unionised sector, or in Britain it may occur through the public sector Direct Labour Organisations (DLO), or alternatively through setting up in business.

One set of contracting opportunities derives from the changes in the organisation of construction work. On large scale projects the majority of work is now carried out by subcontractors, who work under a managing contractor. Casualisation of the labour force has led to a higher degree of flexibility which in turn has allowed self employment and subcontracting to grow. A builder from St Kitts (Chapter five) has described how he recognised this trend and changed his directly employed workers to self employed workers in order to be able to compete in the market.

A second set of opportunities has arisen from the changes in housing policy. As public housing policy has moved away from clearance and new build, contract opportunities in repair and maintenance work offer an entry into entrepreneurship for those able to take advantage of them. This trend looks likely to continue in the foreseeable future.

Having illustrated two factors in the opportunity structure which favour self employment for builders the focus of attention now turns to barriers which intervene in the market. Employment in the construction industry also has its limitations. The work is seasonal and susceptible to the vagaries of the weather. Secondly, the transitory nature of work which has contributed to the process of fragmentation and casualisation also leads to greater uncertainty.

While some business owners and employers may benefit from fragmentation, because it allows individuals freedom to organise work and to negotiate their own contract or lump sum prices, there is also the element of risk caused by the inability to find continuous work. Fluctuations of work and intermittent employment contribute to low capital accumulation and a process of losing touch with the current trends in the market. Many of the Birmingham builders stated that their greatest problem at the time was in finding work.

I have argued that the relationship between an individual's skills and experiences and the interaction with a theoretically free market system is distorted by artificial barriers. Barriers or constraints to the labour market can be based on race or gender or class. Other imperfections are grounded in legislation, rules and procedures of operating which have developed over time. For example, obstacles to black employment in the American construction market include union agreements, minimum wage laws, and licensing laws. These conditions are specific to the American case and largely absent from the British context.

The importance of skill acquisition has been emphasised. The basis of a black Afro-Caribbean business, as distinct from a business run by Asians, is usually the exploitation of a skill demanded by the market (Ward 1987). It follows that for most blacks entry into the business class is dependent on having a craft to take advantage of in the first place. The thesis has shown that opportunities for entry into construction for black workers through the acquisition of the necessary craft skills is mediated, in America by a racist approach and in Britain by a colour blind approach to the needs of black workers. This is a significant finding of the thesis, that the construction industry has two labour markets and opportunities for black workers to cross the informal boundaries may depend on whether they have the necessary skills and experience. The colour blind or racist environment obstructs this process.

A further constraint lies in the recruitment system of construction workers. Informal recruitment patterns are common in the industry in the American open-shop and in the British private

sector. In Chapter four it was shown that Black workers are adversely affected by such patterns because they are more likely to be excluded from informal recruitment networks, but in the American case they were also excluded by the formal referral hall system.

Another factor in the British context is the total decline in construction employment and training opportunities. This raises the level of competition for jobs and contracts; again it means that blacks suffer disproportionately. As more and more applicants apply for fewer good quality training schemes the less likely it is for blacks to be admitted. As a consequence there is a tendency for young blacks to be trained in the poorer quality non-employer based schemes (Pollert 1985).

This training limits their capacity to go on to become successful business owners because they do not have the basic knowledge and skills required for such activity. Factors such as their experience of on-site procedures, the organisation of task flow sequences, and their speed of work are of an inferior standard to those learned by competitors who have graduated from good Construction Industry Training Board (CITB) sponsored courses. The failure of the training system to meet the needs of blacks means that black contractors cannot find sufficient good quality black labour and the potential for reducing black youth unemployment is diminished. The process of disadvantage is then carried on to the second generation. As one black general builder said, 'there are not many blacks who have the skills that are required on the job'.

In America craft unions have in the past deliberately excluded blacks through manipulating the apprenticeship system, through licensing, through fraternal systems of recruitment, exams, and nepotism in sponsorship. Black workers were kept out of the mechanical trades and confined to labouring and the trowel trades (Chapter four). The effect was to confine them to the lowest paying jobs, to work in the repair and maintenance segment and in the open-shop labour market. All of these factors contribute to the formation of marginal, 'mom and pop' type building companies.

In construction the development of human relationships, personal networks and a good reputation are probably as important for business development as the acquisition of good craft skills. This is not to underplay the importance of craft skills, but a business owner can always buy skills in if he has the entrepreneurial flair to run a successful and expanding business. The relationship which exists between a builder and his bank manager, or his merchant supplier was discussed by the Birmingham builders. The more important relationship with building inspectors and urban renewal officers was one which for black builders contributed towards their marginalisation. A general builder explained how one problem that occurs can be where an inspector doesn't like a particular builder; he can report the builder without him ever knowing about it.

I have shown that the majority of Birmingham contractors were concentrated in residential repair and maintenance work (Chapter five). However, the potential for exploiting this market has been limited because of the activities of public sector urban renewal strategies; the Birmingham builders complained of being pushed out of the market. A general builder complained that when urban renewal came in 'it knocked the whole complete system of small builders right through the floor'.

Activity in the informal economy contributes towards the inability of some builders to meet public sector qualifying criteria. The more professional demands are made of public contractors by the tighter enforcement of higher levels of qualification requirements to carry out urban renewal work, the greater the problems of the small builder.

Black contractors in America were also marginal to the mainstream construction markets. However, the factor that really set black American contractors on the road to profitability and expansion was the opening up of access to public sector work. American contractors described the new opportunities that they were able to exploit when affirmative action policies were implemented in city, state and federal construction work (Chapter six). For example, the contracting opportunities opened up by the Washington DCI 95

Law was a factor which encouraged builders like Ms Dunlop to set up in business.

To summarise, in the context of the opportunity structure in the construction industry in Birmingham, major constraints to black construction business development have been identified. On the one hand the constraints lie in the personal background of contractors, that is in the level of skill, education and training of the men. These problems are indicators of racial disadvantage resulting from racism, from their structural position as secondary sector labour, reinforced by a continuing colour blind attitude in the industry. Another major constraint is the institutionalisation of approved lists of contractors in the public sector. Such lists have a variety of compliance requirements, which has meant that marginal and disadvantaged contractors are unable to compete with more established firms.

One other area of importance is the relationship between the operation of the informal economy and the formal one. For example, the possession of the correct Inland Revenue (714 Certificate) and VAT documents is essential for competing in the public sector. Some of the respondents did not have these documents, but nevertheless continued to seek public sector work.

My conclusion on the profile of black building contractors in Birmingham in 1987 is that they remain, with one or two notable exceptions, very small businesses operating with few directly employed operatives, limited in their capacity to generate either capital or large scale work for black people. Black builders came to Britain with a trade. Their success in business development has been limited. Many of them are excluded from informal networks of contracting and some are also unable to compete in the public sector because they have been operating in the informal economy.

Business and economic development is also constrained by an inadequate supply of skilled labour; the potential supply of new skilled and experienced craft workers for the future development of a contractor based economic niche is severely limited because of restricted access for black youths to good quality training and

work experience. Institutional racism in the CITB and MSC reinforce the problems of exclusion.

Restricted access to contracts and historical racism have begun to be transformed in America by the imposition of affirmative action. Opportunities for business development do vary with time, place and the economic opportunity structure. The quotations from Birmingham builders, together with the case studies of contractors in Washington DC, Detroit and Atlanta, illustrate the variation in opportunity structures that have arisen over the last twenty years. Such opportunity structures are closely linked to economic and political factors.

This analysis of the structural position of black contractors in Birmingham and America has been used as a contextual framework for analysing the potential for equal opportunity policies, such as Contract Compliance, as a relevant positive action policy.

9.4.2. Positive Action Policies in Construction.

The second assumption in the thesis is that government intervention through equal opportunity policy and positive action can contribute to an improvement in the socio-economic position of ethnic minorities. Positive action in construction can involve at least two strategies,

- (a) through ensuring equal employment opportunities exist in the industry for employees (that is raising the demand for labour);
- (b) through mechanisms to improve the business development of ethnic minority contractors (that is through improving the quality and supply of business skills).

Thus the second aim of the research has been to look at equal opportunity policies in the construction industry which have the potential to develop black business.

I have compared the development and implementation in two countries of equal opportunity employment policies which aim to improve the employment prospects of black employees in construction, that is, the policy known as Contract Compliance. American Contract Compliance requires positive action to be taken

on behalf of black workers. Briefly, federal Contract Compliance under the Office of Federal Contract Compliance Programmes (OFCCP) regulations is an obligation to take positive measures to hire and promote qualified minorities with sanctions and remedies in case of default. Employers with over fifty staff must have a written Affirmative Action Plan (AAP) to increase their employment ratio of targeted groups, within a certain timeframe in areas where they are under-represented. The burden of proof is on the contractor.

The idea of taking positive action is contentious. Before considering whether such a policy is relevant or applicable in Britain we need to know if the strategy was successful in America. First of all, we should recall that the reason affirmative action was needed in America was because of the inability of anti-discrimination legislation to bring about any quantifiable change in employment patterns (Chapter seven).

A major finding of the thesis is that there is no evidence to show that equal opportunity Contract Compliance under the OFCCP was successful in the construction industry.

In the absence of any reliable research into the effect of the Contract Compliance policy on construction a number of studies have been reviewed which reach conflicting conclusions. In Chapter seven an analysis of American Contract Compliance in construction showed national data on the employment of black workers which suggest that the potential impact on black employment in construction has not been achieved. The work of Jonathon Leonard is often quoted in Britain as the definitive work on Contract Compliance. It is important to remember that only two percent of the Leonard sample were construction firms, which calls into question the relevance of his thesis for the construction industry. Comparing firms with Contract Compliance policy and those without Leonard said,

Contract compliance has a small steady, but peculiarly large effect in promoting the employment of minorities, blacks, Hispanics... the employment shares of all these groups increase faster among the contractor companies than among similar non contractors... A notable factor is that one of the most effective policies for increasing minority and female employment in the US is simply added growth. Companies that

are growing can accommodate pressures from contract compliance because they have the job opportunities and they are able to increase employment of minorities and females. So economic growth is crucial to this process. It prevents a purely redistributive gain which pits one party against another. (Leonard 1985 p22-23)

Leonard also found that the larger companies tend to have better records in Contract Compliance because larger companies already have a formal personnel department which can deal with the bureaucracy involved. Small companies on the other hand tend not to have come into contact with the Contract Compliance officers and to be relatively ignorant about how the programme works. The criteria for a successful Contract Compliance policy, according to Leonard, are growth and expansion and size of company. The impact on construction has been limited because the typical firm in this industry employs fewer than fifty operatives, which puts them outside the scope of the legislation. Very few firms expand - on the contrary new ones are set up - and the industry in general has experienced severe competition as the sector has contracted.

Other reasons are related to the historical exclusion of black workers. When Contract Compliance raised the demand for black labour the men were not trained in the necessary skills or experienced enough for employers to use. Contract Compliance can only help those who have skills but are excluded by racial discrimination. Further problems arose because of the intransigence of craft union and referral halls in the face of the federal legislation. As was shown in Chapter four, craft union power over the recruitment of union labour meant that employers were not able to circumvent the referral halls when they recruited unionised skills.

9.4.3. Comparison between Britain and America of Contract Compliance.

In Britain, the pressure for positive action has arisen mainly from sections of the ethnic community and specific sections of the labour movement. I argued (Chapter seven) that British Contract Compliance in local authorities is a revival of the existing Standing Orders which are drawn up to deal with outside

contractors. What is new is a requirement of contractors that they should be equal opportunity employers.

In the absence of any meaningful lead by Central Government or industry to tackle the twin problems of racial discrimination and disadvantage, beyond the prohibition of overt or indirect racial discrimination, which in the context of the construction industry is so very difficult to detect, as evidenced by the Annual Reports of the CRE, the task has been taken up by some local authorities and some community based self-help organisations.

However, the requirement to take positive action is only legally permissible in Britain within certain narrowly defined parameters. British contractors are not required to have positive action plans to recruit black workers. Using the American differentiation between 'weak' and 'strong' affirmative action, the British policies are quite clearly 'weak'; 'strong' measures are not legal and not sanctioned by central government.

The debate in the Standing Committee of the Local Government Bill 1987, clearly demonstrates the lack of willingness on the part of central government, either to acknowledge a need for positive action, or to allow local authorities to take positive action in its contracting relationships with the private sector (House of Commons Standing Committee on the Local Government Bill 1987).

There can be little meaningful evaluation of the outcome of British Contract Compliance. In its short lifespan there has not been time to monitor progress or do more than refine procedures. What is interesting, however, is the way in which the policy evolved and how groups who represent the different perspectives referred to in the opening paragraphs have compromised their aims in order to achieve a common goal.

In comparison with American Contract Compliance policy, Contract Compliance in Britain has arisen from the conflict between two sectors of government and not from the needs of black workers suffering from racism in construction. The differences between the historical development of affirmative action in America and positive action in Britain, analysed in Chapter seven, illustrates

how the needs of black people for equal opportunity in employment have been stimulated by the activities of widely different interest groups.

There are a number of factors which have contributed to the variable forms of implementation of the American Contract Compliance policy, such as the strength of political will and political climate of governments and judicial leadership, but most significant at the local level is the support of black controlled political administrations in an expanding economic environment.

In America, when Contract Compliance was a government strategy without enforcement powers (that is, action could only be taken on a voluntary basis), nothing happened. Based on the evidence of forty years of empty gestures and undelivered promises on equal opportunity, the Civil Rights movement (a pluralist coalition of disparate pressure groups) forced the federal government to put both its moral and political support behind extremely radical policies such as compulsory federal Contract Compliance.

The wide political base which supported a culture of affirmative action has allowed the growth of compulsory Contract Compliance over twenty years from being a simple instruction to federal contractors to take affirmative action in employment, to the setting of goals, timetables and plans for achieving positive, quantifiable changes in the employment of targeted groups. The goals have been augmented by similar support for business development. Not only has political support been centrally legitimated by Presidential Orders, but Supreme Court decisions and Congress have also upheld the policy.

A further reinforcement to the policy has been added by the replication in thirty four states and fifty city administrations. While it is true that in the 1970's and early 1980's a political consensus existed over so called 'weak' action, political dissent has grown in the mid 1980's as 'weak' actions have been superceded by 'strong' actions. It was noted in Chapter seven that 'weak' actions are generally socially acceptable; 'strong' actions are not because they involve target numbers and set-aside

opportunities for workers on the basis of ethnicity rather than merit.

The commitment of many varied groups in America has been impressive, as my own visit to America revealed. On a similar visit to Dallas Business in the Community representatives found,

One striking impression was that the whole of Dallas civil society appeared to have made a commitment to the promotion of equal opportunity policies.
(Guardian 30/4/1987).

There is no corresponding commitment in Britain. The Chairman of the committee which introduced Contract Compliance to Britain, Carr, quotes from the GLC experience,

While some firms at the moment resent and reject contract compliance as an intrusion, most do not. There are still huge areas of employment where most anti-discrimination law seems hardly to have been heard of or acted upon. It is broadly, although by no means wholly true that bigger firms are better, but there does not appear to be very much understanding in the broader reaches of industry and commerce as to how, even when they do learn of their equal opportunity obligations, and understand them, they can implement them effectively"
(Carr 1987 p20).

It is significant that there does seem to be a marked reluctance on the part of British employers to accept any responsibility for improving race relations or eliminating discrimination in employment. Many employers do appear to be largely unaware of the legislation and place it low on their list of priorities; the research undertaken by Birmingham Community Relations Council (1986) confirms this. It may be, of course, that the differing legislative pressures in America, the heavy financial penalties and rewards, play a significant part in this process.

A second reason for reluctance to take action may be that black and ethnic minority groups are still relatively unwelcome in white Britain. They are perceived as immigrants who belong elsewhere, who will 'go home' at some time in the future.

The attitude persists that taking positive action to help black people, which may use up scarce resources, means a consequent

diminution of resources available for white people. It is the fear of offending the white population that contributes to the profusion of inner city policy based on socially acceptable targets of spatial assistance, but denies the validity of assistance based on race, as was demonstrated in Chapter eight where an urban renewal initiative in Broughton Rd began as a 'black' support scheme but became one to help inner city local labour (see Cross (1978) and Edwards (1987) for further illumination on this observation).

That such a lack of interest has been shown by British employers might also be explained by the differences in absolute levels of the non white ethnic population in comparison with America. The geographical concentration of people of New Commonwealth origin in Britain has made race relations the potential concern of a minority of declining industrial areas who already have multiple problems of urban decline, of old inadequate housing, decaying public buildings, high rates of unemployment and a decline in the rate base from which to draw funds to meet these chronic needs.

In America, it is because ethnic minority groups (as defined in Appendix A) make up such a large proportion of the total American population, and because they are concentrated in poor, urban areas which ensures that their needs have to be taken seriously. The American political system has also helped because the division of power across federal, state and city level allows greater freedom to introduce radical policy. For instance, one such power is the ability to raise taxes, to manipulate the tax base through abatement or incentives. This is a powerful weapon that British local authorities do not possess and the ability to raise local income and develop a local economy is being constantly eroded (Blunkett and Jackson 1987).

There is an overwhelming difference between American and British government attitudes towards policy at the local level. In Britain the main thrust of the Conservative government policy for local government has been to curtail and restrict power in favour of greater centralisation by the State.

The thinking behind Contract Compliance involves an unwritten assumption that racial discrimination alone is holding black building workers back. I would argue that racial disadvantage is an effect of racial discrimination that would remain even if racial discrimination did not exist. The effects need to be tackled on more than one front; Contract Compliance is a labour demand related strategy, but requiring contractors to be equal opportunity employers will not improve the short term prospects of people who need skill and management training before they can compete on an equal basis. A complementary strategy should involve continuous training and support for ethnic business.

9.4.4. Minority Business Support, Set-Asides.

A labour supply related strategy which covers training and business contracting opportunities is also part of the American equal opportunity policy package. In America the Small Business Administration (SBA) has developed programmes which target disadvantaged business. In addition to the usual advice, counselling and support facilities, which can be collectively termed contractor enhancement programmes, there are set-asides.

Under the label of 'strong' affirmative action the set-aside procurement programmes have ensured that a fair or fixed percentage of contracts or dollars is available for disadvantaged or minority builders. Competition is confined within a sheltered market of similarly disadvantaged owners.

Set-asides have been legislated for by Congress as well as state and local governments. Where suitably qualified firms have been available there has been notable success. But in many cases the contractor enhancement has to precede the contractor set-aside. This inevitably takes time.

There have been problems over set-aside. There has been resistance from those companies who have a vested interest in retaining a share in a lucrative federally funded sector of the construction industry, but on the whole, set-asides have proved to be successful. Surveys on black business ownership show outstanding successes at the local level; one indicator of this success is

that the dollar share of black contractors from federal contracts has risen.

Set-asides as developed in America are not legal in Britain. Set-asides are supported by those of the 'black' perspective, there is mixed support from the 'liberals' and outright condemnation and hostility by the 'conservatives'. There is as yet in Britain no evidence that an interlocking of interests is likely to occur over the introduction of policies such as set-asides in the construction industry; this is in marked contrast to Contract Compliance which does have union backing.

9.5. The Way Forward.

The American experience shows us that certain conditions need to be fulfilled if the potential of positive action policy is to be realised. One such condition, as Leonard emphasised, is the state of the market. The second is the political environment which prevails at any given time. The third is the strength of commitment which authorities are prepared to make in their equal opportunity policy.

9.5.1. The Market.

To consider the market first, there have to be market conditions and opportunities which favour the easy entry of new firms. In theory it could be said that an increase in repair and maintenance work would benefit the minority contractor, and that was certainly the unwritten assumption of the managers of the Inner City Partnership Programme (ICPP) building projects. There were men in the community who had building skills and were experienced in small scale repair and maintenance; they should have been able to exploit the market opportunities. In practice we have seen that the market is imperfect and constraints intervene which prevent black contractors taking up market opportunities.

An additional factor to take into account is the actual behaviour of other market competitors. Market opportunities change. The opportunities that existed for the Irish at previous times in the past century were different. It now requires some sort of public

intervention, as in America, to recreate conditions in which the minority firm can flourish. As market opportunities change, and in the case of construction decline, large sized building companies have moved down market into the repair and maintenance sector. For example, by co-operating with these large sized firms the Birmingham Local Authority has managed to capitalise on the ability to combine economies of scale with its objective of block renewal and refurbishment. But this has been to the disadvantage of the small builder. As a Jamaican electrical contractor saw it, 'since the work has been going out to block to bigger contractors the smaller contractors, whether they are ethnic minority builders or not, were not getting the jobs at all'.

9.5.2. The Political Environment.

A second factor facilitating change is the nature of political support. Support for a comprehensive equal opportunity policy in Birmingham City Council, as in many others, is more symbolic than real. As Wilmott (1987) describes it, equal opportunity has been accepted as ideological rhetoric but rarely implemented as reality and even where it has been implemented, policy has had only a marginal impact on practice. In the case of Contract Compliance, there is no evidence of wholehearted support for the introduction of the equal opportunity dimension of the policy as understood by the American practitioners.

The national political and cultural environment in Britain is not conducive to calls for positive action to deal with racism and social injustice. This means that many companies and local authorities have an excuse to be half hearted over race issues, to ignore the CRE Code of Practice and to do nothing to tackle racial discrimination or deal with racial disadvantage. The cultural pressures in America have been different. Throughout the Johnson and Carter administrations the concept of affirmative action was supported. It has only been with the advent of the right wing Reagan administration that the affirmative action culture has gone into reverse.

Equal opportunity does not happen spontaneously; it requires a series of factors to come together to provide the impetus for

change (Lee 1987). It needs more than 'black' agitation or 'liberal' sentiment and good will to change strongly held attitudes and beliefs. Political action is needed to translate the rhetoric of 'liberals' into reality before black and minority origin people will notice any appreciable change in their lives. This means that blacks and Asians have got to exert greater political pressure on public policy and decision making than they have done until now.

While there is a need to organise autonomously, for example in self-help and community organisations, or in black sections inside trade unions and the Labour party and indeed any other organisation that has political or economic influence, the overall scope for separatism is limited. Collective black action is essential for devising a strategy, but that strategy has to be played out on the main political arena. There is always a danger that separatism in organisations might become isolationism and marginalisation, so that the pressure on the mainstream is reduced. Alliances have to be made with every group that shares a similar interest, such as trade unions in the British context.

The concept of self help has support from the 'black', 'liberal' and 'conservative' perspectives. In practice many groups have been helping themselves since they arrived in Britain, for instance, in education, where Saturday schools have been set up. However, to reduce discrimination and disadvantage in employment there has to be action from the state and consent from the rest of society.

Black self-help groups emerge because of a failure of existing agencies to change their traditional practices and procedures. In the case of the builders none of the existing building trade associations or trade unions could be said to show any awareness of the particular needs of black builders because they have a colour blind attitude.

Self-help can play a part in change; one way to do this is to recognise the role that specially created projects such as HBBA can play. The role of HBBA has been to unite a disparate group of individuals to give them a collective voice in the market. The process of generating an understanding of the potential for

collective action is slowly developing. As the general manager of HBBA reported at the second Annual General Meeting,

Successes achieved have been hard won through the relentless and collective efforts of all those committed to the establishment, development and advancement of the Association.
(HBBA AGM 1988)

The limitations of a self-help strategy is that HBBA can do nothing by itself to change the system of recruitment and training and contracting in the construction industry. Moreover, there is an added danger that the subject of equal opportunity becomes marginalised and the system continues in spite of an alternative and remains unaffected by it.

The concept of self-help involves the idea of people getting together to pursue their common aims using their own resources. The problem is that they have to rely on meagre resources, and where public funding is sought, as is the case with HBBA, the funding conditions place restrictions on what can be attempted and achieved. The major limitation to HBBA activity has been the inability to act as a contractor in its own right. In theory it should be possible to win contracts and subcontract work to HBBA members, thereby enabling them to build up a track record under supervised conditions, to enable some members to acquire Tax Exemption Certificates and for their future business expansion. But trading is precluded by the terms on which funding has been made, as detailed in Chapter eight, which means there has been less scope for innovation or risk taking. However, the Association is optimistic about the outcome of ongoing discussions on the matter with the Handsworth Task Force.

9.5.3. The Commitment of Interested Groups.

The rationale behind black self help is to retain a black identity and to recognise the importance of collective action for a group of people who share a common interest. The struggle for change has arisen from the failure of existing structures to address the needs of black contractors or black workers.

There was commitment from the government, through Handsworth Task Force, to the ideals and values of the builders, as far as they coincide with the 'conservative' perspective of self employment and the promotion of the individual in the 'enterprise economy'. But on the other hand without public funding it is doubtful whether the organisation would have been able to continue to function at all. Without the full time input of two workers it is difficult to see who could have represented the interests of the members as a credible force.

The thesis has demonstrated that there is very little evidence that organised labour in Britain has seriously confronted the issue of racism within its own ranks, or the reality of material disadvantage amongst those who have borne the brunt of racism and discrimination. In the mid 1980's we have seen a resurgence of interest in equal opportunity by the unions, but this needs to be understood in the context of continuing high levels of unemployment, falling union membership levels and conflict with central government over the role of public versus private provision of services, rather than a genuine commitment to equal opportunity.

Nevertheless the widespread introduction at local government level of Contract Compliance over the past five years has been the result of combined interests within the labour movement and the supporters of equal opportunity in employment strategies. Trade unionists and community activist groups recognised that although they had different goals, for example comparing the goal of the 'black' perspective with that of the 'liberal', on this issue there were overlapping interests which found common ground in an alliance.

Action on racism has a place within the class struggle, but it cannot be reduced to the common level of class struggle. There has to be a race dimension to the struggle for equal opportunity. But there have to be allies to secure a place on the local policy agenda for ethnic issues. Such a struggle can be promoted through collective alliances with other groups who are committed to equal opportunity within all established and powerful organisations, in all political parties and business and professional organisations.

This is essential if the legitimacy of the issue is to be recognised by the majority.

If the political climate is to change there needs to be greater pressure from the black communities themselves in collaboration with those of the 'liberal' perspective. The majority of Britain's black and Asian people do have citizen rights and electoral power. To wield power in their favour an ethnic group has to exert influence on the local political and economic machinery. For a time in London an alliance of overlapping interests did hold power.

In Britain the alliance of overlapping interests accepted the means of Contract Compliance policy within local authorities to achieve the ends of equal opportunity for blacks. But at the same time the alliance was attempting to radically change employment conditions and restructure the nature of the construction industry.

An illustration of an alliance of overlapping interests occurred in the London Boroughs. The "Target 82 Campaign" was an alliance of revolutionary socialists, community activists, and left wing trade unionists, the women's movement and black sections (the new left as opposed to the old labourist right). For a time this coalition was successful. Ken Livingstone won the leadership of the GLC, and the new left won control of Boroughs such as Hackney, Islington, Camden, Haringey, Lambeth and Lewisham in 1982 and Brent in 1986 (Veness 1987). In theoretical terms 'policy entrepreneurs' (Young and Connolly 1981) inside the GLC and other London Boroughs tackled racist practices, demonstrated a strong will to ensure radical change and a determination to enforce change.

Following the election of such an alliance there followed a short period of radical change in terms of equal opportunity policies, setting up Contract Compliance Units, new structures and black or ethnic minority initiatives. There was a predictable backlash from a racist press, from the 'conservatives' and parts of the old non 'liberal' labour movement. Yet one important ingredient was missing in the conspiracy of interests - that of central

government. The example of what happened in the GLC is a lesson of temporary progress, but once the alliance lost power, the momentum had gone. The pursuit of positive action was short lived because the power of the GLC and London Boroughs was not equal to the power of central government.

In the absence of any qualitative evaluation of British Contract Compliance Units, which is an area for future research, it is worthwhile mentioning just a few of the most striking aspects of the policy. First there is the disparity of views between the construction professionals and the equal opportunity professionals about the role each group should play in controlling the construction industry. Secondly, it was the complexity of British requirements that contributed to its downfall, and ultimately equal opportunity became the last in a long list of goals which were primarily the goals of the trade unions and not specifically of the black community. The complexity of British Contract Compliance policies bears little comparison with the relatively simple American requirement, of equal opportunity and affirmative action in employment. For the future the government has promised to allow local authorities to comply with their obligations under the Race Relations Act. However, the early indications are that Contract Compliance, as it is understood in America, is unlikely to be allowed in Britain.

At the moment the issue of equal opportunity in employment in the construction industry is in a state of confusion. Government legislation has taken the teeth out of what was, in comparison with American policy, a very weak and piecemeal strategy for change. Government has allowed local authorities to conduct a limited form of Contract Compliance in line with their responsibilities under Section 71 of the Race Relations Act 1976. The Home Office have proposed that only 'approved' questions may be asked of contractors and these will be laid down by the Secretary of State. This is in direct conflict with the advice of the Commission for Racial Equality (CRE), which also falls under the direction of the Home Office. The CRE has drawn up a questionnaire on Contract Compliance for employers to use, but the proposed Home Office questions are of such a limited value in comparison that they are almost meaningless.

9.6. The Direction of Future Research.

This thesis has looked briefly at the lives of black builders and evaluated the potential of positive action policies in the construction industry. There are many areas of research yet to be undertaken, the following are just a few of the more obvious ones. There is a need for further research into the economic contribution that black builders have made to the British and American construction industry. In addition future research should be made on the experiences of black and minority contractors in other cities; this would improve the comparative dimension.

A second area of future research lies in the gender dimension of equal opportunity policy. This research has looked at men and job opportunities for men; there is further scope for research into the way in which women experience the construction industry.

Thirdly, we still do not know very much about small builders generally, about how they operate on a week by week basis, and how they establish relationships with other contractors. On the policy side there is scope for evaluating the real effects of business support initiatives, on whether, for example, the growth in advice agencies is actually matched by any real business growth.

9.7. Conclusion.

The American experience in the construction industry demonstrates that a multi-dimensional package of equal opportunity strategies is needed if change in employment opportunities for ethnic minority workers is to be made. The package has to cover all aspects of the industry from apprentice trainees to employment, to business ownership and access to contracting opportunities.

If the potential for economic development is to be realised there are both short term and long term aims to meet. For the short term future it appears that the self help strategy through HBBA and co-operation with sympathetic agencies will be the path to pursue for black builders in Birmingham.

HBBA has modelled itself on the American associations of minority contractors. It represents an example of good practice because the idea has been conceived and executed by the black building community as direct action in relation to their own structural position. It is an example of black people fighting for their own success. It fits in well with the government ideology of an 'enterprise economy'. This also means it has more chance of success than if the idea had been imposed from above.

HBBA has managed to obtain both central and local government support for its aims and objectives. It has understood the constraints of the market and tried to widen contracting opportunities for its members across both public and private sector. However, the extent to which self-help, mutual support organisations are able to influence local or national policies still has to be demonstrated.

In the long term the most essential precondition for successful expansion of equal opportunity in employment is that a commitment should be made by central government. There is also a need for the private sector to become involved if meaningful social and economic change is to occur.

Yet that commitment must be based on an understanding of the two different but closely related problems that are involved. Black and ethnic minority people in Britain suffer from urban deprivation which is compounded by racial discrimination. By concentrating effort on the effects of urban decay there is a danger of diverting attention away from race to the inner city; thus the race dimension becomes fudged. Such policies then result in the situation referred to in the opening pages of this thesis, where Birmingham spent millions of pounds in the inner city areas but local ethnic minorities did not appreciably benefit.

Definitions used in this report.

1. Black, Asian or Ethnic Minority.

The term black is commonly used in Britain to describe people who originally came from the New Commonwealth countries. It is used in a political sense rather than a specific sense. In this thesis I wanted to be able to distinguish between persons from the Afro-Caribbean countries and from Asian. Thus, in the British context black in this thesis refers to people of West Indian or Afro-Caribbean origin. Asian refers to people of Indian, Bangladeshi or Pakistani origin. Since the historical, cultural and socio-economic position of people of these ethnic groups varies so markedly, I do not consider that it is acceptable to lump the two immigrant groups together under one label of 'black'. However, other authors do not make this distinction and so the term black, as it is used by the press and specifically in the case of Broughton Rd in Chapter eight, is a political and collective useage.

More often the term ethnic minority is used in British literature and in public discourse to describe groups of people who are not white or British. It does not carry the political implications that the term black has, but it is disliked by many people because it can cloud the role that colour actually plays in ethnic issues. I have used the term ethnic minority when appropriate.

Black in the American context refers to American blacks whether descended from African slaves or from the West Indies. In America, a nation made up of ethnic minorities, the problem is dealt with more easily. Affected or protected classes are defined by the Department of Labour; such groups can include women, members of religious sects, handicapped persons, Vietnam War veterans and disabled veterans of all wars. Women in America are a protected group where Contract Compliance is concerned, but they are not a minority.

The definition of ethnic minority adopted by the federal government in, for example, Public Law 95-507, includes any individual who is :

Black (all persons having origins in any of the Black African racial groups not of Hispanic origin); Hispanic (all persons of Mexican, Puerto Rican, Cuban, Central or South American or other Spanish culture of origin, regardless of race); Asian and Pacific Islanders (all persons having origins in any of the original peoples of the Far East, Southeast Asia, the Indian Subcontinent, or the Pacific Islands); and American Indian or Alaskan Native (all persons having origins in any of the original peoples of North America and maintaining identifiable tribal affiliations through membership and participation or community identification.
(Research Atlanta 1986 p2.)

1.2. The Building or Construction Industry.

The terminology used to describe the building or construction industry is problematic. The Inland Revenue describes construction as

almost anything that is done to a permanent or temporary building structure, civil engineering work or installation. It includes site preparation, construction, alteration, repair, dismantling, demolition.

(Inland Revenue 1980).

The Inland Revenue describe a contractor as any person carrying on a business whose trading activities include construction operations. Other writers use the term 'builder' and 'contractor' interchangeably. The nature of the contracting process allows this to be so. In Ludman (1985) the builder does the physical work; if he is the only operative on the site, or if he employs other builders by subcontracting out sections of work to them, he is the main contractor, who may do some of the work himself and contract out some, or he may do none of it and subcontract it all.

A subcontractor may be a craftsman such as a bricklayer or bricklaying firm, plasterer, joiner, central heating engineer/installer or any of these who may in turn subcontract out work further to subcontractors in his own employ, thus creating a hierarchy.

This attempt to define what exactly is a builder or a subcontractor or a contractor is important because of the need to define exactly what is being discussed in the research report. Many men who are employed in building work call themselves builders. Yet in the definitions offered above the relationship to the ownership of the means of production is clearly not straightforward. Is a man who sells his labour only strictly speaking a builder (he does building work), a contractor (of labour) or just a subcontractor? Is a man who sells his labour only, but is self employed to do that, really running a business in the sense that a person who runs a business has to have capital, goods and resources available to him?.

Overall responsibility for the work rests with the contractor, responsibility for the subcontracted work with the subcontractor and with the contractor. The term subcontracting used to be specific to the construction industry, but its practice is becoming more widespread. It is a term also frequently used today to describe areas of work formerly undertaken by local authority direct employees, which is now put out to open competition with the private sector as a result of recent government legislation, e.g. under the Local Government and Planning and Land Act 1980, cleaning, school meals and refuse collection must be opened up to competitive tender. The ability or opportunity to move from contractor status to subcontractor may change with each new client and contract, thus making it extremely difficult to categorise firms, except on a site by site or contract basis.

Tradesmen or operatives in the industry can include crafts in brickwork, carpentry, joinery, painting and decorating, plastering, mastic asphaltting, wall and floor tiling, built up felt roofing, fencing, woodcutting machining, roof slating and tiling, stonemasonry, shopfitting, demolition, glazing and steeplejack work. There are also the electrical engineers, plumbing and central heating installation. This very long list demonstrates the enormous variation of trade and specialist possibilities that are open to entrants in the industry. In order to gain as broad a picture as possible of black involvement the limits of enquiry of this research were not restricted to any particular trade. A final complication derives from the fact that a tradesman may set up as a building /contracting/subcontracting business, but he may also remain a tradesman.

The Lump.

Almost half the operatives employed in construction are self employed in one form or another. The distinction drawn between the self employed or the 'lump' worker is not always clear. In 1976 the government set up a Construction Industry Manpower Board to look at the lump and the nature of employment in the industry. The committee was wound up in 1980 without reaching a decision because it could not find any means to measure employment activity in any meaningful way.

The concept of the lump originates from bogus self employment in the late 1960's and early 1970's, where workers claimed to be self employed mainly for tax evasion purposes. It occurred because the structure of contracting was changing as the main contractor contracted out work; the subcontractor contracted for a piece or lump of that work and the worker was hired for his labour only. Payment took the form of a lump sum for the completion of a specified task or a piece rate, for example per 1000 bricks laid (Austrin 1980).

Legislation which tightened up on the lump was passed in 1977, when the Tax Certificate 714 came into use. In the 1980's the concept of the lump has become mixed up with 'cowboy' builders and the 'black economy' worker. (Contract Journal 22/3/84).

1.3.Small Business.

There are considerable problems in defining a small construction company. The criteria used to define a small construction company vary from size in terms of people employed (Hillebrandt 1971; Norris 1984), where small is 25 employees or less, or to size in terms of turnover (Green 1984). The focus is however usually on the status of the owner.

The literature on small business often describes an 'entrepreneur' as a person who sees an unmet gap in the market which needs to be filled and steps in and exploits it. In construction the structure of the industry through the practices of employers, largely forces individuals into self employment, rather than individuals recognising an opportunity for profit. This enforced self employment becomes a half way stage to forming a business. Half of all self employed males in the construction industry are labour only workers and they have not taken on the multiple role of a proprietor such as described in the trade journal National Builder. For them a small construction firm is one

where the principle or principles are personally still in direct day to day control of all or most of office and site management functions. In short, where the governor still goes round with a ruler in his pocket. He is busy at many things because in many cases he is the buyer, estimator, site manager, safety officer, accountant and large part of the office staff all rolled into one.

(National Builder 1984 p166).

APPENDIX B

A Semi-Structured Interview Schedule for Black and Asian Builders.

The questions are to be used as a guide to the interview.

A) Background and craft skills.

1. What craft are you skilled in?
2. When did you start in the trade?
3. How did you come to be in the trade, as a trained immigrant or did you serve an apprenticeship in Britain?
4. Do you have friends or family in construction, here, at home, in the USA?
5. Do you live here or elsewhere?

B) Business profile.

6. When did you set up in business?
7. Was it on your own or with someone else?
8. Why did you set up in business?
9. How many employees do you have. How many direct . What trades are they?
10. Would you be able to take on any black / white trainees?
11. What ethnic origin are your employees?
12. Does your wife or any other family member help in the business?
13. Does your wife work outside the home, if so where?
14. What market do you trade in. House repair, Urban renewal, Sub contracting. Commercial. Industrial. Other?
15. Is that trading confined within the inner city or do you go any where else?
16. Who are your customers, black, white, Asian?
17. Do you make regular use of an accountant?

C) Constraints.

18. How is your relationship with the bank. Do you have any problems in getting the service you need. Now, or when you first started?

19. Which suppliers do you use? Do they allow credit. How long for, how much?
20. Are you on the Urban Renewal Approved List, or the Birmingham City building list. Have you applied to go on it. What happened?
21. What percentage of your workload is with House Improvement Grants?
22. Have you tried any of the following for work: Housing Associations. Architects for nomination, Managing contractors such as Laing, Wimpey. Work from friends or the ethnic community?
23. What difference has urban renewal made to your business?

D) External Linkages.

24. Are you a member of a trade association?
25. Are you a member of a trade union, have you ever been?
26. Do you advertise for work anywhere, e.g yellow pages, shop boards, van, business card?
27. Is there a network of employees that you call on when work is available?
28. Do you have much contact with community organisations such as WIFA or the church or temple?
29. Do you mix socially with other builders, eg in the pub or clubs?
30. What has been your level of work over the last six months?
31. Are there any particular problems that you experience as a black builder?

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