

## CHAPTER 4

### Migrants and the Urban Labour Market in Europe and North America

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Malcolm Cross and Roger Waldinger

### Urban processes

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.

### 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. These changes have robbed urban areas of their absorptive capacity so that the urban economy no longer constitutes the first rung in the ladder of social mobility.

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. 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.

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 central cities; 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. State interventions have also been more effective in changing spatial distributions, as noted in a study of Amsterdam, where '...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 education 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:

Neighborhoods 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 neighbors 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. However, 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, though as noted below, it may provide a better fit with the situation of various second generation groups. Moreover, Wilson essentially offers a theory of *black* poverty; yet, the majority of the poor in the US are not black and none of Wilson's research concerns that phenomenon. While some of the same processes affecting African-Americans similarly displace less skilled whites in rustbelt cities, they do not lead to concentration and segregation in spatially isolated zones of enduring poverty. In Europe, moreover, the socially excluded are highly heterogeneous in ethnic terms; to that extent the concept of *the* underclass is also of very limited value since it appears to suggest that a common labour market position will be accompanied by a common identity.

### Globalisation and city type

An alternative view, most closely associated with Saskia Sassen (1989; 1991; 1996), emphasises the new sources of urban growth and dynamism. Sassen and others contend 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 the growth of services also involves a process of economic restructuring, in which 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.

The global city thus 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, constrained to docility, flexibility and compliance by their non-legal status. Consequently, the growth of 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.

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).

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 collapsed, and all three cities have since undergone a difficult period of adjustment. 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 over a sustained basis. 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 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. Because these 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)," 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 cooperative, more flexible work arrangements.

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).

## Ethnicity and immigrant adaptation

Apart from the classical approach to ethnic assimilation, consideration of the economic fortunes of migrants and minorities in cities have tend 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.

### 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, offer a new form of capitalist accumulation (Massey 1988; Portes, 1995).

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. 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.

### 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 – attributes 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.

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 (Aldrich and Auster 1984).

Network ties 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 relative newly arrived migrants. 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. 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).

### Informalisation and cities

In countries with highly controlled corporatist approaches to labour market regulation, the relative advantage of the informal economy is increased. Where the relative advantage is higher, the size of the informal economy may increase. 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 (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. This still 'Unknown City' provides a range of opportunities for undocumented migrants, only some of which relate to the informal economy (Engbersen 1996).

### 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. Similar 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 remuneration 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 specialist, 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. With numbers like these, immigrant professionals have become an important presence in certain branches of American industry. For example, 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 favorably 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.

### 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 unlikely, precisely because acculturation has successfully socialised the children of immigrants for the types of jobs that the native-born population also wants. Theories of "second generation decline" (Gans, 1992) or "segmented assimilation" (Portes and Zhou, 1993) suggest that the children of immigrants will run into trouble, trapped by a mismatch between their aspirations, on the one hand, and the requirements of the jobs which they seek, returning us back to the 'skills mismatch' argument.

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. While this is a sizable group, especially in the United States, a large portion of today's second generation comes from more advantaged circumstances.

Moreover, the declining demand for less educated labour may threaten the prospects for second generation advance; but it need not be determining. Like their peers, immigrant offspring realise

that more education will yield dividends, and act accordingly. 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 old are above native-born levels (Vernez and Abrahamse 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. 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).

## Directions for research and policy

Contemporary research on immigrants in urban economies points to new sources of difficulty: 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 impinging 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 earlier in the paper 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. 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. And as we have noted, the migration process itself generates resources, which allow at least some immigrants to surmount the obstacles they confront.

### 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. Can governments shape urban economies in ways that might facilitate immigrant adaptation?

One answer might involve stimulating entrepreneurial development, but governments do not appear to have the resources or the foresight to pick winners and losers from among competing small businesses. 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 we do note a likely tension between labour market regulation and entrepreneurship in the *formal* economy, with the former constricting the latter. 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.

### 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.

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 unfavorable, 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. While language acquisition is a necessary condition for successful incorporation, it is not itself sufficient to guarantee relative success.

### Anti-discrimination policy

If the children of immigrants do succeed in obtaining extended education of adequate quality, then the key issue will be guaranteeing that 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 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, 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.

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