In the past several years increasing attention has been attracted by the dual labor market theory. This model has been used to explain a wide range of labor market phenomena, including poverty, low-wage employment, the irregular economy, discrimination (against Blacks, Mexican-Americans, and women), and the simultaneous occurrence of inflation and unemployment. Though intuitively appealing, the dual labor market theory has not been subjected to much empirical inquiry. The purpose of this article is to conduct a statistical investigation of the nature of duality in the American labor market with particular emphasis on the character of stratification within the labor market.

DUAL LABOR MARKET THEORY

The dual labor market theory posits the existence of two separate labor markets in which there is mobility within a particular market but no mobility between the two markets. The two labor markets in the “dual economy” are stratified along two general dimensions—by the characteristics of jobs and by the characteristics of individuals. These two principal forms of stratification interact, in the initial formulation of the theory, to produce a cumulative portrait of the two labor markets.

The primary sector contains the privileged members of the labor force. It is governed by an internal labor market in which there is relatively good working conditions, high pay, job security, administrative protection of jobs, and mobility along seniority tracks. These jobs require a particular type of worker, according to Doeringer and Piore’s formulation, with

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personality traits that are compatible with work in the primary sector; for example, a substantial degree of work discipline, reliability, trustworthiness, receptivity to on-the-job training. The primary sector has evolved jobs with substantial skill specificity, requiring on-the-job training as opposed to formal education. Typically, the worker enters at a relatively low skill job in “ports of entry” and by virtue of seniority progresses upward, receiving the necessary on-the-job training at each juncture.

The secondary sector consists of jobs that do not possess much skill specificity. The labor pool to fill these jobs is comparatively undifferentiated, approaching a homogeneous mass of raw labor power. There is little or no on-the-job training required to perform these jobs and turnover is high. Further, as a consequence of the absence of union protection, there is no codification of work rules and seniority privileges as is the case in the internal labor market of the primary sector. Moreover, the workers who fill these jobs manifest traits that are compatible with these jobs—poor work discipline, high rates of turnover and instability, unreliability on the job, and the like. As a consequence, jobs in the secondary sector pay low wages, have poor working conditions, provide little job security, and have high turnover.

Hence, in the Doeringer-Piore formulation there is an interaction between the characteristics of jobs and the characteristics of individuals. At this point their argument intersects with the familiar culture of poverty thesis that individuals are poor because they do not possess the requisite personal characteristics to be anything but poor. We do not have the space in this article to explore this issue, but a growing body of literature casts substantial doubt on these elements of our conventional wisdom. 5

The dual labor market theory is not a new formulation, but rather a resurrection of older theoretical concepts which for many decades have been largely overlooked. J.S. Mill, in his Principles of Political Economy, provides a quite contemporary formulation:

So complete, indeed, has hitherto been the separation, so strongly worked the line of demarkation, between the different grades of laborers, as to be almost equivalent to an hereditary distinction of cast... 6

Mill also had a keen insight into why, in today’s terminology, workers in the primary sector, working under relatively more pleasant conditions, would earn more than those in the secondary sector by virtue of their protection from competition:

The superiority of reward is not here the consequence of competition,