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Economic integration and labour market change

Malcolm Cross and Roger Waldinger

1. Orientations

This paper sets out to provide an overview of the current issues arising from the incorporation of migrants in the economies of industrial states, with particular reference to Europe and North America. The story is one where considerable parallels exist but also where it is important to appreciate differences. These will be considered as they arise but debates in the research literature have been profoundly affected by three which are worth mentioning at the outset.

1.1 The North American and European comparison

First, it is still true in North America that immigration is considered as potentially beneficial, whereas broadly speaking that has not been true in Western Europe in the period since 1945. Even in the period before 1974 when some countries (notably Germany) constructed labour mobility schemes for economic development, these were not immigration programmes. However naively, it was anticipated that the gastarbeiter system, - as its name suggests, - was temporary. Other examples, such as the free movement of migrants into Britain until 1962 from the former colonies, were also not planned but rather were the result of assumptions of imperial responsibility. The result is that there has never been in Europe a debate concerning the benefits or costs associated with immigration as there has been in both Canada and the USA. In the USA recently, for example, there has been considerable discussion on the most appropriate policy for skilled migration (Papademetriou and Yale-Loehr 1996).

A second difference lies in the alternative strategies concerning the public sector, and in particular the provisions of the welfare state. While within Western Europe there are enormous variations, there are few examples which come close to the minimalist assumptions in the USA (Esping-Anderson 1990; 1993). For example, in 1996 social secu-
rity contributions in Germany reached 41.7 per cent of wages and salaries (Economist, 12-18 July 1997). This is not merely a question of welfare payments but, more important for this paper, it involves levels of employment regulation. One consequence of what is considered by some economists as the over-regulation and rigidities of European labour markets is their relative failure to deliver new jobs. There is some degree of support for this view. For example, in the United States total employment grew by 15.7 per cent in the decade ending in 1996, whereas in Germany, France and Britain job growth was pretty flat (Economist, 5-11 July 1997). Over the past 20 years, it has been estimated that 36m new jobs have been generated in the United States, 86 per cent of them in the private sector. This compares with only 5 million new jobs in the countries of the European Union over the same period, only one million of which were in the private sector (Economist, 15-21 February 1997). Since 1991, the USA economy created 8 million jobs, many of them in high tech companies, while in the EU, 5 million jobs were lost. Although some of this difference may be accounted for by poor quality jobs, often part-time, the general consensus is that this is not an adequate explanation of the differences.

It does, however, say very little about all jobs created because these figures exclude the informal sector. Indeed there is considerable reason for supposing that more regulated labour markets create the conditions in which informal work becomes economically advantageous for employers and employees alike. Thus, in the US the size of the informal sector is relatively small compared with Europe. There is a relationship between the informal economy and undocumented migration since jobs in the informal sector do not depend upon identity papers and social security numbers. While the relationship exists, and will be commented upon in the sections that follow, it is not as simple as some commentators assume. Thus, in 1996 the US Immigration and Naturalisation Service estimated that Texas alone had over 600,000 undocumented immigrants. Police in Houston estimate that over 150,000 labourers, about 85 per cent of them undocumented gather every day in search of a job, but these are not necessarily working in the informal sector (Economist, 7-13 June 1997). Similarly, some studies of undocumented migrants in Europe have shown that the majority pay tax on their incomes (Engbersen 1996).

A third major difference, which is probably linked to the issue of employment regulation, is the level of structural unemployment in different countries. By and large, the last few years have seen a dramatic reduction in unemployment levels in the USA but not in Canada. Unemployment rates in early 1997 show that only Britain and the Netherlands of the EU countries, at 5.7 per cent and 5.9 per cent respectively, come close to the US average figure of just under 5 per cent. Other lev-

els in Europe tend to be far higher (Belgium 12.6 per cent; France 12.5 per cent, Germany 11.4 per cent; Italy 12.4 per cent; Spain 21.7 per cent) and have led to a concentrated debate on the reasons for high unemployment levels, particularly long-term rates.

1.2 The critical processes

In this section, we shall provide thumbnail sketches of a small number of North American and European cities, not with the intention of providing a random selection, still less in order to draw precise conclusions. The purpose is to provide a context for the thematic sections that follow. Notwithstanding major national, regional and local differences, certain common features stand out.

1.2.1 The United States: New York and Los Angeles

In 1994 the US Census Bureau concluded that 22.6 million people were foreign-born, which is the highest proportion since the 1940s. Nearly four and a half million arrived in the period 1990-94, half of them from Latin America. New York City has been profoundly changed by both economic and demographic transformations since 1950. At that time, the city contained a clear majority of whites of European origin working in a mix of white collar employment and blue collar industries. In 1950, manufacturing, construction and the wholesale trade accounted for nearly 43 per cent of the city's 3.47m jobs (Mollenkopf 1993). Forty years later the number of jobs had fallen by five per cent and the same sectors now contained only 17 per cent of the total. Deindustrialisation had been accompanied by a massive increase in the proportion of jobs in finance and government services. The serious downturn in manufacturing has, however, only been compensated to some extent by the growth in low-level service jobs. What has also occurred is a burgeoning of small-scale entrepreneurship, some of it in the twilight areas of legality. It is claimed that 17 per cent of the city's economy lies in the informal sector and that this is a focal point for new migrant population (Jones-Correa, forthcoming).

As New York has consolidated its position as a 'global city' so too has its population become transformed. Even as late as 1970, 63 per cent of the population was non-Hispanic white, mostly of European origin. By 1990, this population had fallen to 43 per cent. Amongst the 'minorities', the fastest growing populations were the Hispanic population (especially the non-Puerto Ricans) and the Asian population. Over
the period 1970-1990, the foreign-born population rose from 18 per cent to 29 per cent. The city also takes a very high proportion of migrants from some areas. For example, 40 per cent of all Caribbean immigrants settle in the city (Waldinger, 1996). Whereas a generation ago the dominant Hispanic group was Puerto Rican, the west side story today is far more mixed with Dominicans, Colombians and Ecuadorians joining other non-Hispanic groups, such as the Haitians, in an ever more complex ethnic mosaic.

Within the city some areas have changed beyond all recognition. Thus in Queens, for example, 36 per cent of the population is foreign-born and there are large populations of Chinese, Guyanese, Dominicans, Colombians, Jamaicans, Koreans, Indians, Ecuadorians, Filipinos, Romanians, Pakistanis, Iranians, Salvadorians and Greeks (Jackson 1995; Jones-Correa, forthcoming).

Not only have new immigrants increased dramatically in the United States, they have also become more concentrated. California illustrates this trend most graphically and now accounts for one third of all immigrants to the United States. Within California, Los Angeles has become what Rumbaut (1994) calls 'the premier immigration capital of the world'; together with New York City, LA contains five million immigrants or a quarter of all foreign-born people in the US as a whole.

Several of the top economic sectors in California - especially agriculture, apparel, and construction - depend almost exclusively on immigrant labour. (Rumbaut 1994: 586)

According to the most recent estimates, 'Non-Hispanic whites' have declined to only 37.5 per cent of the population of Los Angeles. This is largely a result of inward migration from Mexico and other South American countries. During the 1970s, the Hispanic population of Los Angeles County nearly doubled from 1.2m to 2.1m and in the decade of the 1980s it rose again by another 1.3m. The economy of Los Angeles has become increasingly post-industrial with a rapid decline after 1970 in manufacturing and service industries. In parallel, major occupational shifts have occurred with major declines in unskilled jobs and huge increases in professional and administrative positions (Clark and McNicholas 1995). In terms of the consequences of these changes, there is a clear link between them. The new positions at the top of the occupational ladder have been disproportionately filled by non-Hispanic whites and blacks, while the lower level service jobs and a high proportion of the remaining unskilled positions in industry have become more likely to be filled by Hispanic migrants.

What is perhaps more important is that these changes have been not only dramatic but also sudden, leading to areas of the city changing their populations in under two decades. For example, areas of the city such as Compton have experienced a rapid transition from being predominantly black to having an Hispanic majority. The consequence has been heightened tensions between native blacks and migrants, particularly those that are undocumented (Johnson and Oliver 1989). The Hispanic population of Los Angeles reports racism against them by the police and by the city administration where most points of entry are black controlled. In return, blacks are most likely to target Asians and Hispanics as likely to take their jobs (Johnson et al 1996). The tensions created by these reactions boiled over famously in the serious disturbances of April 1994 when the Korean-owned stores in some parts of Los Angeles were also the targets for firebombers and looters.

1.2.2 Germany: Duisburg and Frankfurt/M

In Germany, the change in the relationship between foreigners and the world of work has been very rapid. In 1970, when the foreign-born population aged 15-65 was under 2m, only 0.26 per cent were without employment; by 1994, when the foreigner population in this age range was over 5m, the figure had risen to 25.7 per cent (Frey and Mammey 1996: 91). Older industrial cities on the Ruhr, where foreign workers were originally directed, have undergone deindustrialisation with major job losses in the traditional sectors of mining and steel production. Between 1970 and 1993 in the City of Duisburg 41.7 per cent of jobs were lost in the secondary sector and unemployment rates have risen faster even than for the other Ruhr cities. In 1970, the unemployment rate in Duisburg was 1.1 per cent; by 1993, it was 13.8 per cent. Over the period 1975-1993, the proportion of foreign-born population rose from 10.2 per cent to 16.4 per cent and unemployment appears to have had a disproportionate effect upon the migrant population (Friedrichs 1995).

Frankfurt/Main is the leading financial centre on the Continent of Europe, containing more than 400 major financial institutions, nearly two-thirds of them foreign-owned banks. In 1994, the European Monetary Institute, the possible forerunner to a European Central Bank, opened in Frankfurt/Main. With a major international airport and trade fairs alone attracting more than 2.5m visitors a year, Frankfurt is a leading contender for consideration as a 'global city'. Although major manufacturing job losses have occurred, these have been more than offset by growth in the tertiary sector which now accounts for three-quarters of total jobs. Over this period of massive transformation, the foreign-born population of the city has risen dramatically. In 1970, the foreign population was 78,837 out of a total population of 669,635 (11.8 per cent). By 1994, the foreign population was 190,965 out of a
total of 654,443 (29.2 per cent). This rise is not due to foreign bankers arriving to work in global finance; the fastest growing groups in the period from 1986-1994 were Yugoslavs, Moroccans and Poles.

As in most European cities, the unemployment rate in Frankfurt has tended to rise over the last two decades, notwithstanding major economic growth. The foreign-born population has overall unemployment rates that are near to what would be expected. Thus, the total unemployment rate for the city increased from 2.4 per cent in 1980 to 7.5 per cent in 1994. Over that period, foreigners increased from 21.6 per cent of the employed to 31.2 per cent. More telling, perhaps, is an indication that the designation ‘foreign-born population’ masks a great deal of heterogeneity. Some are clearly prospering as entrepreneurs in a buoyant local economy; others appear to be destined to become part of a process of long-term exclusion. In 1982 18.6 per cent of public assistance claimants were foreign-born; by 1993, this figure had risen dramatically to 46.4 per cent.

The processes identified above for two cities in Germany are also identified in studies which depend on national statistics, notwithstanding considerable inter-city differences. For example, amongst the unemployed in Germany, there are considerable differences by national and ethnic origin. For example, when the unemployment rate overall in 1994 was 9.2 per cent, for Turks it was 19.7 per cent and for Greeks and Italians 16.7 per cent and 18.6 per cent respectively. On the other hand, the rate was barely above the national average for Yugoslavs (10.2 per cent) and those from Spain (11.2 per cent) (Frey and Mammey 1996: 86). Also, the number of unemployed foreigners obtaining welfare assistance has increased dramatically. In 1977 there were only 4,000 foreigners in this position and by 1991 69,180 or nearly 32 per cent of all those receiving welfare benefits (Frey and Mammey 1996: 88).

1.2.3 United Kingdom: Liverpool and Greater London

In the British case very similar processes appear to be at work. A parallel case to Duisburg might be Liverpool which has undergone devastating job losses over the last 20 years. The relatively small ethnic minority population (3.8 per cent at the 1991 census), is strongly represented amongst the unemployed. In 1991, 30 per cent of black males were unemployed in the city as whole, compared with 26 per cent of the white male population. In the three inner city wards in which the black population is concentrated this figure rose to 44 per cent, compared with 37 per cent for white males. The picture, however, is one in which the economic woes of the city are shared between black and white, albeit with a disproportionate impact upon blacks (Moore 1992).

Greater London experienced a 60 per cent loss of manufacturing jobs between 1971 and 1989 (Buck et al. 1992: 83). Over the same time period, the jobs available in finance and producer services rose from 520,000 to just under 800,000. Service jobs have grown especially in Outer London and in the regions beyond. Associated with this transition has gone a gradual relocation of employment prospects from the centre outwards. London contains 58 per cent of Britain's 'black' population and 35 per cent of those of South Asian origin, totalling over 1m people (Owen 1992; 1993a; 1993b; 1993c). Ethnic minorities constituted 20 per cent of the total population in 1991, compared with 9 per cent of households a decade earlier. The 'black' population is heavily concentrated in Inner London, while the majority of 'Asians' live in Outer London. This latter category, however, masks an important difference. It is composed of three separable groupings (with considerable cultural complexities within each). Indians are concentrated in Outer London, notably in the West London boroughs of Ealing, Brent, Hounslow and Harrow, while the Pakistani population is more evenly distributed. Bangladeshis, however, are heavily concentrated in Inner London where they are largely located in the East End, forming 23 per cent of the population in the borough of Tower Hamlets, adjacent to the City of London and to the Docklands development zone.

This disparity in spatial distribution is also matched by differences in economic position. While ethnic minority men have very similar economic activity rates to white males, they are less likely to be working as employees. The reasons, however, differ for different groups. The disparity between black and white men is because the former are much more likely to be unemployed (27 per cent compared with 12 per cent). For South Asian men the lower level of participation as an employee is partly because of higher unemployment levels but also because of higher levels of participation as employers and own account or self-employed workers. In self-employment and own account workers, South Asians in London are as well represented as the indigenous population, although the evidence suggests that this concentration is highly segmented, in the sense that it is located in particular sectors. It has been claimed, for example, that seven out of ten newsagents in Greater London are Asian owned (Lyon and West 1995: 409). What is equally clear, however, is that such enterprises are not confined to the 'ethnic' market, they are not economically marginal and they are not geographically concentrated but dispersed (Lyon and West 1995).

Ethnic minorities are more strongly represented amongst London's unemployed than they were a decade ago, both because they are more numerous and because they appear to have been disproportionately af-
fected by the downturn in economic fortunes affecting the capital at the end of the decade (and subsequently). The data suggest that the Bangladeshi population has experienced a remarkable downturn in its economic fortunes consequent upon a marked deterioration in employment prospects with a rise in unemployment from 16.7 per cent to 35.8 per cent. Those of black and Pakistani origin have also experienced a downturn in the likelihood of employment, while the Indian population only saw unemployment rise from 11.4 per cent to 11.8 per cent (Cross 1993).

South Asians are not located in the same position as the black population. Indeed, they do not have a 'normal' minority distribution across socio-economic categories, being strongly over-represented in professional employment and being very close in other non-manual work. Their distribution is in fact bi-modal, being over-represented in professional work and in semi-skilled employment. The black population, by contrast, reveals a typical minority incorporation at the bottom end of the employment structure. In 1993 it was estimated that 70 per cent of young (18-24) males of Caribbean origin in inner London were unemployed. Only a small proportion of the black population is in professional and managerial employment, regardless of whereabouts in the city they live (10.8 per cent in Inner London; 13.7 per cent in Outer London) but this pattern is not true for some other groups, like the Bangladeshi population, which has extremely high levels of unemployment in the area of Tower Hamlets where many live, but much lower levels outside the inner city.

1.2.4 France: Marseilles and Paris

While the evidence is partial and fragmentary, this general picture may be present in other European cities. The data for France, for example, is poor for ethnic groups but evidence by nationality appears to confirm this picture. In Marseilles, to take an important example of a city with a high migrant and minority population, the city has become progressively poorer with deindustrialisation, but this appears to have affected both the North African population and the native French. Forty-four per cent of the population are unemployed, in receipt of family benefit or are classified under the poverty threshold. The North African (Maghrebian) population is largely concentrated in the peripheral housing projects, where unemployment rates are considerably higher than for the city as a whole, but an important and long-established population of North African origin - often engaged in trade - can be found near the waterfront (Tarrius 1992).

In Paris, by contrast, deindustrialisation has been accompanied by a compensating growth in the tertiary sector. Eighty per cent of France's advanced services are in the Paris region which contains the same proportion of the headquarters of the country's 200 largest firms. Paris has also experienced a larger increase in the proportion of foreigners, although no data are available for ethnic minorities. The proportion of foreigners in Paris was 14 per cent in 1990, but this population is becoming rapidly concentrated in the banlieues or suburban public housing estates (Hargreaves 1996). In 1975, 15 per cent of households headed by foreign nationals lived in such estates; by 1990, it was 28 per cent overall, and 42 per cent for those from the Maghreb (INSEE 1992; Hargreaves 1996: 612). This concentration is evident also in growing disparities in the probability of unemployment. In the Ile de France in 1968, the unemployment rate overall was 2.9 per cent; by 1990 it was 9.2 per cent but this growth hides a worsening ratio between the unemployment rates for the foreign population and the native born. In the Ile de France for men this was 1.86 in 1968 and 2.3 in 1990. For women the disparity was greater; 1.3 in 1968 and 2.6 in 1990 (Body-Gendrot 1995).

1.2.5 The Netherlands: Rotterdam and Amsterdam

A final example comes from the Netherlands. The first point to note is that the four-city agglomeration of the Randstad has probably served to lessen the differences between cities, as has the economic success of this urban area with a 'green heart'. The traditional port city of Rotterdam, for example, might have suffered the fate of Duisburg or Liverpool - and to some extent shares features in common with them - but deindustrialisation has been tempered in this case by the fact that the city is the largest port in Europe, the entrepot for German industry and an economic asset that contributes 10 per cent of Dutch GDP. Nonetheless, selective outmigration has combined with new immigration and high rates of natural growth from youthful minority populations to produce a major transition. In the period from 1986 to 1993, the proportion of the population of the city classified as 'ethnic minority' rose by nearly 40 per cent to 21.3 per cent of the total (Kloosterman 1995). Whatever successes Rotterdam has had in building a modern industrial city on its trading base, this has not been translated into employment opportunities for the minority population. Only one in five Turks and Moroccans aged 15-64 is working, compared with 41 per cent of the Surinamese/Antillian population and 61 per cent of the Dutch. This exclusion from active labour force participation is a combination of ex-
exceptionally high unemployment rates, high levels of registered 'disability' and low labour force participation rates for Muslim women.

Although a city whose golden age was based on trade, Amsterdam is now close to most definitions of a 'global city' (Sassen 1991). Eighty-five per cent of jobs are now in services, with most of the recent growth in the consumer sector. Overall population decline has halted and Amsterdam has been highly successful in attracting new employment opportunities. The familiar increase in the proportion of the population from ethnic minority origins is evident here too. The growth has been from 18.2 per cent in 1983 to 28.7 per cent in 1994. It is probable that some groups, notably the Turkish and Moroccan populations have grown in recent years by about ten per cent a year (Cross 1995: 54). These populations now reveal very high unemployment rates. Robert Kloosterman (1995) records unemployment rates of 12 per cent for Dutch males in the city in 1994; 20 per cent for Surinamese and Antillians, 25 per cent for Moroccans and 40 per cent for Turkish men. Perhaps of even greater interest is that when other forms of non-participation in employment are included, the total 'outsider' rate for the city rises to 47 per cent of the 15-64 population; a total in which ethnic minorities and migrants are heavily over-represented.

Two other features of the Amsterdam position are evident from Kloosterman's research. The first is that when looking at minorities in the city there is marked heterogeneity between different groups in terms of sectoral representation. Surinamese and Antillians show little differences from the indigenous Dutch, while the Turks and Moroccans are over-represented in both what remains of manufacturing (their original locations) and personal services. The second point is that self-employment levels differ markedly between ethnic groups. More than one in ten Turks are self-employed and the rate is almost as high for Southern Europeans. This compares with 1.2 per cent for Antilleans and 3.4 per cent for Surinamese. Thus the group whose economic position appears most fragile in terms of regular employment is, in fact, emerging strongly to take advantage of the economic transition towards a consumer-service based economy.

1.3 Conclusion

The first striking feature of both the North American and European cities included in this overview is the degree of concentration of migrants and ethnic minorities in them, and the degree to which this has grown in recent years. A second feature is the rising levels of unemployment of these groups in those cities when compared with the indig-enous population. Migrants who arrived in many European cities from former colonies or those recruited under gastarbeiter systems in the 1960s and early 1970s, originally revealed very low rates of unemployment. After 1980, this pattern changed rather dramatically and migrants and ethnic minorities are now strongly over-represented in the ranks of the long-term unemployed (cf. Cross 1994; Dangschat 1994; Hollifield 1992; Kloosterman 1994a). A third feature is that of ethnic diversity. Not all migrant communities have been affected in the same way. The contours of these differences, and the reasons for them will feature in the sections that follow.

2. The economic impact of migration

The economic effects of migration is a hotly contested field, although the debates are far more sophisticated in North America than in Europe where in recent years it has been less common to argue a case for the economic benefits of labour movement from outside the EU. This was not always the case. Indeed, the logic behind the gastarbeiter system in what was then West Germany was entirely one of economic benefits (Cross 1989). In recent years, the focus in North America has remained on the relationship between migration and economic growth but has been supplemented by two issues; the first dealing with the effects of low-wage migrants on the wages of native workers and, second, the effects of migration on public sector costs.

2.1 Migration and economic growth

The relationship between large-scale international migration and economic growth has been hard to prove either way. On the one hand, there are those who point to the willingness of migrants to take low-wage jobs, the high levels of ambition which many migrants demonstrate and the flexibility which comes from having a regular supply of labour. In the United States, until very recently, the general consensus amongst economists assessing the macro-economic impact of international migration was positive. Immigrants increase returns to capital, they have a minor effect on other wages, their entrepreneurship generates jobs and they may enable a country to remain competitive in an industry in which it would otherwise lose out to international competition (Papademetriou 1994). In some cases the proponents of international
migration will also point to the positive effects on countries of origin (Kennedy 1996; Simon 1989).

On the other hand, this position is opposed by those who point to higher levels of unemployment amongst the foreign born, the prevalence of large family sizes with attendant costs and the negative effects of competition with established minorities. A pool of low-skilled labour may defer the restructuring and re-organisation of industry; it may create 'sweat shop' labour conditions and undercut the power of trade unions to maintain standards. A particular feature of more recent US debates has been the argument that international migration has dramatically changed in character, so that what may have been an economic boon at one time is becoming an economic penalty now as new waves of migrants show less capacity to achieve social mobility and skill acquisition (Borjas 1994).

A report by the US Census Bureau on the foreign born population in 1996 gave some comfort to both critics of current immigration patterns and to defenders. On the one hand, non-citizens amongst the foreign-born were three times as likely as native-born Americans (31.6 per cent/10.0 per cent) to be non-high school graduates, nearly twice as likely to receive cash welfare (6.0 per cent/3.3 per cent) and to be unemployed (9.4 per cent/5.7 per cent). On the other hand, non-citizens and naturalised Americans were also more likely to be graduates, and the latter had higher median incomes than the native-born (Economist, 3-9 May 1997).

Migration to the United States, as in Europe, is not spread evenly. New migration patterns in the United States have tended to show a very high degree of concentration on the West and East Coasts. This is particularly true of what has been called 'the new second generation' or the children of foreign born immigrants. For example, one third of the immigrant population of the United States currently lives in California as do over 40 per cent of the under-18 children of immigrants (Rumbaut 1997). More locally-oriented studies, however, have not by any means brought an end to controversy. Rubén Rumbaut's research on the cities of San Diego and Miami, for example, shows that this 'new second generation' has higher levels of school achievement and more positive values than the children of the native born, whether from white, Hispanic or black families (Rumbaut 1997). On the other hand, studies by William Clark of the nine main entry-point cities for new migrants to America show relative falls in skills and income, and increases in poverty and dependency, over time (Clark 1998, forthcoming). Comparing the position in 1990 with 1970, Clark shows that:

Wages for all immigrants had decreased from 14 per cent less than the native born, to almost 24 per cent less. The native born population in poverty has increased only two per cent over the past twenty years but the recent immigrant population in poverty has increased from 17 per cent to 33 per cent (Clark 1998, forthcoming).

Analysis by entry-point city reveals that these problems are associated with certain locales and certain ethnic and national groups. More specifically, concentrated pockets of unskilled Mexican migrants in Los Angeles County suggest a very constrained potential for immigrants, or their children, to escape the low end jobs, the associated poverty, and the round of continuing restricted opportunities (Clark 1998, forthcoming). On the other hand, such pessimistic conclusions may inadvertently fuel the forces of isolationism and intolerance. Papademetriou (1994) points to the important link between anti-immigrant rhetoric and economic restructuring. Uncertainties and worries may easily be displaced on to powerless groups.

2.2 Economic performance and migration systems

Despite huge variability in the migration streams between different parts of the USA, there is one sense in which a common pattern prevails. The US migration system is on the whole federally organised, even though its effects may be locally felt. In Europe, this is not so and very considerable variations continue to exist. Even today, for example, after a general turning away from international immigration as an instrument of economic growth, Austria and Switzerland have retained elements of a rotational system while the Nordic countries and the Netherlands have been more guided by humanitarian considerations. Germany has revealed both systems, being on the one hand a leading contributor as an asylum destination and also a 'non-immigration' country utilising low-cost workers from Turkey, the former Yugoslavia and elsewhere. The question arises whether the economic performance of immigrants varies according to the system which governs their entry. While the answer may seem obvious, economic analysis is more sceptical. A recent paper, for example, fails to show higher levels of economic performance by migrants to Switzerland when compared with Sweden. As the authors conclude 'migrants' labour market performance often turns out to be surprisingly similar in the two countries, despite the marked conceptual differences in policy' (Blos et al. 1997). Counter-intuitively, this study also showed that more rotation of migrants occurred where there was a 'non-rotation' approach (i.e. in the Swedish case).
2.3 The wage effects debate

A key aspect of the immigration debate in the USA has focused on the impact on wage levels. At a national level the most balanced judgement is that effects are likely to be felt only with those whose labour market characteristics are most like migrants; an effect which will be compensated by positive effects for others in a less competitive position but who will benefit by the greater profitability of US firms. One of the most thorough investigations concluded in 1989 that:

"... the literature on the aggregate regional and local labor market effects of immigration does not support the thesis that immigrants depress overall wages. Furthermore, urban labor market studies confirm aggregate findings that immigration has only small and offsetting effects on the earnings and employment conditions of U.S. workers (US Department of Labor 1989:193)."

With the growth in unskilled migration in the last few years, attention has focused on the effects of migration on other unskilled workers. African-Americans are over-represented amongst the less skilled and are known to be highly vulnerable within the labour market as a whole so that the possible effects of migration on them are especially important. The results of recent research are not entirely clear or consistent. On the one hand, studies conducted in New York have shown a declining relative position for African-American males in terms of labour market participation and earnings in the 1980s and early 1990s. This occurred at the same time as the highest levels of immigration were being recorded, much of it involving the unskilled. On the other hand, few studies have been able to document a net effect that could be plausibly attributed to migration. One exception is the work of Mueller and Howell (1996) which focuses on the effects of immigration on the jobs in cities where most competition occurs. Their results suggest that the negative consequences are real where competition exists within the traditional niches in which African-Americans have traditionally found employment (cf Waldinger 1996).

2.4 Migration and fiscal effects

The increasing intensity of political debates about the effects of migration have tended to broaden debates to include topics that have not hitherto featured in assessments of economic impacts. One such is the issue of the consequences of migration for public finances, and in particular for taxation revenues and burdens. Early studies in the UK suggested that the effects were positive, largely because of the skewed age structure and high level of employment found within migrant communities. Similarly the conclusion of a more recent US study was that net effects were positive:

"Contrary to the public's perception, when all levels of government are considered together, immigrants generate significantly more in taxes paid than they cost in services received. (Fix and Passel 1994: 57)."

In Germany, although foreign workers have the same rights as native workers to AFG benefits (unemployment payments), they are less likely to receive them. Only 29.6 per cent of foreign unemployed in 1988 received these payments, compared with 40.4 per cent of Germans (Frey and Mamme 1996: 88).

The effects at city-level need not necessarily be the same as those for the nation as a whole and there is evidence that at the local government level the positive net balance of immigrants on public sector budgets may be reversed (Espenshade and King 1994). Again, insecure employment prospects for the native-born, together with pressure on public sector revenues in both Europe and North America may have a marked effect on public debates on this issue. As Thomas Espenshade wrote in 1996 in the USA:

"Anti-immigrant sentiment and fiscal conservatism intersect in a new 'fiscal politics of immigration'. Immigrants are viewed as part of the reasons for the high cost of social services and are especially vulnerable to current attempts to reduce government welfare expenditure. (Espenshade 1996: 6)."

Espenshade points to the correlation between negative public opinion on the number of immigrants and unemployment levels, a finding that could easily be echoed in Continental Europe. In France, for example, where unemployment levels have remained stubbornly high and drastic attempts are being made to meet the criteria on public sector debt laid down in the Maastricht Treaty, debates have fluctuated between, on the one hand, opinion polls reporting a two-thirds majority supporting the proposition that there are 'too many Arabs' in France to, on the other, powerful opposition in early 1997 to what was termed the Lepenisation of France, when intellectuals and others combined to oppose successfully the introduction of a measure requiring those who give hospitality to foreign visitors to report their departure to the police.
The central point is that while the general academic consensus may point unambiguously to the conclusion that immigrants represent 'good value' in cost-benefit terms, that is not how they will necessarily be viewed. It is all too easy to scapegoat migrants when difficult decisions have to be taken in relation to public sector finances, balanced budgets and the reform of welfare. Indeed, one way of reducing public sector borrowing without incurring public wrath is to target groups which are politically unpopular. This is made easier by the increased dependency of migrants on welfare provision which has occurred for a variety of reasons including family completion (more balanced age structures), higher proportions of asylum seekers amongst migrants (many of whom are denied the right to work pending decisions on their status) and much higher levels of structural unemployment. Perhaps the most famous example in recent years is the changing approach in the United States where the Welfare Reform Act (Personal Responsibility and Work Opportunity Reconciliation Act) and the Immigration Reform Act (Illegal Immigration Reform and Immigrant Responsibility Act), both of 1996, serve to limit eligibility of migrants to welfare and to impose tighter controls on undocumented migration. It has been estimated, for example, that 45 per cent of the $54 billion savings arising from welfare reform over the period 1997-2002 will be generated by eligibility restrictions for immigrants (Espenshade and Huber 1996). Moves in European countries, while less dramatic, also point in the same direction.

3. Classical approaches

Assessments of the labour market and economic effects of migration have been strongly influenced by what are termed here classical approaches to the incorporation of migrants. These have emphasised initially the staged process of integration normally referred to as assimilation, although it should be stressed from the outset that the word does not have precisely the same meaning on both sides of the Atlantic. Another classical view has emphasised the barriers to equality between native and non-native workers. This is referred to herein as the discrimination literature.

3.1 Assimilation

It is not possible here to do justice to the enormous literature on this topic, particularly in relation to North America where it has a long pedigree as a way of interpreting the process of migrant incorporation. Reaching its apogee during the heyday of functionalist social science in North America, the concept of assimilation has been criticised since for its ethnocentrism and failure to recognise the positive benefits of cultural retention for enhancing the chances of social mobility. Assimilation in the classical accounts of Robert Park (1928) and Milton Gordon (1964) is the end of an inevitable process of incorporation which proceeds from an initial period of separation and competition through a stage of accommodation to one eventual condition in which the values and life styles of migrants become indistinguishable from the majority.

More recently, the assimilation approach has begun to be reassessed. Attempts have been made to reject its normative and ideological components and it has been specified in ways which can help to appreciate what has occurred to recent migrants to the USA (Alba and Nee 1995). It is undeniable that European migrants to North America do experience an assimilation process in which empirical measures such as labour market success, intermarriage and spatial integration show a progressive shift towards majority group profiles. A recent review observed:

*This is not to deny that some economic niches remain among white ethnic groups, nor that ethnic neighbourhoods can still be found in the large cities where immigrants settled in large numbers at the beginning of the century. But these traces of persistence, however remarkable they seem nearly three-quarters of a century after the end of the era of European immigration, do not seem to characterize the situations of a large fraction of whites.*

(Alba and Nee 1995: 35).

Clearly there are major variations between different immigrant groups and it is probable also that there is an interaction effect between assimilation in some parts of social life and others. For example, economic success may lead to outward moves from inner cities to the suburbs. This in turn may increase the level of mixing with other ethnic groups and lower the exposure of young children to the mother tongue. This, in turn, may increase the de facto marriage pool and increase the level of assimilation in generations that follow.

The critical question is, of course, the degree to which social scientists can observe similar processes to these with migrant groups other than those whose appearance and cultural traits are similar to dominant
majorities. Here the jury is currently out. On the one hand, there are
those who point out that racism and discrimination are not confined to
whites against blacks, but should also include the attitudes and actions
of white, Anglo-Saxon Protestants against Jews, the Irish or the Italians
(Alba and Nee 1995). On this account, there is no necessary reason
why the path of eventual incorporation for Asians in North America, or
for light skinned Latinos, should be any different than it was for previ-
ous European ethnic groups. Such optimistic interpretations have even
been applied to interpretations of evidence in the UK that intermar-
rriage rates are relatively high. In the 1991 Census, for example, 40 per
cent of Afro-Caribbean men, and 21 per cent of women, between 16-34
had a white partner. It was less for older age groups, but these figures
are considerably higher than those in the US. One reason which is often
adduced to account for these differences is the level of physical segre-
gation which tends to be far lower for almost all migrant groups in
Europe when compared with the African-American population of the
USA.

The point about contemporary migration patterns in an increasingly
global economy is that they do not necessarily involve the unskilled.
Thus, one problem with the assimilation approach to socio-economic
integration is that it addresses the issue in terms of whether migrants
come up to native-born levels of achievement in terms of education,
employment category and income. In fact, as Rumbaut has recently
stressed, many migrants exceed these levels by a long way.

What does the concept of 'socioeconomic assimilation' mean for
such immigrant groups who arrive in the U.S. already well above
(let alone at "parity" with) the educational and occupational me-
dians of the native majority population? (Rumbaut 1996: 10).

About one third of all legal immigrants to the USA in the past few
years were professionals, executives or managers in their countries of
origin, particularly from India, Korea, the Philippines and China. What
contemporary patterns of migration tend to reveal is such diversity in
socio-economic terms that no one approach is likely to be able to cap-
ture probable trajectories.

The critical issue, however, is whether assimilationist tendencies
- which undoubtedly exist - are not inevitably undermined by the persist-
ence of high levels of discrimination, particularly - as far as economic
and labour market issues are concerned - in terms of initial recruit-
ment probabilities and subsequent opportunities for promotion.

3.2 Discrimination and racial exclusion

Again the sheer quantity of evidence on the existence and persistence
of discrimination is immense. Even after three decades of Civil Rights
legislation in the USA, a Gallup poll published on 6 June 1997, found
that 70 per cent of black males aged 18-34 felt that they had been dis-
criminated against over the previous month. Recently, the Interna-
tional Labour Office in Geneva completed the first phase of its programme on
discrimination affecting migrant workers in different countries. Using
a methodology developed by Frank Bovenkerk (1992), studies in differ-
ent countries have shown comparable levels of recruitment discrimina-
tion, although considerable differences between different ethnic groups
and each gender. For example, a review of four major studies in the
USA using the situation tests specified by Bovenkerk found that black
job applicants faced discrimination in 19.4 per cent of cases, compared
to 33.2 per cent for Hispanics (Bendick 1996). Anti-black discrimina-
tion tended to be higher outside city centres and in office or sales jobs
rather than blue-collar work. In the Netherlands, Bovenkerk and his
co-workers found discrimination against Moroccan applicants for semi-
skilled jobs in 37 per cent of cases. Matched Moroccan testers experi-
enced discrimination in each stage of the application procedure. By the
time the last hurdle was reached - the interview - a native Dutch appli-
cant was offered a job in two out of five occasions but this never hap-
pened to the Moroccan applicant, suggesting that '... that the possibility
of actually getting a job is almost zero for the Moroccan applicant' (Bo-
venkerk et al. 1995: 52). In Spain, the results were very similar; the cum-
ulative discrimination at three stages of job application (telephone in-
quiry, application, interview) for Moroccan applicants for semi-skilled
jobs was 35.5 per cent (Prada et al. 1996: 53). The report for Germany
revealed a high rate of discrimination against Turks in applications for
jobs in the private sector (43.2 per cent) but lower in the public sector
(Goldberg et al. 1996). The overwhelming impression from the ILO
studies is that discrimination is a real barrier to entry-level jobs regard-
less of the group concerned, the country or the level of protection af-
forded by anti-discrimination measures.

3.3 The Ghettoisation debate

These levels of discrimination have led to a variety of theoretical for-
mulations that seek to explore the implications of individual-level ac-
tions for social groups as a whole. Labour markets, it is argued, may be
structured into unequal sectors in which discrimination operates to con-
fine some to the secondary level (Piore 1979). Migrants may be 'assimilated' into the labour market but they are perceived as being 'segmentally assimilated' or confined to zones which are ethnically bound-ed (Portes and Zhou 1993). One of the authors of this paper has argued that three processes may be at work simultaneously; one leading to marginalised work, another to work exclusion and a third to a form of confined social mobility (Cross 1995).

Many commentators on both sides of the Atlantic have pointed to the correlation between a poor labour market position and poverty; and in turn between poverty and spatial concentrations of racial minorities, migrants or ethnic groups in certain zones of large cities. In the next section of this paper we shall examine the approaches to this question which propose that this is the result of economic forces and which are not primarily the result therefore of racial and ethnic discrimination. There are those, however, who suggest that it is indeed 'race' rather than any other factor which generates and sustains ghettos. Massey and Denton, for example, show very convincingly that physical separation is a critical divide between black and white America. The process whereby this is sustained, they argue, is essentially racial; it is created by white flight out of cities when faced with a changing demographic composition (Massey and Denton 1993). The changing composition, and the increasing correlation with poverty, is undeniable.

A report called The State of the Cities published in the US in June 1997 showed a growing concentration of inner urban poverty. In 1970, the poverty rate in inner cities was 14 per cent; by 1995, it was 21 per cent (Economist, 28 June - July 1997). Analysis of census tracts in the USA shows that poverty is becoming more intense and more concentrated (Jargowsky 1996). Direct comparisons with other countries are difficult but comparable rates of increase have been reported for German cities by Jürgen Friedrichs. Thus in 1980, 3.9 per cent of the population of Frankfurt/M was claiming public assistance and the figures for Hamburg, Bremen, Duisburg and Dortmund were 3.4 per cent, 5.6 per cent, 3.6 per cent and 3.0 per cent respectively. By 1995, the figures for these five major cities were 6.8 per cent, 7.7 per cent, 8.1 per cent, 6.6 per cent and 8.8 per cent respectively (Friedrichs 1997).

As earlier sections of this paper suggest, there seems little doubt that migrants and ethnic minorities are disproportionately affected by these urban problems. There are three reasons, however, why caution is required before accepting the proposition that 'race' or racism is the prime cause. First, it is by no means all ethnic groups or migrants which are disproportionately poor. East African migrants to the UK, Korean migrants to the USA, Sikh migrants to Canada, etc appear to be distributed in a more or less similar fashion to the majority. This does not negate the racism or discrimination thesis entirely but it does suggest that the impact of discrimination may vary by ethnic group. Second, on the evidence that we have, the position of many groups in urban areas has grown steadily worse in the last two decades. To believe that discrimination was the prime cause would be to assume that the intensity or extent of discrimination had risen dramatically or widened. Sadly, there is little reason for wholehearted optimism in this area but neither is there any evidence that discrimination has become so much greater that it would account for these differences. Finally, there is the problem that theories of ethnic or racial discrimination tend to work with fixed categories that may correspond very badly to actual social divisions. Particularly in the case of recent migrants, but also for young people of migrant origin in general, there are many reasons for believing that ethnic divisions are situational and in constant flux. Models of interpretation that are based on seemingly immutable divisions into 'black' and 'white' may not therefore be very persuasive (Dyer 1997; Nederveen Pieterse 1994).

In addition to the issue of whether race or ethnic origins is the prime determinant of 'ghettoisation', or the progressive emergence of urban zones of high migrant or minority concentration in conditions of poverty and exclusion, there are two other issues which raise important questions. The first is what we mean by the term 'ghetto' in the first place and, second, whether it can be transferred as a useful concept from North America to Europe.

The first question has arisen in the analysis of inner urban areas in the United States. Is a 'ghetto' simply a statistical artefact created by taking a relevant measure (e.g. a city zone where 40 per cent of households fall below the poverty line) and applying it (Jargowsky 1996)? Other similar usages may stress the level of social segregation that has to be met before a 'ghetto' might be said to exist (Massey and Denton 1993). On the basis of these quantitative measures, it is possible to apply the term to European cities. The usual result is to deny the existence of ghettos simply because, while economic and social situations in cities may have worsened, they have not yet met the extreme conditions of segregation found in many US cities. Ceri Peach, for example, has recently analysed Greater London and found a degree of ethnic heterogeneity and spatial mixing that leads him to deny the relevance of the term in this case (Peach 1996).

The alternative definition of a 'ghetto' is an area where stigmatised sections of the population are relegated and constrained, and where - as a result - they come to be isolated from mainstream society and dependent upon an alternative set of institutions (Waquant 1996a; 1996b; 1997). On this formulation, the link between poverty and the ghetto is reversed. Urban spaces do not become ghettoised because they are poor; rather they become poor, jobless enclaves because they are so-
4. Urban processes

Though patterns of spatial distribution differ from country to country, immigrants have been disproportionately concentrated in urban areas. Within a given country, major urban areas have proven quite different in their attraction to immigrants; among countries there is also variation in the degree to which the prime cities (where there is one) have attracted a disproportionate immigrant presence.

The question of the relationship between new ethnic populations and the urban economic base is central to both research and policy agendas. That question is also troubling because the relationship between urban economic and demographic bases that held during the initial, post-war age of migration has changed drastically. At the earlier period, cities had a thriving manufacturing economy, which allowed them to serve as staging grounds for unskilled newcomer groups. The US experience was one in which the old factory-based economy allowed for a multi-generational move up the totem pole. Immigrant children could do better if they just hung on through the high school years, after which time well-paid manufacturing jobs would await them. The third generation would continue on through university and beyond, completing the move from peddler to plumber to professor. Although the story of immigration is more recent in Europe, the early years of incorporation were very similar with high levels of employment in manufacturing and transport services.

The past 25 years, however, have seen a transformation of urban economies and social structures in ways that make a repeat of the past unlikely. There are various interpretations of the new urban reality and each has different implications for migrants and established minorities.

4.1 Skills mismatch and the underclass

This argument emphasises the decline of manufacturing and its replacement by services. For the most part, the concern here is with employment and the shifting distribution of jobs by skill. At the earlier period, manufacturing jobs were plenty and offered opportunities to workers with low or modest levels of schooling. But those jobs have now declined (due to suburbanisation, relocation to lower-cost, domestic areas, internationalisation) and the advent of the post-industrial metropolis. This has robbed urban areas of their absorptive capacity so that the urban economy no longer constitutes the first rung in the ladder of social mobility. Changes in technology and communications, argues John Kassar, decimated the 'traditional goods-processing industries that once
constituted the economic backbone of cities, and provided entry level employment for lesser skilled African Americans'. In return for the eroding factory sector, cities have gained a new economy dominated by 'knowledge-intensive white-collar service industries that typically required education beyond high school and therefore precluded most poorly employed inner city minorities from obtaining employment'. Thus, on the demand side, the 'very jobs that in the past attracted and socially upgraded waves of disadvantaged persons...were disappearing'; on the supply side, the number of 'minority residents who lack the education for employment in the new information processing industries [was] increasing' (Kasarda 1993: 83).

A second version of the skills mismatch argument emphasises the spatial mismatch. In the US version of this argument, the problem has to do with the suburbanisation of employment, on the one hand, and the continued confinement of ethnic minorities, black Americans, in particular, to inner cities. Within the inner cities, the job structure has been transformed as described in the paragraph above. But the suburbs have been growing much faster than inner cities, with '...much of the growth occurring in booming "edge cities" at the metropolitan periphery. By 1990, many of these "edge cities" had more office space and retail sales than the metropolitan downtown areas' (Wilson 1996: 37). Not only do the suburbs offer more jobs, but they provide a much richer supply of low-skilled jobs, in part due to the relocation of manufacturing, but importantly, because the expanding suburban population base has given rise to a large, diversified service and retailing sector where educational requirements are relatively low.

William Julius Wilson (1979; 1987) in a series of widely acclaimed studies has shown how forms of deindustrialisation have devastating effects in some cities as they remove the jobs on which the low-skilled previously depended. A consequence of this process is the generation of social exclusion within clear spatial boundaries. Social isolation, the growth of single parent households and declines in the quality of local leaders are all claimed to flow from these dynamics of urban change.

Both versions of the spatial mismatch hypothesis may apply to European cities, though possibly in very different ways given the different relationship between inner city and suburban ring (Friedrichs 1993). Clearly, the key issue has to do with the relationship between the spatial distribution of the ethnic population, on the one hand, and the spatial distribution of the jobs to which they are best matched, on the other. In some European cities, the ethnic population may be in the suburbs, and the jobs in the city centres; in other cases, the situation may more closely resemble the USA. The intensity of the problem is also related to the constraints on spatial redistribution: few groups are likely to experience levels of housing discrimination as extreme as those encountered by US blacks. There is no doubt also that state interventions in the form of public housing provision may have a profound effect on spatial distributions and on the quality of housing. A study of migrants in Amsterdam, for example, found that '...the welfare state has made it possible for the immigrants to improve their housing situation in a time of rising unemployment' (van Amersfoort and Cortie 1996: 685).

Both types of mismatch formulations are related to the underclass hypothesis developed in the United States by William J. Wilson, and applied, with important modifications, to a number of other countries. This hypothesis contends that urban job erosion has been paralleled by an outflow of the more skilled, better educated members of the US black population; these two shifts have undermined the institutional infrastructure of urban black communities. The end result is a pattern of concentrated poverty, in which poor, low-skilled blacks are concentrated in urban communities with few jobs, few institutions that can provide help, and few residents with connections to either employers or helping institutions. As Wilson has recently written:

Neighbourhoods that offer few legitimate employment opportunities, inadequate job information networks, and poor schools lead to the disappearance of work. That is, where jobs are scarce, and where people rarely, if ever, have the opportunity to help their friends and neighbours find jobs, and where there is a disruptive or degraded school life...many people eventually lose their feeling of connectedness to work in the formal economy; they no longer expect work to be a regular, and regulating force in their lives. (Wilson 1996: 52).

The underclass hypothesis flows logically from the various mismatch formulations, but it is not clear, even in the USA, how well it applies to other ethnic minorities (for example, Mexican Americans), or to various immigrant groups. It may, however, provide a better fit with the situation of various second generation groups.

This analysis has also unwittingly spurred on a renaissance in 'cultures of poverty' theory and - even more bizarre - spawned a tranche of individualistic theories of group pathology and underfunctioning (Murray 1991). While this has proved politically powerful in legitimating right wing ideologies on the growth in moral turpitude, from a social science viewpoint one important feature of Wilson's approach has tended to be lost. Wilson is at pains to distance himself from theories of black poverty which concentrate on discrimination effects, whether through direct racism or indirect processes. He rails against race-specific policy as a consequence, but what has often been overlooked is that his is nonetheless a theory of black or minority poverty. The majority
of the poor in the US are not black and none of Wilson’s research concerns that phenomenon. The ghetto poor are the black poor. While some of the same processes may affect the white population of rustbelt cities, this does not lead to their concentration and segregation in spatially isolated zones of enduring poverty, or at least does not do so to anywhere near the same extent. Research on recipients of public assistance in Europe also suggests that those from the indigenous population only experience short spells of welfare dependence, but amongst the racially excluded the evidence from both North America and Europe is that dependence will be for much longer (Andress 1994; Habich et al. 1991). On the other hand, in Europe, the socially excluded are highly heterogeneous in ethnic terms; to that extent the concept of the under-class is also of very limited value since it appears to suggest that a common labour market position will be accompanied by a common identity.

It is the misreading of Wilson’s work that has led on the one hand to the adoption of his ideas in settings where race or minority issues are not significant and, on the other, to factitious attempts to bring race back in (cf. Byrne 1995; Massey and Denton 1993). The central mechanism of ghettoisation is the interaction of group rejection and indifference with the severing of the ladder of opportunity represented by the availability of low and unskilled work. Work in one generation was the way in which education could be afforded for the next; education was the only way to circumvent - or at least curtail - the effects of discrimination.

4.2 Globalisation and city type

This view offers an interpretation of urban trends that emphasises the new sources of urban growth and dynamism. This springs from the growth in consumer and producer services. The World Trade Organisation estimates that the value of global trade in commercial services grew by 14 per cent in 1995 to just under US$ 1.2 trillion, which is about 25 per cent of the trade in goods, but growing much faster. Of this amount, 18 per cent is North American and 41 per cent is European Union in origin (Economist, 3-9 May 1997). The argument is that the urban economy has been reorganised around a complex of service industries linked to the global economy; urban areas remain crucial for their role in assembling a highly skilled labour force engaged in transactions where agglomeration and face-to-face contacts remain important. But in this view, the growth of services also involves a process of economic restructuring. The idea of restructuring means that service growth at the top simultaneously generates jobs for chambermaids and waiters, investment bankers and lawyers, while positions in between these extremes are slowly, but steadily reduced.

In addition to the decline in the significance of manufacturing and the rise to dominance of producer services, Saskia Sassen (1989; 1991; 1994) argues that the hallmark of ‘global’ cities, or those at the forefront of these changes, is the growth in low-level service jobs, usually accompanied by short-term labour contracts, privatised services, part-time work, a growing dependence on female labour and general informalisation. Cities which are joined by the hyperflow highways of the electronic age are not just new sites of wealth generation; they are also the locus for new forms of labour intensive services. In other words, the transformation to service-based cities is a story of polarisation with new jobs being added at the top and bottom of the education and income scales (Sassen 1996).

Restructuring also results in a deployment of new labour force groups, attracting immigrants from overseas to fill the expanded bottom-level jobs:

Immigration can be seen as a significant labour supplier for the vast infrastructure of low-wage jobs underlying specialized services, and the high-income life-styles of its employees. Messenger services, French hand laundries, restaurants, gourmet food stores, repair and domestic services - these are just a few examples of the vast array of low-wage jobs needed for the operation of the specialized service sector and its employees. Immigrants represent a desirable labour supply because they are relatively cheap, reliable, willing to work on odd shifts, and safe. (Sassen-Koob 1981).

Immigrants are also a permissive factor in the continued expansion of the labour supply for newly created professional and managerial jobs. As Harrison and Bluestone (1988) argue, ‘the provision of ... services to the office workers becomes the major economic activity for the rest of the city’. In their view:

The high cost of living in cities containing corporate headquarters requires that professional households include more than one wage earner in order to sustain a middle-class life style. This, in turn, forces this new aristocracy to consume more and more of the services that workers in an earlier generation would have produced for themselves.
By furnishing the 'large cohort of restaurant workers, laundry workers, dog walkers, residential construction workers, and the like', immigrants lower the costs of keeping a highly skilled labour force in place (Feagin and Smith 1987: 15). Thus were it not for the foreign-born, the advanced service sectors in New York or Los Angeles would have to pay their highly-skilled workers even more, and thus lose out in the broader competitive game.

The central point here is that this provides the perfect setting for new forms of migration. The ban on formal entry is highly functional for this new labour supply because it means that workers, many of them women, are available at wage levels below the legal minimum. They are also constrained by their non-legal status to be docile, flexible and compliant. In other words, according to this view, of the growth migration from poorer countries in general, and undocumented migration in particular, cannot be assumed to derive from those countries themselves but, rather, from demands created in the richest cities.

*It is the combination of the growing inequality in earnings and growing inequality in the profit-making capabilities of different sectors in the urban economy which has promoted the informalisation of a growing array of economic activities.* (Sassen-Koob 1996: 590).

Immigrants may exploit the opportunities that these conditions imply but they do not create them. In defence of the argument that there is a link between economic restructuring and growth and new forms of labour supply, there is a growing perception that trading in people is a less risky but equally profitable alternative to drug smuggling. It has been estimated that 300,000 people a year are smuggled into Western Europe (Economist, 5-11 August 1995) although this estimate is probably on the low side. The Polish government alone estimates that 100,000 are waiting to be smuggled into Germany, and the Hungarian Government turned back 2,000 would-be migrants a day in 1992 and 1993 at the border with Romania, most of them from Sri Lanka, Bangladesh, China and Vietnam. Many of these will have made it by another, less regulated route (SOPEMI 1995: 144). Existing migrant communities are another main route into Europe, as are tourist 'overstayers'. One of the very few studies of undocumented migrants in the Netherlands concluded that 'almost without exception the interviewees had been in paid employment for a period but a history of stable work was exceptional. An illegal status was heavily exploited by employers' (Vos 1995: 108).

The arrival of new immigrant streams helps explain why the past two decades have seen a new 'urban renaissance'. The influx of foreign-born workers has given the comatose manufacturing sector a new lease on life. Immigrants have been a more pliable labour force, and so factory employers have not been obliged to keep wages at parity with national norms. In contrast to that of nationals, immigrant labour can also be deployed in more flexible ways, thereby giving urban manufacturers the scope to customise production and place greater reliance on sub-contracting. As yet another plus, urban manufacturers can also draw on a large, vulnerable population of illegal immigrants. Their presence has given new meaning to the word exploitation, making 'the new immigrant sweatshop...a major U.S. central city employment growth sector in the past decade' (Smith 1988: 200).

The issue of social polarisation in global cities has aroused considerable interest and controversy, much of it contesting whether the thesis of a disappearing middle class is valid (Hamnett 1994a; 1994b; Thrift 1994). It is true that migrants in European societies have become increasingly concentrated in sectors predicted by the Sassen thesis. For example, in Germany in 1987, foreigners comprised 19.2 per cent of workers in hotels and 13 per cent in cleaning; by the end of 1993, these proportions had risen respectively to 30 per cent and 23 per cent (Frey and Mammey 1996). It does not follow, however, that the link with the growth of the informal sector is as clear. It is also not entirely clear that part-time work has increased. In the US, for example, just under one in five jobs is part-time and this has remained steady since the mid-1970s. What does appear to occur is that part-time jobs rise when economies are weak and are replaced by full-time jobs with greater economic activity. Involuntary part-time work is also estimated at a very low level (3-4 per cent of those working) and not to be rising (Economist, 16-22 August 1997). Similarly, in times of healthy economic growth, permanent jobs will increase, if for no other reason because employers will seek to protect their investment in training from greedy competitors.

To some extent, the globalisation hypothesis represents an abstraction from urban trends of the late 1970s and early to mid-1980s, when cities like New York, London, or Tokyo were in a state of vigorous expansion. But that earlier boom has now collapsed, and all three cities have since faced much more uncertain futures. It is also not clear whether specialisation or diversification are the key to urban growth. New York and London are far more specialised in services and finance than Tokyo, which retains a stronger manufacturing base, and for that reason may encounter greater difficulties in generating future growth or rebounding from recessionary periods. The globalisation hypothesis also emphasises the centrality of the very largest cities, but, on the global scale, the cities mentioned above are far from the largest. Even if the global scale is reduced to the ranks of advanced societies, it is not clear that the largest cities are the most competitive. Globalisation does
also imply increased competition among metropolitan areas, and it may be that the salient feature of the current situation is the instability of the urban hierarchy, not the placement of cities on the hierarchy at any one time. In that case, it would be important to know how cities that vary in their immigrant density, or in the relative size of their immigrant population, rate in terms of global competitiveness.

The impact of policy measures is also unclear. In their article on Spangen, an area of post-war reconstruction in the city of Rotterdam, Burgers and Kloosterman (1996) argue that globalisation is mediated by institutional and local factors. On the one hand, the availability of public housing means that social exclusion cannot be so easily measured in terms of physical conditions, but the corporatist state in the Netherlands and the 'velvet exit routes' it offers to those in a vulnerable labour market mean a rapid growth in the 'outsider' population (Burgers and Kloosterman 1996: 438):

“When we do not confine the analysis to people holding jobs, there is an evident trend towards social polarisation in Dutch cities, where the divide is between people holding jobs and people depending on welfare. This division strongly correlates with ethnicity (Burgers and Kloosterman 1996: 439).”

In other words, a simple examination of the shape of the employment structure is insufficient. It might be argued that theories of underclass formation and those on the new immigration concern two quite separate processes. The first depends upon a process of disqualification as some become rejected as appropriate workers; the second process is one of deregulation as changes in the organisation and control of work itself lead to an increasing reliance on fractured labour power. There is therefore no reason why these processes should not occur concurrently, since they have entirely different origins; the first is a change in the quality of labour demand; the second a transformation in the organisation of work. Although it is an empirical question yet to be answered, each may have a different spatial organisation. There is very little reason also for thinking that the two worlds of excluded and marginal labour will necessarily feed each other. Excluded legal labour cannot be a reserve army for the new employment, which depends upon levels of desperation made unlikely by welfare payments and other forms of social protection. It is much more likely that both will co-exist with only some overlap, probably in the form of female workers whose insecurity in the legal system makes them more amenable to informalisation processes.

The political context in which urban processes occur is also important. There is, for example, widespread opposition to undocumented migration. In 1994, Californians voted by three to two to pass Proposition 187 on the instigation of the state’s governor Pete Wilson. The law tries to deny public assistance to illegal immigrants and to deny their children education, even if they are born in America and technically therefore entitled to citizenship. Many similar ideas were contained in the Federal government’s Personal Responsibility and Work Opportunity Reconciliation Act which blocks assistance to even legal immigrants for the first five years. In 1996, Congress passed the Illegal Immigration Act intended to make it harder for illegal migrants to use fraudulent ‘green cards’, and also harder for employers to offer them jobs. In Britain fines of £5,000 ($8,000) were imposed in early 1997 on employers hiring illegal workers, while in France, Italy and other European countries there are frequent attempts at achieving greater control. The issue of migration control policy - particularly linking it to crime - was a central feature of the European Union Summit in Amsterdam in June 1997. While it is unlikely that these activities will have the results that are intended, it is certainly possible that they will alter migration patterns.

4.3 The urban agglomeration

The two hypotheses outlined above imply that manufacturing is a declining activity in metropolitan areas. This is almost certainly true in relative employment terms, but there are various reasons to think that manufacturing may prove to be a more persistent urban phenomenon, as suggested by the writings associated with ‘flexible specialisation’ and ‘new industrial districts’. Here the argument is that manufacturing is shifting from mass to flexible production, in which advantage goes to small producers, capable of responding quickly to shifts in demand, and linked, through networks, to sources of labour, supply, information, and capital. As Saxenian has argued:

“In these systems, which are organized around horizontal networks of firms, producers deepen their own capabilities by specializing, while engaging in close, but not exclusive relations with other specialists. Network systems flourish in regional agglomerations where repeated interaction builds shared identities and mutual trust while at the same time intensifying competitive rivalries. (Saxenian 1994: 4).”

In this view, the regional factor in economic growth is increasing in importance; competitive differences among regions are linked to regional
differences in the cultures and social structures supportive of new, more co-operative, more flexible work arrangements (Fiore and Sabel 1984; Scott 1993).

This body of research is more concerned with manufacturing than with services, though given trends in technology, the boundary between manufacturing and services is less clear than ever before. In general, the research emphasises historical factors that produce regional advantage; this raises questions as to whether the 'flexible specialisation' or 'industrial district' model can be imported or adopted by regions with varying historical experiences.

Though the classic industrial district was once a big city phenomenon, it is not clear that it still is; many of the industrial districts described in the literature are found in areas of smaller or medium-sized cities. The very large, primate cities with large immigrant concentrations appear not to harbour thriving industrial districts. The immigrant-employing industries of the labour-importing period were concentrated in the mass production sector; some of the persistent immigrant-employing manufacturing industries have characteristics that are reminiscent of flexible specialisation, for example, the clothing industry, but these also hark back to the days of the sweatshop. In other cases, as in Los Angeles or Silicon Valley, high technology firms that appear to belong to local 'industrial districts' have nonetheless recruited immigrants, deploying their foreign-born workers in low-skilled, repetitive, poorly paid jobs, differing little from the immigrant role in the mass production industries during the post-war economic heyday (Scott 1993; Scott 1996).

4.4 An evaluation

The comments above bear on many of the likely research and policy concerns having to do with the economic integration of immigrants and their descendants. Clearly, the underlying theme is one of new difficulty, in which the engine that previously propelled lower-skilled members of the society up the social ladder no longer works, or no longer works with similar force.

However, this formulation emphasises the problems encountered by all less skilled members of the society, not those of distinctive, or distinctively-perceived, ethnic backgrounds. Thus, the question needs refinement in order to specify the factors imposing on foreign-born populations and their descendants. Even this specification requires further modification and attention to internal differences among both the immigrants and their descendants. Leaving aside the second generation, for the moment, it is clear that the foreign-born population is highly diverse; the axes of variation are several, not one, having to do with country of origin, timing of migration, circumstances of migration (whether economic migrant or refugee), skill level, and so on. Moreover, the degree of concern associated with the foreign-born as opposed to their descendants will vary from country to country, depending on whether the foreign-born population is long established, in which case the focus primarily switches to the second generation, or whether immigration is ongoing at reasonably high levels, in which case matters of immigrant adjustment gain priority.

For labour migrants of the traditional type, any one of the scenarios of urban economic change outlined above spells bad news. The worst may be the skills mismatch, since it suggests that the immigrants no longer have a function in urban economies; for many of the labour migrants of the 1960s and 1970s, who now find themselves redundant, the skills mismatch hypothesis may ring a depressingly true note. But the skills mismatch view seems likely to overstate its case: skill requirements have indeed gone up in the United States, but only to a modest degree, with the tendency toward skill deepening having slowed substantially since 1960 (Howell and Wolff 1991). Consequently, people with modest levels of schooling have continued to fill a surprising number of jobs. In 1990, for example, persons with 12 years or less of schooling held close to half of all jobs in New York City and an even higher proportion in Los Angeles (Waldinger 1996). As the USA is not the only postindustrial economy to attract immigrants of a traditional type, there seems to be a sustained demand for low-skilled labour, notwithstanding the tenets of the mismatch hypothesis.

It is also unclear whether the decline in large cities relative to smaller industrial districts and small towns is a long-term phenomenon or whether it is part of a cyclical pattern. For example, it was a tenet of faith amongst planners that inner areas of major cities would continue to decline in population terms as telecommunications and the relocation of companies made central business districts undesirable places to live and to work. Yet in the UK, the Office for National Statistics predicts that six inner-London boroughs will be among the 11 fastest growing local authority areas in the country in the next ten years. It is suburbanisation which appears now to be in decline as transport delays and high costs are leading to a renaissance of urban living.

The globalisation hypothesis would help explain the persisting scope for low-skilled immigration, but it too has disturbing implications, since it suggests that the immigrants move into an ethnic mobility trap, in which there are few, if any, opportunities to move ahead. As with the skills mismatch hypothesis, the globalisation hypothesis offers, at best, an incomplete account, entirely neglecting the role of highly-
skilled immigrants, who have played a modest but significant role in immigration to the United States ever since the enactment of the Hart-Celler Act in 1965. Notwithstanding charges that America's immigrants are of 'declining quality', the 1990 Census found that a college degree was as common among all immigrants as among natives (1 out of 5). Moreover, the high skilled are often present at levels well above the US average, with the college graduate share ranging from 27 percent among Russians to 65 percent among Indians. Consequently, a good proportion of the recent arrivals to the United States begins, not at the bottom, but in the middle-class or above. In contemporary Los Angeles, for example, coveted professional occupations have become immigrant concentrations: more than 35 percent of the pharmacists in the L.A. region are foreign-born, as are more than 25 percent of the dentists, and more than 20 percent of the engineers, of various computer specialists, and of physicians (Waldinger and Bozorgmehr 1996).

5. Ethnicity and immigrant adaptation

Apart from the classical approach to ethnic assimilation discussed briefly in Section 3, the remaining ways of considering the economic fortunes of migrants and minorities in cities have tended to focus on the opportunity structure they face, or the barriers to opportunity that have to be overcome. Migrants and their descendants are, however, far from being passive; they adapt to changing conditions, creating new opportunities and openings and using well-trodden paths for social mobility. One of the main reasons why the story of migrant incorporation is so varied is because of the different forms of adaptation that are possible. Running through the literature on these issues is an unresolved puzzle; whether closeness in cultural terms to majority communities is beneficial for positive adaptive responses, or whether strength may be gained from difference. There are examples both ways round. East African Asians in the UK, for example, have achieved remarkable economic successes utilising the strength of their experience as traders and entrepreneurs and their facility in English. Koreans in the USA have mobilised ethnic distinctiveness as one method of providing community strength. African-Americans are not immigrants and have no major cultural traditions that would explain their circumstances, which appear to be largely shaped by discrimination.

Attempts to measure the specific effects of ethnic as distinct from class resources are not entirely clear. Partly this turns on problems of specifying ethnic groups (as distinct from nominal categories) but it also entails separating out interaction effects between the two (Light and Rosenstein 1995). There are some indications that even when controlling for human capital, age and other factors, specifically ethnic resources do make a difference - either positive or negative - in affecting, for example, the chances of ethnic entrepreneurship (Light and Rosenstein 1995).

5.1 Ethnic networks

While immigrants may be stigmatised, with a cost to be attached to that stigma, they may also be distinctive in other ways that promote more fruitful adaptations to restructuring. Migrant network theory, which depends upon the proposition that the social and economic ties which matter are ultimately ethnic, has been used to account both for established migration processes themselves and new forms of movement. Thus Douglas Massey argues in the Mexican case that networks are a prime determinant of continued flows while Alejandro Portes contends that 'transnational migration', in which the fluidity of movement is perhaps the key characteristic, offers a new form of capitalist accumulation (Massey 1988; Portes, 1995b).

We also know that immigrant communities develop through the mobilisation of informal recruiting chains and networks, and these may assist immigrants in responding to the new circumstances. Because getting a job remains very much a matter of whom one knows, immigrants and members of ethnic minorities get hired through networks; the repeated action of network recruitment leads to ethnic employment concentrations, or 'ethnic niches' as these have been termed (Waldinger 1996). The process of niche formation can often be a story of ethnic disadvantage turned to good account, enabling social outsiders to compensate for the background deficits of their groups and the discrimination they encounter. The networks that span ethnic communities comprise a source of 'social capital', providing social structures that facilitate action, in this case, the search for jobs and the acquisition of skills and other resources needed to move up the economic ladder (Portes and Sensenbrenner, 1993). Networks between ethnic incumbents and job-seekers allow for rapid transmission of information about openings from workplaces to the communities. And the networks provide better information within workplaces, reducing the risks associated with initial hiring. Once in place, ethnic hiring networks are self-reproducing, since each new employee recruits others from his or her own group.
5.2 Urban entrepreneurship

While the development of an ethnic niche provides a group with privileged access to jobs, one classic example—that of small business—suggests that it can do far more. Ethnic businesses emerge as a consequence of the formation of ethnic communities, with their sheltered markets and networks of mutual support. Though individual firms often die off at an appalling rate, business activity offers a route to expansion into higher profit, more dynamic lines. Retailers evolve into wholesalers; construction firms learn how to develop real estate; garment contractors gain the capital, expertise, and contacts to design and merchandise their own clothing. As the ethnic niche expands and diversifies, the opportunities for related ethnic suppliers and customers also grow.

With an expanding business sector comes both a mechanism for the effective transmission of skill and a catalyst of the entrepreneurial drive. From the standpoint of ethnic workers, the opportunity to acquire managerial skills through a stint of employment in immigrant firms both compensates for low pay and provides a motivation to learn a variety of different jobs. Employers who hire co-ethnics gain a reliable workforce with an interest in skill acquisition—attitudes that diminish the total labour bill and make for greater flexibility. Thus, a growing ethnic economy creates a virtuous circle: business success gives rise to a distinctive motivational structure, breeding a community-wide orientation towards small business and encouraging the acquisition of skills within a stable, commonly accepted framework (Waldinger, Alrich and Ward 1990).

In early approaches to the growth of ethnic enterprise, there was a tendency to be dismissive about its positive effects. The argument was that small businesses were a route of necessity to avoid the exclusionary effects of discrimination. They tended to operate only within the 'enclave economy', relying almost solely on co-ethnics as customers and clients. Limited by the poverty of those they served, and the dilapidated urban areas in which they operated, such businesses were forced either to exploit family labour to sustain marginal profitability in the niche market of ever-open retailing, or to exploit co-ethnics in manufacturing 'sweat-shops' which—often in defiance of basic safety standards—brought Third World wages and work conditions into decaying corners of large cities. This depiction is not wholly false, and it is certainly true that illegal status can be as readily exploited within ethnic communities as elsewhere, but it leads to a pessimism that is not entirely warranted. Later research has shown that ethnic business can penetrate well beyond the enclave economy; that opportunities for capital accumulation are real and that typical forms of business expansion, such as horizontal and vertical integration, are by no means unknown in

the evolution of what were once marginal activities (Alrich and Auster 1984; Alrich et al. 1982). Interestingly, migration history and ethnicity itself may play a crucial part both in the pressures to enter self-employment and subsequent strategies of economic integration. On the former, Srinivasan (1992) reports that the status associated with being a business proprietor in countries of origin may be a powerful motivating force in setting up shop, while Lyon and West have demonstrated the astonishing impact of caste in the dominance by South Asians of newspapers shops in London, but as they conclude '...these family firms operate in a mainstream business culture which is not ethnically enclaved or secluded—but fiercely competitive' (Lyon and West 1995: 416). The fluidity and flexibility of transnational migration may not only apply to the small operator maintaining regular links with a country of origin. A footloose version, which also combines the two ends of the modern polarised firm, is the company that provides a complete package consisting of highly skilled professionals and low-cost workers. Many construction firms in the Middle East for example, will supply architects, civil engineers and electronics specialists together with a constant supply of Pakistani contract labour.

Networks are therefore the most formidable community resource. Migrants will typically work in areas below their level of education and, in this sense, entrepreneurship must be seen in part as a strategy to overcome the effects of discrimination. Levels of entrepreneurship will often be remarkably high, even for relatively newly arrived migrants. For example, one third of Korean heads of household in Los Angeles, New York and Atlanta are engaged in small business (Yoo 1997). Networks may take several forms; in addition to family ties they may be dependent upon churches, and community or business associations.

'... church seems to be a place where Korean immigrants establish social networks, where they mobilise business resources, and where they meet people to avoid a feeling of isolation by participating in cultural affairs' (Yoo 1987).

Networks, particularly those based on blood ties, will also provide business finance and thus lessen dependence upon mainstream institutions. Perhaps the central point, however, is that globalisation itself increases the likelihood that these networks will be mobilised for entrepreneurship. Entrepreneurship by migrants is both a creature of economic globalisation and a response to it. On the one hand, it is able to utilise the communications technologies developed by and for large corporations; on the other it is a way of escaping the levelling down effects of wage competition between rich and poor countries (Portes 1995).
Network theory is also important not just as an account of migration dynamics or as a wellspring for entrepreneurship, but also as a source of informalisation in advanced economies. If migrants generate certain kinds of businesses, sweatshops in the garment industry for example, then they are adding support to sectors of the informal economy which cannot then be said to depend solely upon the demands for labour emanating from the globalised economy (Light 1996). Most probably the effect is interactive in the sense that both new kinds of demand and social processes of network construction that arise in response may generate free-standing systems which sustain continued population movement. Ivan Light terms this 'spill-over immigration' which is a condition where 'demand conditions trigger a migration, but immigrant social networks thereafter expand it beyond what the initiating demand would support' (Light 1996: 9).

5.3 Informalisation and cities

In countries with highly controlled corporatist approaches to labour market regulation, the relative advantage of the informal economy may increase. Where the relative advantage is higher, the size of the informal economy may increase. Latest estimates show that it may be one fifth of GDP in Belgium, Italy and Spain, and that taken together the rich economies of North America and the EU may contain informal economic activity equal to the combined output of Germany and Spain (Economist, 3-9 May 1997). Partly because of exclusion from the formal labour market and partly because of physical concentration, migrants are well placed to apply entrepreneurial skills in this segment of employment. These opportunities increase again as large retail outlets and manufacturing operations leave certain zones of central cities for more profitable terrain elsewhere. Indeed, until very recently, population outflows from many cities have tended to exceed job decline in both manufacturing sectors and in some branches of consumer services (Waldinger and Lapp 1993; Cross and Waldinger 1992), again resulting in new opportunities for migrants and minorities. Many of these will be in the formal sector but there are clear structural reasons why a link should exist between migrants and informal economic activity.

In fact by focusing on a comparison of cities, it is possible to see that what is part of the informal (i.e. uncontrolled) sector in one will not be in another; that rules will vary over time, both in theory and in their application, and that links with various forms of criminal activity will also be fluid and flexible. In other words, the relationship between an undocumented status and the informal economy is complex. As search by Godfried Engbersen and his colleagues in Rotterdam shows, what they call the 'Unknown City' provides a range of opportunities for undocumented migrants, only some of which relate to the informal economy. Some of the undocumented workers they interviewed were in regular work and paid taxes, others worked in legal activities in the informal economy while others again worked in criminal activities. Still others were not working at all (Engbersen 1996).

It is important to stress, however, that undocumented migration may well be sustained overtly or covertly by employers. Up until 1986 in the USA, for example, it was illegal to be an undocumented worker but not illegal to hire one. Even since then employers have frequently lobbied to be able to benefit from Mexicans willing to work for a fraction of normal wages. The opening up of Eastern Europe, after 1990, provided opportunities for the increased use of informal migrant labour. The movement of Polish workers into Berlin is perhaps the best documented case, where it has been estimated that there are 150 firms specialising in the supply of undocumented Polish workers. In addition, up to three-quarters of 'training contracts' entered into by Poles with German companies are in fact a way of avoiding the high labour costs associated with conventional workers (Wilpert 1997).

5.4 The highly skilled

The circulation of high-level labour has increased worldwide. This type of movement does not necessarily fall under the rubric of 'immigration', with its implication of settlement, and eventual membership in the host society itself. Many of the high-level migrants are purely transitory, heading back to the home country after a brief sojourn, or on to another stop on the international circuit. Numerically, however, they are of growing importance, and it is useful to understand how and why global economic integration changes the international circulation of labour.

Skilled labour migration comes in two main forms. First there are those in that large and increasing army of multinational company employees who are in long-term employment with one firm but are relocated around the world in response to instructions from head-quarters, often on the other side of the globe. Well paid, well protected and well cushioned against the risks of working outside their own country, these workers have no real interest in learning languages, or becoming otherwise embedded in their country of temporary sojourn. Similarly in some respects are the other group of skilled migrants, but these are employed as individuals under contract. Lacking the cushioned life of the multinational mover, such experts are paid even higher levels of remunera-
tion to compensate for the short-term bursts of expertise that they have been contracted to supply. They are likely to be younger, and more technically specialised, than the company-movers, often taking off lengthy periods of time between spurts of work.

Though some high-level migrants are sojourners, many also belong to the classical 'immigrant' category, either by design, as with the countries actively engaged in recruiting high level immigrants, or by default, when a sojourn ends up lasting a lifetime. More than 160,000 foreign engineers and scientists, for example, immigrated to the United States as permanent residents between 1966 and 1984, and annual rates of immigration among engineers and scientists appear to have grown in recent years. There is a still larger foreign-born presence in the production pipeline, with American universities housing an ever-growing foreign student population: between 1954-55 and 1993-94, for example, the foreign-student population grew from 34,232 to 449,749. For many, indeed most, foreign students a stay in American higher education is often prelude to permanent residence in the United States. Once on campus, foreign students make connections to US citizens and employers, which in turn provide the means and the incentives to settle in the USA for the long term.

With numbers like these, immigrant professionals have become an important presence in certain branches of American industry. In 1980, for example, when immigrants made up just under 7 per cent of total employment, the foreign-born accounted for nearly one out of every ten engineers. In 1982, foreign citizens accounted for 10 per cent of all the new B.S./M.S. entrants to the US engineering work force, and 36 per cent of the new entrants among engineering and computer scientist Ph.D.s, a proportion that would certainly be augmented were naturalised citizens taken into account. A 1985 National Science Foundation survey of 305 companies found that foreign citizens and naturalised US citizens accounted for one fifth of their scientific and engineering employment. Tabulations from the 1990 Census of Population show that Asians, a largely foreign-born population, comprise 7 per cent of all engineers, but 14 per cent of those with Masters degrees and 22 per cent of those with doctorates.

The advent of high-level immigration raises a different, though not utterly distinctive, set of issues from those concerning migrants of the labour type. For the most part, employment as such is not in danger, as high-level migrants find themselves favourably situated relative to the changing labour market trends. The more important issue, rather, has to do with the full use of the human capital of these high level migrants. It may be the case, that for all their education, the training is somehow inappropriate to the demands of host society employers. Or perhaps other attributes, language, culture, what have you, keep a limit on progress.

To the extent that higher-level immigrants are also distinctive ethnically, discrimination is always a possibility; the claim that highly-skilled immigrants encounter a 'glass ceiling' that curbs their career development is heard with increasing frequency.

Indeed, such is the case in the United States. Today the 'glass ceiling' provides a byword for concern about the integration of immigrant professionals, implying that well-educated newcomers start out in favourable positions, but gradually find themselves on a second-class career track. For example, the 1995 report of the Federal Glass Ceiling Commission described the situation faced by Asian and Pacific Islanders, a heavily foreign-born population, as an 'impenetrable glass ceiling' (US Federal Glass Ceiling Commission 1995). A 1992 report by the US Commission on Civil Rights found that:

... the perception that there is a 'glass ceiling' barring most Asian Americans from attaining top management positions (especially upper level management positions) for which they are qualified was perhaps the concern most frequently voiced by Asian American individuals and advocacy groups ...

Though resource constraints prevented a full investigation of the issue, the Commission was convinced that the problem [of the glass ceiling] is a serious one and that it pervades both private corporations and government agencies' (US Commission on Civil Rights 1992: 131-5).

5.5 The new second generation

The advent of the hourglass economy appears to confront the immigrant children with a cruel choice: either acquire the college, and other advanced degrees needed to move into the professional/managerial elite, or else accept the same menial jobs to which the first generation was consigned. However, the latter possibility is not in the cards. As Herbert Gans writes:

If the young people are offered immigrant jobs, there are some good reasons why they might turn them down. They come to the world of work with American standards and may not even be familiar with the old-country conditions by which immigrants judged the urban job market. Nor do they have the long-range goals that persuaded their parents to work long hours at low wages; they know they cannot be deported and are here to stay in America, and most likely they are not obliged to send money to
relatives left in the old country. From their perspective, immigrant jobs are demeaning moreover, illegal jobs and scams may pay more and look better socially - especially when peer pressure is also present. (Gans 1992).

With formulations such as these, we return to the 'skills mismatch' argument, though in this case, the mismatch concerns the aspirations of immigrant children and the requirements of the jobs which they seek.

While plausible, this scenario is too crude, ignoring both inter-ethnic differences within countries and inter-country variations. Second generation options are likely to be shaped by the circumstances of their parents, and these will vary greatly. The greatest problems are likely to be encountered by the children of low-level, manual workers, especially those dislocated by industrial restructuring. In the United States, for example, Mexicans, the single largest immigrant group, but also the least skilled, are even more heavily represented among the children of immigrants. Without the Mexicans, today's second generation looks little different from the rest of the American population in socio-economic characteristics, and in many respects appear to be advantaged. Moreover, the declining demand for less educated labour may threaten the prospects for second generation advance; but it need not be determining. Immigrant offspring of the past altered their attitudes toward and behaviour in school when they realised that more education would yield dividends, and there is no reason to assume that today's second generation will not do the same. Indeed, immigrants and the children of immigrants comprise 41 per cent of the first year students enrolled in the City University of New York - a rate that leaves immigrant children over-represented in the third largest public system of higher education in the United States by a factor of almost 50 (City University of New York 1994). The New York experience is not unique: nation-wide, 74 per cent of all college-age immigrants are enrolled in some form of post-secondary schooling as opposed to 65 per cent among the native-born; likewise, in-school rates for immigrant 18-21 year-olds are above native-born levels (Vernez and Abrahamsen 1996). Movement into higher education is a realistic prospect for many, precisely because a large fraction of the immigrants do not start at the bottom and a similarly substantial portion of immigrant offspring do not seek positions that only represent 'incremental improvements' over low-skill jobs.

As in other areas, migrants will adapt to these changing circumstances. While education may have always been prized, its objective value may now be enhanced. Migrant communities have therefore to consider the strategy which will improve school performance, often in city zones where general levels of achievement are poor. The evidence from Germany suggests that cultural assimilation can play a positive role in educational success. Although foreign children tend to do poorly in the basic qualification, Hauptschule, the longer they have lived in Germany, the more young people achieve (Alba, Handl and Mueller 1994; Behringer, Jeschek and Wagner 1994). On the other hand, cultural separation and solidarity can sometimes serve as a useful insulation against the corrosive effects wrought by poverty on native populations. Writing about Vietnamese young people in the United States, for example, Min Zhou and Carl Bankston write:

In disadvantaged neighbourhoods where difficult conditions and disruptive elements often are found, immigrant families may have to preserve traditional values consciously by means of ethnic solidarity to prevent the next generation from assimilating into the underprivileged segments of American society in which their community is located. (Zhou and Bankston 1996: 218).

Similar findings have been found in the UK and elsewhere in Europe. One serious consequence, however, of community isolation - whether or not by choice - is that it may lead to a low level of knowledge concerning local occupational possibilities and routes into work. Penn and Scattergood's study of South Asian young people in the North of England, for example, concluded that the best characterisation of their results was: '... the interaction of high ambitions and lack of a comprehensive knowledge of occupational possibilities outside higher education ...' (1992: 94).

6. Directions for research and policy

6.1 Migration policy

Migration processes in today's global world are surprisingly poorly understood. Demographic theories of 'push' and 'pull', and economic theories of relative advantage, explain what is most obvious and omit what is perhaps most important. The proposition that migration flows appear to be self-sustaining, particularly when oiled by advanced communications technologies, is not novel, but how this occurs and with what consequences is only dimly perceived. Certainly, old notions such as 'sending' and 'receiving' societies do not tally with the increasingly fluid tides of population movement that ebb and flow with their own
dynamic. In this sense, a modern approach has to begin with contemporary processes which include exploring the consequences for migration of events such as the ending of the Cold War, the growth of regional blocs and, not least, the advent of the global economy. Researchers are gradually responding to this challenge, sometimes through redefining and resurrecting ancient concepts. Robin Cohen's 1997 book on 'Global Diasporas' is one fine example (Cohen 1997).

The separation of 'integration' issues from migration research is also based upon a false distinction. All migrants are motivated by a desire to increase their safety or to enhance their opportunities for education or prosperity. They are always changed by the processes of migration, and necessarily change the setting into which they move. 'Integration' questions, or rather issues of incorporation, cannot therefore be separated from migration itself. What that means, or should mean, in terms of the rights, duties and obligations of citizenship is another important line of current thinking.

It is perhaps true that the approaches to migration in the United States have captured more successfully its dynamic elements. Whether this is because of a unified political culture, with consequences for common data standards and definitions, or because of the continuation of traditional links across the US-Mexican border, or because of an approach which encourages an open debate on which forms of migration policy rather than how to erect higher and higher barriers to certain forms of movement, is unclear. It is certainly true that there is much to be gained from a comparative approach.

Immigration policy in the United States has taken two forms. One involves restricting the flow of newcomers, with much talk about reducing the number of legal immigrants, and action almost entirely limited to efforts to keep out or send home those foreign-born persons who come to the United States illegally, or who came legally but declined to return home at the appointed time. The second involves efforts to punish those immigrants already residing in the United States, whether legal or illegal, as long as they have not yet been able to obtain US citizenship, mainly by removing eligibility for most forms of public welfare.

In Europe, policies have been even more devoted to control but less perhaps to punishing those who are deemed 'illegal' or irregular. While restrictions on welfare eligibility are certainly in place for undocumented migrants, and policies of repatriation are very common, 'punishment policies' are not universal and neither are they as extensive as is now true in the USA. The drift in that direction is, however, unmistakable. When the Amsterdam Summit of EU countries concluded in June 1997, one of the few areas of unanimity was the issue of increasing migration control. In many European countries there is an increasing elision be-

between the war on drugs, the break up of organised crime and the control of unwanted human arrivals. Even hitherto sacrosanct areas, such as asylum policy, have been buffeted by these winds of intolerance.

But policies emphasising control and punishment are more or less irrelevant for the issues of interest here. To be sure, more effective border enforcement would reduce the number of very low-skilled immigrants who have been crowded into highly competitive labour markets where they find dead-end jobs at wages that are low and declining. If undocumented immigration into the United States could be reduced from roughly 300,000 net new illegal arrivals a year to zero - not a very likely prospect - the country would still be the recipient of roughly 800,000 newcomers who arrive via the legal system. Even in Europe, family completion rules, together with pressure from employers to overcome labour shortages, also mean that control will not stop migration. What is missing in the European setting are migration policies other than control. Individual countries, such as Germany, are moving down the round of 'neo-gastarbeiter' policies of short-term admission but there is as yet nothing that could be seen as a 'European approach' (Rudolph 1996).

6.2 Urban regeneration

If the past is any guide, then newcomers will continue to converge on urban areas, and in particular, on a handful of large cities that have absorbed a disproportionate share of the immigrant flows. As emphasised in this paper, the economies of urban areas have been changing in ways that will impede the mobility of immigrants with lower than average skills. At the moment, even lower skilled immigrants do seem to find work; their greater difficulty involves finding work that pays well. And though not satisfactory, that might be adequate, as long as the first generation does not find itself extruded from the labour market, and their children succeed in significantly moving ahead.

A theme of this paper has been the heterogeneous trajectories that different migrant groups have taken. The pattern of those pathways, and the reasons why some groups appear able to avail themselves of options apparently denied to others, are only poorly understood. While it is apparent that economic fortunes may vary widely, it is by no means clear whether very high levels of unemployment amongst some minorities, often in decaying urban zones, mean that ghettoised communities in Europe will converge in socio-economic terms with those in North America. If that were to happen, even without the extremes of poverty experienced in the USA, then it might also be true that rising
levels of aggregate demand might draw in new labour supplies rather than utilise those already in place. That is perhaps the nightmare scenario for the European Union.

There has been considerable interest in public efforts to stimulate entrepreneurial development among ethnic minorities but governments do not appear to have the resources or the foresight to pick winners and losers from among competing small businesses (Waldinger 1990). This is not to say that governments should do nothing. Effective policies might be developed along two lines: first, building an infrastructure that fosters small business development in general; and, second, enacting and enforcing systemic policies of equal economic opportunity for ethnic and racial minorities. It is not the purpose of this paper to take sides in the debate over the welfare state but, as far as the first is concerned, there may be a tension between labour market regulation and entrepreneurship. More correctly, this may be a tension between regulation and entrepreneurship in the formal economy. If the informal economy is the only one available, then migrants will congregate within it. The problem then is that governments may have unwittingly created the conditions for low levels of social mobility, increased urban concentrations and the stimulation of xenophobia.

A topic which has not been addressed is whether urban regeneration policies are worth pursuing. On this question, academic opinion is divided. On the one hand, some successes have been achieved but they appear to have occurred where it has proved possible to mobilise regional or local pride and it is by no means clear that the beneficiaries have been local minorities. It is probably true that urban regeneration policies have proved most successful where they are needed least; that is, where things were improving anyway and where the severely excluded were not present in large numbers. It may be true that urban population decline has been reversed in many cities, and that the middle class fashion for fleeing the city in pursuit of a rural idyll is also on the wane. Whether this is good or bad news for those who could never have left is unclear.

6.3 Education and training

Notwithstanding discrimination, and the possibility that some cities will go on offering opportunities at the lower end of the skill range, there is widespread agreement that the possession of a good education is more important now than ever before if aspirations for advancement are ever to be realised. What happens in schools is therefore of major importance in shaping mobility options.

6.3 Anti-discrimination policy

In the USA, there is evidence that a substantial portion of the second generation is progressing beyond their parents, but their ability to do so on a sustained basis depends both on their ability to complete and obtain a decent secondary schooling and on proceeding to at least some post-secondary education. To a large extent, the problems confronted by the children of immigrants are not all that different from the problems faced by the much larger population of children with US-born, working-class parents: the supply/demand equation for less skilled workers has turned highly unfavourable, making extended schooling an imperative. Improving the quality of secondary schooling and improving access to higher education will do much for all of America's working-class families, including those with foreign-born children or parents.

In Europe the pattern is very mixed. Some groups of the second or third generation are achieving above the level of their peers nationally and much above when considered locally. The story is, however, very mixed and the children of some other communities are much less likely than average to complete a secondary education. Some of those in the latter group are full citizens with language skills equal to the majority. In other cases, they are foreigners without fluency in dominant languages. For example, in a review of the evidence on admission to higher education in the UK published in 1994, Modood and Shiner found that Chinese and Indians were the most likely young people to be over-represented in admission to university, while Caribbean and Bangladeshi young people were the most likely to be under-represented. (Modood and Shiner 1994; cf. Gillborn and Gipp 1996). Language acquisition is a necessary condition for successful incorporation but it is not itself sufficient to guarantee relative success.

From a policy point of view, one worrying element in the story of diversity is the variation by school itself. Some schools are clearly better than others in adding value to the human resources which they receive. But why? Does it make a difference if more teachers share the ethnic identities of their pupils? Does an inclusive, multi-cultural curriculum make more impact than one which emphasises only the stories of the relatively powerful? And what is the role of parents and schools; a mutually reinforcing marriage of the likeminded or an exercise in damage limitation?
they enjoy equal rewards for the skills they possess. This, of course, is the problem raised by the 'glass ceiling' controversy. Those analysts and advocates who detect a 'glass ceiling' concede that higher-skilled immigrants are doing well, but then argue that these better educated immigrants are not doing as well as they should. It is not clear what normative expectations inform that 'should': is it reasonable to anticipate that the foreign-born - as distinct from their children - will ever catch-up with comparably schooled natives? Perhaps not, but it would probably be better if the gap would get smaller rather than larger. Given immigration's contribution to greater diversity, it is not clear that policies of an affirmative action type would be beneficial - especially since affirmative action now gives foreign-born persons an entitlement that US-born citizens with a class, but no ethnic, disadvantage do not currently enjoy. A better objective, rather, would be to ensure that majority groups should not be able to use ethnicity as a weapon against ethnic minorities. Legal and political strictures against discrimination are needed: at the very least, immigrants and their descendants should be able to play the game on an equal footing.

While there is some reason for thinking that positive action policies may have a positive effect, for example, equal opportunity policies may increase equality in opportunity, the processes involved are not well understood. It may be that minority applicants are drawn to apply to organisations emphasising their open entries. In any case, while the level of discrimination in employment may be worse in some groups of countries than others, there is no overwhelming evidence that countries which have pursued anti-discrimination rules have lowered discrimination, or that countries without such rules demonstrate more. On the other hand, the law has a salutary and educational effect. It is probable that 'race-specific' policy has helped foster the black middle class in the USA even though it may have done little for the black poor. On balance, therefore, anti-discrimination legislation is important as long as it is not assumed that alone it can resolve the socio-economic issues addressed in this paper.

6.5 The multicultural option

What we are calling the 'multicultural option' appears in the United States to be self evidently valuable, while to the French it often seems equally self-evidently evil. Part of the disinclination by some analysts in France to consider the lessons from the American research literature stems from this incomprehension. As far as economic integration is concerned, the evidence points to a strategy somewhere between these poles. On the one hand cultural retention and community pride may stimulate levels of participation in public life, particularly where others are doing the same. In this sense it is quite false to imagine that cultural retention is an obstacle to integration, it may be the means of bringing it about. Also, there is evidence from, amongst others, Cuban Americans, that the typical migrant values of hard work, high mobility aspirations, entrepreneurship and enthusiasm for education create a heady mix in economies where these values are rewarded. On the other hand, some foreigners do suffer liabilities which are not shared by the native born, including problems with language, job search behaviour and, occasionally, a lack of congruence between religious sensibilities and work place norms. The Dutch solution of the inburgeringsovereenkomst, which offers language and civic instruction to newcomers, may represent a sensible option, as long as there is no assumption that this strategy will overcome problems of labour market exclusion and welfare dependency (Gowricharn 1996).

7. Conclusion

Migration to wealthy countries is not about to cease, regardless of greater attempts at control. Indeed, it is likely to become an even closer corollary of globalisation more generally, rising and falling with the level of economic activity. To this extent no country can afford to be without a thoughtful strategy for incorporation. For some this will be short-term work permits and for others skill quotas. Still others will probably continue as now to muddle through with visible attempts at control being exploited for political advantage. The central issue is that ethnicity, and probably not foreign birth, is becoming more deeply etched on the surface of cities. To this extent, an awareness of how minority groups are affected by rebuilt organisations and the redesign of the urban fabric is a critical component of good city governance.
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