

Chapter 8

Migrants and Minorities in the Labour Force

Employment of foreign workers is strongly influenced by broad macro-economic trends. This was evident in Western Europe when foreign labour employment generally stagnated or declined between 1975 and 1985 in a period of recession and restructuring. By 1997, however, a general pattern of upturn in international migration to the OECD area could be discerned (OECD, 2001). This was linked to factors like the spectacular growth of the US economy and related recovery of Western European economies and growing demand for highly-skilled labour in many OECD countries. Most legal immigration to OECD countries, however, continued to be authorized for family reunification rather than on economic grounds.

The events of 11 September 2001 contributed to a global recession. Historically, migrant workers are disproportionately adversely affected by such economic downturns and there was some evidence of this in the USA in the months following the attacks and in Malaysia where tens of thousands of mainly Indonesian migrants were deported in 2002 as the government sought to implement stricter immigration regulations. Despite apprehension over possibly untoward economic consequences of the war on terrorism, the short- to medium-term prospect for global migration for employment remained quite robust on the first anniversary of 11 September.

The OECD's 1986 Conference on the Future of Migration identified the underlying reasons for the long-term prospects for increasing employment of immigrants: the ageing of Western societies, demographic imbalances between developed and developing regions in close proximity to each other, the North-South gap, continuing employer demand for foreign labour and the growth of illegal migration (OECD, 1987). Furthermore the conference stressed the necessity of understanding immigration in its global context as something inextricably bound up with economic and foreign policies, developments in international trade and growing inter-dependence.

This book has shown how most post-1945 movements started as labour migration, often organized by employers and governments. The movements have changed in character over time, with increasing participation of non-economic migrants, including dependants and refugees. The economic migrants, too, have become differentiated, with increasing participation of highly-skilled personnel and entrepreneurs. The political

economy-based theories of labour migration which developed in the 1960s and 1970s emphasized the crucial role of migrant workers in providing low-skilled labour for manufacturing industry and construction, and in restraining wage growth in these sectors. In the post-Cold War era, there developed a need to re-examine this political economy in the light of the shift from temporary labour to permanent settlement and the increasing economic differentiation of migrant workers. Key questions to be asked include the following:

1. What was the impact of economic restructuring since the 1970s on migrant workers?
2. Have the patterns of labour market segmentation by ethnic origin and gender which had emerged by the 1970s persisted, or have there been significant changes?
3. What variations are there in employment patterns according to such criteria as ethnic background, gender, recentness of arrival, type of migration, legal status, education and training?
4. What variations are to be found between immigration countries, especially pertaining to scope of the underground economy, and how are they to be explained?
5. What is the situation of second and subsequent generation immigrants in the labour market (is disadvantage passed on from generation to generation)?
6. Is institutional or informal discrimination a major determinant of employment and socio-economic status?
7. What strategies have migrants adopted to deal with labour market disadvantage (for example, self-employment, small business, mutual aid, finding 'ethnic niches')?

This chapter addresses the above questions by reviewing some of the major theoretical and empirical findings concerning immigrants and labour markets since the 1970s. The growing complexity of immigrant labour market effects is examined, along with material illustrating cross-national trends in labour market segmentation and the growing polarization of immigrant labour market characteristics. A case study of the evolution of foreign employment in the French motor and building industries is included to demonstrate the adverse effects of economic restructuring since the early 1970s on foreign labour in certain industries and to illustrate processes of labour market segmentation.

Migrants in the informal economy

Understanding of the key role played by the employment of many migrants in the underground economy has increased since the mid-1970s. Studies of

legalized aliens, in particular, have provided deeper insight (OECD, 2000: 53–78). As governments sought to deter illegal employment of aliens, they required better understanding of labour market dynamics in sectors known to employ large numbers of migrants illegally. Such sectors characteristically included labour-intensive agriculture, building construction, gardening and lawn maintenance, the garment industry, hotels and restaurants, domestic services, janitorial and cleaning services, nursing and, in the USA, the meat-packing industry.

Employer demand for migrant workers in sectors like these often persisted despite recession and high unemployment of citizens. Employment of eligible aliens also persisted in the face of enforcement of employer sanctions and other measures intended to deter illegal employment (see Chapter 5). Indeed, some employment-eligible aliens and French citizens of immigrant background have claimed they had to pose as illegal aliens in order to get agricultural work in southern France.

As suggested in Chapter 4 with reference to Northern and Southern Europe, the dimensions and nature of the underground economy vary from country to country and from region to region. There are also important variations in the willingness and capacities of governments to regulate labour markets. Virtually all labour migration to Southern Europe in recent decades has been directed to employment in the informal sector (Reyneri, 2001).

Some recent scholarship focusing on illegal migration and alien smuggling views these processes as the unproblematic meeting of labour market demands and locates the problems elsewhere, in governmental efforts to regulate international migration (Harris, 1996). Such views are also expressed by labour-sending countries, such as Mexico, which view illegal migration of their nationals as driven by unmet demand for labour in the destination countries. Such perspectives sometimes portray illegal employment as heroic and emphasize that the migrant workers can improve their overall socio-economic welfare and that of their families as well as that of the host country through such employment. Using World Bank data which divides the world into 22 'high income' and 110 'middle and low income countries', Martin and Taylor calculated that the average person who moves from the latter to the former increases his or her income by ten to twenty times (Martin and Taylor, 2001: 98). The significance of migrant wage remittances to homelands was examined in Chapters 6 and 7.

Governments and societies in countries receiving large numbers of unauthorized migrant workers sometimes choose to ignore the inflow or to view it as benign. This was the case of France up to roughly 1970. But much more commonly, the existence of an underground economy and the role played by migrant workers in it is viewed as unlawful and as socially harmful. This is what motivated adoption of employer sanctions and other measures to punish illegal employment, not only of aliens but of citizens as

well. What accounts for the persistence of the underground economy and illegal migrant employment in it?

In many instances, governments simply lack the administrative wherewithal or the political will to enforce their laws and regulations. The case of Mexican farmworkers in the USA is particularly illustrative. In 1970, according to Philip Martin, there were about 750 000 Mexican-born US residents; in 2002, there were over 9 million. Martin estimates that 95 per cent of new entrants to the seasonal farm workforce are foreign-born. Many Mexicans thus begin their sojourns in the USA as illegal farmworkers. Martin estimates that, of the 1.8 million farmworkers employed in crop production (as distinct from livestock rearing), over half were illegally employed in 2002 (Martin, 2002). Farmworkers constitute the poorest segment of American society and migration trends in the 1980s and 1990s were clearly linked to growing poverty in rural areas, for example in California (Taylor *et al.*, 1997).

While employers in labour-intensive agriculture frequently raise the spectre of labour shortages and crops rotting in fields, characteristically there is oversupply of labour. One consequence is wage depression. Farmworker wages stagnated in the 1980s and 1990s, mainly due to the influx of illegal immigrants (Taylor *et al.*, 1997: 13–14). A second is that employers have little incentive to improve working conditions or management techniques. Unionization of US farmworkers, particularly in California, progressed between 1965 and 1975 with salutary effects upon wages, but declined thereafter, in part due to increased farmer recourse to farm labour contractors (Taylor *et al.*, 1997: 14–16).

It is frequently claimed that US citizens shun farm work and such views are echoed by farmers in countries like Germany, France, Spain and Italy. However, the purported 'dependency' of labour-intensive agriculture upon migrant workers requires careful scrutiny. Farmers are often exempt from compliance with rules and regulations that apply in non-agricultural sectors. Moreover, acreage planted with labour-intensive crops, primarily fruits and vegetables, is often increased on the assumption that an ample supply of foreign workers will be available. As globalization has enabled the year-round supply of fruits and vegetables in more developed countries, there is reason to question whether expanded labour-intensive agricultural production in the more economically-advanced countries constitutes something that is desirable, particularly if such production competes with agricultural exports from less-developed countries with high rates of unemployment or underemployment and of emigration. From a public policy perspective, especially in view of policies directed against illegal migration, labour-intensive agricultural production would optimally occur in areas with a comparative advantage in overall production and marketing costs. The pervasiveness of illegal alien employment in labour-intensive agriculture in the richest countries is not only exploitative of

migrant workers, who are usually badly paid and generally work in difficult conditions at the mercy of their employers, but foreign agricultural workers and their dependants are often forced to live in substandard housing and experience segregation and racism. The outbursts of anti-immigrant violence in Spain in 2001 and in southern France in the early 1970s were very much connected to social tensions surrounding largely illegal employment of foreign agricultural workers (see Chapters 4 and 5).

Other factors accounting for the persistence of employer demand for unauthorized workers include the growth of subcontracting in sectors like building construction, garments and janitorial services. The growth of service industries like lawn maintenance and gardening services in the USA and of domestic services virtually throughout the more developed countries, but also in many Asian and Middle Eastern countries, plays an important role.

The weakening of trade unions in the current phase of globalization also constitutes an important factor. Illegal employment is unusual in sectors, firms or industries with strong unions. In the USA in the 1990s, however, some of the most successful unionization drives involved illegally-employed workers. These occurred against an overall backdrop of declining unionization and helped prompt the change in leadership of the AFL-CIO and its policy towards illegal migration that set the stage for the US-Mexico migration initiative in 2001 (see Box 1.2).

As Claude-Valentin Marie has observed (2000), the illegally-employed alien worker in the informal sector is in many ways emblematic of the current era of globalization. The precariousness of such workers, their absence of rights and flexibility respond to the exigencies of firms in an era of intense globalization. In the most extreme exploitative circumstances, trafficked men, women and children become latter-day slaves whose numbers worldwide amount to millions (see Chapter 5).

Growing fragmentation and polarization of immigrant employment

Perhaps what is most distinctive about immigrant employment is clustering or concentration in particular jobs, industries and economic sectors. The sectoral nature of immigrant employment concentration varies from country to country due to historical factors and other variables, such as entrepreneurial and foreign worker strategies (OECD, 1994: 37). The pattern of immigrant employment concentration within a particular state and society often evolves through time. In France, a decline in alien employment in the motor and building industries since 1973 has been

paralleled by new concentrations of aliens in the rapidly-growing services sector. A nine-country OECD study revealed:

contrasting situations in the structure of foreign labour compared with national employment in each type of economic activity. The role of foreign labour differs in the countries covered by the study ... Despite these differences, concentrations of foreign workers persist in sectors often neglected by nationals, though at the same time there has been a spread of foreign labour throughout all areas of economic activity, especially services. (OECD, 1994: 37)

The persistence of labour market segmentation is a theme common to many studies on immigrants and labour markets. Castles and Kosack demonstrated a general pattern of labour market segmentation between native and immigrant workers in Western Europe in the 1970s (Castles and Kosack, 1973). Collins regards the 'impact of post-war immigration on the growth and fragmentation of the Australian working class' as 'one of the most salient aspects of the Australian immigration experience' (Collins, 1991: 87). A US Department of Labor report concluded:

the most important current consequence of internationalization, industrial restructuring, and the increase in the national origins and legal status of new immigrants is the dramatic diversification of conditions under which newcomers participate in the US labor market. Newcomers arrive in the United States with increasingly diverse skills, resources and motivations. In addition, on an increasing scale, they are arriving with distinct legal statuses. In turn, this proliferation of legal statuses may become a new source of social and economic stratification. (US Department of Labor, 1989: 18)

The range and significance of immigrant labour market diversity is obscured by policy and analytical perspectives that stress the homogeneity of competitive labour markets or sharp contrasts between primary and secondary labour markets (US Department of Labor, 1989: 18). It is often meaningless to generalize about average earnings and other labour market effects of immigration, just as it is meaningless to assume a general interest in discussions of immigration policy. Immigration has extremely unequal effects upon different social strata. Some groups gain from policies facilitating large-scale expansion of foreign labour migration, while other groups lose (Borjas, 1999: 12-13). The winners are large investors and employers who favour expanded immigration as part of a strategy for deregulation of the labour market. The losers are many of the migrants themselves, who find themselves forced into insecure and exploitative jobs,

with little chance of promotion. Among the losers are also some existing members of the workforce, whose employment and social condition might be worsened by such policies.

In the 1980s, awareness grew that immigrant workforces were becoming increasingly bipolar, with clustering at the upper and lower levels of the labour market. The head of ILO's migrant workers section termed Western Europe's growing number of professionals, technicians and kindred foreign workers the 'highly invisible' migrants and estimated that they comprised one-quarter of legally-resident aliens living in the former EC (Böhning, 1991a: 10). Americans, Canadians, Japanese and Europeans from nearby states that did not belong to the EC comprised most of the highly invisible migrants. However, resident alien populations, such as Turks in Germany, who are stereotypically seen as blue-collar workers, also included surprising numbers of professionals and entrepreneurs.

A bifurcation in the labour market characteristics of immigrants was apparent in the USA as well. Borjas found an overall pattern of declining skills in post-1965 immigrant cohorts as compared to earlier immigrants. This is a result of the 1965 changes in immigration law which opened up the USA to immigration from around the world (see Chapter 4). As entries from Western Europe declined in favour of those from Asia and Latin America, the differences in the prevailing socio-economic and educational standards between the regions were reflected in the declining skills and rising poverty of post-1965 immigrants (Borjas, 1990, 1999). The USA is far more attractive to poorer and less-privileged Mexicans than it is to the Mexican middle and upper classes, who are little inclined to emigrate from a society marked by extreme inequality in income distribution and life chances (Borjas, 1990: 126). Hence it was scarcely surprising that the Mexican farmworkers who were legalized after 1986 on average possessed only four years of schooling.

The growing bifurcation of immigrants to the USA was apparent in the sharply contrasting poverty rates of various national origin groups. The fraction of immigrants from Germany and Italy living in poverty was 8.2 per cent, whereas Chinese and Koreans had poverty rates of 12.5 and 13.5 per cent respectively, and immigrants from the Dominican Republic and Mexico suffered poverty rates of 33.7 and 26 per cent (Borjas, 1990: 148). Similarly, Borjas found a strong link between rising welfare utilization by immigrants and the changing character of immigration to the USA (Borjas, 1990: 150–62). These trends prompted Borjas to advocate changes in US immigration law to increase the skill levels of immigrants. The Immigration Act of 1990 aimed nearly to triple the number of visas reserved for qualified workers from 54 000 to 140 000 yearly. Moreover, 10 000 visas for investors were set aside annually.

As in Western Europe, labour market projections for the USA circa 1990 forecast growing shortages of highly-qualified personnel. The Immigration

Act of 1990 was designed to enhance US competitiveness in what was perceived as a global competition to attract highly skilled labour. Concurrently, one of the major future challenges facing the USA was deemed finding gainful employment for the existing and projected stocks of low and unskilled workers, many of whom are minorities. Nonetheless, advocacy of temporary foreign worker recruitment for industries such as restaurants and hotels, agriculture, and construction continued on both sides of the Atlantic, and many employers, such as in Germany and France, complained about labour shortages despite relatively high unemployment rates. The politics of the second generation of temporary foreign worker policies was examined in Chapter 5.

A sharp pattern of labour market segmentation was also apparent in Australia (see Chapter 9). Collins identified four major groups: (1) men born in Australia, in English-speaking countries and Northern Europe, who were disproportionately found in white-collar, highly-skilled or supervisory jobs; (2) men from non-English speaking countries who were highly concentrated in manual manufacturing jobs; (3) women with an Australian or English-speaking background, found disproportionately in sales and services; and (4) women with a non-English-speaking background who tended to get the worst jobs with the poorest conditions (Collins, 1978). For Collins: 'perhaps the crucial point in understanding post-war Australian immigration is that English-speaking and non-English-speaking migrants have very different work experiences' (Collins, 1991: 87).

Significant labour market segmentation is thus evident in industrial democracies. Traditional gender divisions, which concentrated women in low-paid and low-status work, have been overlaid and reinforced by new divisions affecting immigrant workers of both sexes. As migration is globalized, there are widening gaps both between immigrants and non-immigrants, and among different immigrant categories. Future trends in the labour market will favour highly-skilled immigration, but the pool of aspiring low-skilled immigrants is enormous and will expand exponentially in coming years.

Labour market segmentation leads to long-term marginalization of certain groups, including many of the new immigrants from non-traditional sources. Generally there are not rigid divisions based on race, ethnicity or citizenship status. Instead, certain groups have become over-represented in certain disadvantaged positions. Some individual members of disadvantaged groups do well in the labour market, but most do not. The causes for this are not only found in specific factors like education, length of residence, prior labour market experience or discrimination. Much more complex explanations are usually required, which provide historical understanding of the processes of labour migration and settlement, along with their role in a changing world economy.

Global cities, ethnic entrepreneurs and immigrant women workers

Patterns of international migration are tightly bound up with capital flows, investment, international trade, direct and indirect foreign military intervention, diplomacy and cultural interaction. Pioneering work by Sassen (1988) stressed how patterns of foreign investment and displacement of certain US manufacturing jobs abroad have fostered new migratory streams to the USA (or have tended to expand pre-existing flows). Sassen underscores the significance of the emergence of global cities, like New York or Los Angeles, for understanding future patterns of migration. Linkages between global cities and distant hinterlands create paradoxes wherein enormous wealth and highly remunerated professional employment uneasily coexist with growing unskilled service industry employment and Third-World-like employment conditions in underground industries. The casualization of labour and growing illegal alien employment are characteristic of global cities. Considerable illegal employment of aliens often coincides with high unemployment of citizens and resident aliens. The latter are likely to belong to minorities and have often been victims of job losses in industries that have shifted manufacturing operations abroad.

As noted in previous chapters, some immigrant groups have traditionally played key economic roles as traders and entrepreneurs. Since the 1970s recession, a growing body of research has examined immigrant entrepreneurship and its effects. Across industrial democracies, growing numbers of immigrants are self-employed and owners of small businesses (Waldinger *et al.*, 1990). Most typical are ethnic restaurants, 'mom and pop' food stores and convenience stores. Immigrant-owned businesses frequently employ family members from the country of origin. Light and Bonacich, in their influential study *Immigrant Entrepreneurs* (1988), traced the origins of the Korean business community in Los Angeles to the Korean War, which led to the establishment of extensive transnational ties and eventually migration between the Republic of Korea and the USA.

Studies in France similarly stressed the complex historical genesis of immigrant entrepreneurship. Abdelmalek Sayad, the French sociologist, noted that 'sleep merchants' who supplied lodging for illegal aliens, usually compatriots, figured among the first North African businessmen in France (Vuddamalay, 1990: 13). In Germany, there were 150 000 foreigner-owned businesses by 1992, including 33 000 owned by Turks. The Turkish-owned businesses generated 700 000 jobs in 1991 and recorded sales of DM25 billion (about US\$17 billion) and invested DM6 million in Germany (*This Week in Germany*, 18 September 1992: 4).

Immigrant entrepreneurship has been assessed divergently. Some scholars, such as Fix and Passel, stress the economic dynamism of immigrant

entrepreneurs with their positive effects upon economic growth and quality of life for consumers:

Another source of job creation is the entrepreneurial activities of immigrants themselves. In 1990 almost 1.3 million immigrants (7.2 percent) were self-employed, a rate marginally higher than natives (7.0 percent) ... During the 1980's, immigrant entrepreneurship increased dramatically. In 1980, 5.6 percent of immigrants living in the United States were self-employed but by 1990 the same group of pre-1980 immigrants (who had now been in this country for an additional decade) had a self-employment rate of 8.4 percent. (Fix and Passel, 1994: 53)

A more critical viewpoint stresses the human suffering entailed by intense competition, the long hours of work, exploitation of family labour and of illegally-employed aliens, resultant social problems and so on (Light and Bonacich, 1988: 425–36; Collins *et al.*, 1995). The Los Angeles riots of 1992 revealed an undercurrent of tension between blacks and Korean business people in Los Angeles. Tensions between urban black Americans and Korean entrepreneurs were manifested in other major US cities, frictions that were similar to anti-Jewish business sentiments when US ghettos boiled over in the 1960s. Such tensions again point to the need for a broad-gauged approach to apprehension of immigration. The downside of immigrant entrepreneurship was summarized in a 1997 report:

The ethnic solidarity hypothesized to be conducive to immigrant business can be seen in another light, as exclusionary and clannish, impeding access to business and employment opportunities for the native-born ... The informal business transactions in immigrant communities that are normally regulated by gossip and ostracism can sometimes be enforced in ways that are distinctly illegal. To some of the relatives involved, the much-vaunted 'strong family ties' that keep a corner store open 24 hours a day may seem exploitative and unfair. There is even reason to suspect that migrant self-employment is more of a survival strategy than an indication of socio-economic success – more, that is, of a lifeboat than a ladder. (*Research Perspectives on Migration*, 1997: 11)

Research in the 1980s and 1990s shed a great deal of additional light on the labour market role of immigrant women. Houstoun *et al.* (1984) documented a female predominance in legal immigration to the USA since 1930. They concluded that deployment of US military forces abroad played a significant role in this. They noted that an estimated 200 000 Asian-born wives of US servicemen resided in the USA in the early 1980s. While working-age immigrant men reported a labour force participation rate (77.4 per cent) similar to US men, female immigrants were less likely

to report an occupation than US women. The bifurcation pattern considered above was more pronounced with immigrant women. They were more concentrated in highly-skilled occupations (28.1 per cent) than US women but also more concentrated in low-status, white-collar clerical employment (18.0 per cent), semi-skilled blue-collar operation jobs (17.9 per cent) and in private household work (13.9 per cent) (Houstoun *et al.*, 1984).

Data on female immigrant employment in Australia revealed sharp segmentation. Collins and Castles used 1986 Census data to examine the representation of women in manufacturing industry. The index figure 100 indicates average representation. They found high degrees of overrepresentation for women born in Vietnam (494), Turkey (437), Yugoslavia (358) and Greece (315). Women born in the USA (63), Canada (68) and Australia (79) were underrepresented (Collins and Castles, 1991: 15). Female clustering in manufacturing industries undergoing restructuring rendered them disproportionately vulnerable to unemployment. Immigrant women of a non-English-speaking background were thought to be overrepresented in outwork for industries such as textiles, footwear, electronics, packing and food and groceries. Collins and Castles considered these workers as perhaps the most exploited section of the Australian workforce (Collins and Castles, 1991: 19).

Morokvasic has argued that, in general, immigrant women from peripheral zones living in Western industrial democracies:

represent a ready made labour supply which is, at once, the most vulnerable, the most flexible and, at least in the beginning, the least demanding work force. They have been incorporated into sexually segregated labour markets at the lowest stratum in high technology industries or at the 'cheapest' sectors in those industries which are labour intensive and employ the cheapest labour to remain competitive. (Morokvasic, 1984: 886)

Patterns of labour migration in the post-post-Cold War era continued this type of incorporation of women's labour, and extended it to new areas of immigration, such as Southern Europe and South-East Asia. The exploitation of women in human trafficking was examined in Chapter 5.

Foreign labour in France's car and building Industries

In many highly-developed countries, migrant workers became highly-concentrated in the car and building industries. Employer recourse to foreign labour in these sectors has been particularly significant in France, both in quantitative and in political terms. At the height of labour immigration in the early 1970s, some 500 000 foreigners were employed in

the building industry. About a quarter of all foreigners employed in France were in the building industry. In motor car construction, some 125 000 foreigners were employed, representing one out of every four car workers. Only the sanitation services industry had a higher ratio of foreign to French employees by 1980 (Miller, 1984).

The disproportionate effects of the 1970s' recession upon foreign workers in the car and building industries were incontrovertible. Although foreigners comprised one-third of building sector employees, they suffered nearly half of the total employment loss from 1973 to 1979, and declined to 17 per cent of the building industry workforce by 1989 (OECD, 1992: 24). In the car industry, total employment actually increased by 13 000 in the same period, yet foreign workers were hard hit by layoffs, their number falling by 29 000. During the 1980s, tens of thousands of additional jobs were lost, with aliens again being disproportionately affected.

A report compiled by the Fédération Nationale du Bâtiment, the main French building sector association, revealed that total employment in the building sector declined by 11.7 per cent from 1974 to 1981. But the reduction of the foreign employee component, some 150 000 jobs, represented a loss of 30 per cent of the 1974 foreign workforce, whereas the 45 000 decrease in the number of French workers employed represented only a 3.9 per cent decline from 1974 employment levels. In other words, three out of every four jobs lost in the building industry from 1974 to 1981 had been held by foreigners.

Foreign worker employment in the building and car industries reached its height in 1974 and then contracted sharply. Nonetheless, according to a Ministry of Labour survey, foreign workers still comprised 28 and 18.6 per cent of the building and car construction industries workforces respectively in 1979. This was all the more remarkable because, in addition to the halt in recruitment, the French government sought to reduce foreign worker employment through a programme offering a cash incentive for repatriation. There was also a *revalorisation du travail manuel* programme, which sought to substitute French for foreign workers through improving the conditions of manual jobs. Both the repatriation and *revalorisation* programmes fared poorly.

Prior to 1974, the car assembly industry was characterized by a high rate of foreign employee turnover. This pattern was profoundly altered by the 1974 recruitment ban. Major consequences of the stabilization of the foreign workforce in motor manufacturing were the ageing of the foreign workforce, its mounting unionization and socio-political cohesiveness as well as resentment of perceived discrimination against foreigners in terms of career opportunities. By the 1980s, most foreign car workers had been employed for at least five years by their company. At the Talbot-Poissy plant by 1982, for example, only one out of the 4400 Moroccan manual workers had worked there less than five years. Some 3200 of the

Moroccans had worked there for ten years or more (Croissandeau, 1984: 8–9).

Foreign workers often chose to join or to vote for various unions as a group, whether from a specific nationality or from a specific shop. Hence support could swing sharply from one union to another, depending on foreign workers' views of a union's specific programme on issues of concern to them. The volatility of ties to French unions stemmed in part from the parallel development of largely autonomous shop-floor organization among foreign workers. In many cases, shop-floor cohesion was based upon national or religious solidarity. By the 1980s, Islamic solidarity groups, whose loci of contact were Muslim prayer-rooms provided by management within the factories, had become an important force. In other instances, underground revolutionary groups affected the form of foreign worker integration into union structures.

The extraordinary sense of collective identity evidenced by foreign car workers by the 1980s stemmed from the stratification which bound together workers of similar ethnic and religious backgrounds in assembly line and other manual jobs. The striking concentration of foreign workers in unskilled or lowly-qualified jobs at Renault-Billancourt was typical of car plants which employed large numbers of foreign workers. Any explanation for the low certified skill levels of most foreign car workers must return to the recruitment process. Citroën, and to a lesser extent other French motor manufacturers, deliberately sought out physically able but poorly-educated foreigners to fill manual labour positions. It was felt that their low levels of education and general backwardness made them better suited for monotonous and often physically taxing jobs than Frenchmen. Hence many foreign car workers were illiterate.

With few hopes for professional advancement, many foreign car industry workers grew frustrated with their jobs. Their frustration and the difficulty of their work was reflected in rising absenteeism and generally less-disciplined work habits (Willard, 1984). Whereas employers once prized foreign workers for their industry and discipline, they began to complain of production and quality control problems. Employer misgivings over hiring of foreign labour were crystallized by a wave of strikes of primarily foreign workers which plagued the industry in the 1970s before rocking its very foundations in the 1980s.

The car workers' strikes hastened plans to restructure and modernize the French motor manufacturing industry. Both Peugeot and Renault, the two major automobile firms (Peugeot having acquired Citroën and Chrysler Europe in the late 1970s), announced plans to automate production through the use of industrial robots. Unrest in French car factories continued sporadically into the early 1990s, but would never again reach dimensions comparable to those of the 1973–83 period. The building industry, with its weaker unionization rate, rampant illegal alien employ-

ment, widespread subcontracting and predominance of small and medium-sized employers, did not experience parallel unrest. However, economic restructuring, as seen through the window of these two French industries, had disproportionately affected immigrant employment, with far-reaching political consequences.

In other French industries, however, immigrant employment grew over the 1973–93 period. This was particularly true of services and the apparel industry. In other countries, similar seemingly contradictory developments have been documented. Migrants are disproportionately vulnerable to job loss during recessions and periods of economic restructuring in declining industries, but not in others. Tapinos and de Rugy suggest that 'immigrant workers, more sensitive to fluctuating demand, would appear to be more popular than nationals in sectors subject to strong cyclical swings, but also more at risk during a recession' (OECD, 1994: 168).

The process of labour market segmentation

The French car and building industries were typical of the situation in all highly-developed countries, in that they exhibited a pattern of foreign worker concentration in less desirable jobs. These jobs were frequently unhealthy, physically taxing, dangerous, monotonous or socially unattractive. This state of affairs was shaped by many factors. In both industries, employment of foreign and colonial workers had already become traditional before the Second World War. In the post-1945 period, both industries faced a serious shortfall of labour, a problem solved by recourse to aliens. The legal foreign worker recruitment system aided employers by making employment and residence contingent on employment in a certain firm or industry – usually within one city or region – for a period of several years. Many foreign workers only gradually earned freedom of employment and residential mobility.

The recruitment system funnelled foreign workers into less attractive jobs. Employers might have had to improve working conditions and wages if it had not been for the availability of foreign labour, or they might have been unable to stay in business. Illegal alien employment was rare in the car industry: the size of firms and the presence of strong unions made it difficult. Illegal employment was common in the building industry, where it adversely affected wages and working conditions. This had the paradoxical effect of making the industry all the more dependent on foreign labour. As employment in the industry became socially devalued, employers could often find only foreigners to work for them. Similar processes affected female foreign workers, who became highly concentrated in certain sectors of manufacturing, such as clothing and food processing, and in service occupations such as cleaning, catering and unskilled health

service work. Undocumented employment of women was even more common than for men, since ideologies about foreign women as mothers and housewives made it easy to conceal their role in the labour force.

There was little direct displacement of French workers by foreigners. Certain types of jobs became socially defined as jobs for foreign labour, and were increasingly shunned by French workers who, during the long period of post-war expansion, could generally find more attractive employment elsewhere. Indeed, massive foreign worker employment enabled the upward mobility of many French workers. This general process prevailed until the late 1970s or early 1980s, when France went into a prolonged recession and unemployment grew.

Employer recruitment strategies also contributed to labour market segmentation between French and alien workers. Some building industry employers preferred to hire illegal aliens because they could increase profits, through non-payment of bonuses and payroll taxes for instance, and they ran little risk of legal sanctions until the 1980s. Some motor industry employers deliberately sought to hire poorly-educated peasants without industrial experience in order to frustrate left-wing unionization efforts. This strategy had the effect of making assembly-line work even less attractive to French workers. In the same way, clothing industry employers found it particularly easy to pressure foreign women into undocumented and poorly-paid outwork; again a situation to be found in virtually all industrial countries (Phizacklea, 1990). In France, between 1983 and 1991, overall employment in the clothing industry fell by 45 per cent, but foreign worker employment rose by 53 per cent (OECD, 1994: 40).

Eventually the pattern of ethnic stratification within French car plants became a major factor in labour unrest. The strategy of divide and rule practised by some employers ultimately boomeranged when foreign car workers struck for dignity in the late 1970s and the early 1980s. The ethnic solidarity produced by the process of labour market segmentation in many French car factories was a key factor in the prolonged unrest. Again, parallels can be found in migrant worker movements in other countries (for Australia, for instance, see Lever-Tracy and Quinlan, 1988).

The process of labour market segmentation usually results from a combination of institutional racism and more diffuse attitudinal racism. This applies particularly in countries which recruit 'guestworkers' under legal and administrative rules which restrict their rights in a discriminatory way. The legally-vulnerable status of many foreign workers in turn fosters resentment against them on the part of citizen workers, who fear that their wages and conditions will be undermined. This may be combined with resentment of foreign workers for social and cultural reasons, leading to a dangerous spiral of racism. Such factors have profoundly affected trade unions and labour relations in most countries which have experienced labour immigration since 1945.

Immigration, minorities and the labour market needs of the future

The plight of laid-off Moroccan car workers in France was emblematic of a host of critical problems facing many industrial democracies. Even in the early 1980s, a Paris-area car plant typically finished painting cars by hand. Teams of immigrant workers generally did the work and, in many cases, it was done by Moroccans. One-quarter of all Moroccans employed in France in 1979 were employed by the car industry alone. The Moroccans were recruited because they were eager to work, recruitment networks were in place and because they were reputed to be physically apt and hardworking people. By 1990, most of the painting teams had been replaced by robots. Many of the workers were unemployed and, owing to their lack of educational background, there was little hope of retraining them to take jobs requiring more advanced educational backgrounds. Their only hope for re-employment lay in finding another relatively low-skilled manual labour job, but such jobs were disappearing.

Throughout Western Europe, economic restructuring led to alarmingly high unemployment rates for foreign residents by the mid-1980s. In 2002, their unemployment rates generally remained well above those for the population as a whole. All indications are that there will continue to be an aggregate surplus of manual workers over employment opportunities for the foreseeable future. Job opportunities will be found primarily in the highly-skilled sector where shortages are already apparent and will continue into the future, or in the informal economy.

The labour market difficulties of laid-off foreign workers were compounded by several other worrisome trends. Immigrant children comprised a growing share of the school-age population but were disproportionately likely to do poorly in school, to be early school leavers or to enter the labour force without the kind of educational and vocational credentials increasingly required for gainful employment (Castles *et al.*, 1984: Chapter 6). The worst scenario for the French socialists involved the sons and daughters of the laid-off Moroccan car workers leaving school early and facing bleak employment prospects. The fear was of a US-style ghetto syndrome in which successive generations of an ethnically distinctive population would become entrapped in a vicious cycle of unemployment leading to educational failure and then socio-economic discrimination, and finally housing problems.

France faced an uphill struggle to ensure that the most vulnerable members of its society enjoyed a reasonable measure of equality of opportunity. Immigrants and their descendants comprised a large share of the at-risk population. This was the major motivation behind Western European efforts to curb illegal immigration. It was generally felt that the population that was the most adversely affected by competition from

illegal aliens on labour markets was existing minority populations. The overall economic effects of immigration are thought to be marginally positive (US Department of Labor, 1989; Borjas, 1999: 12-13). But labour market effects of immigration, and particularly of illegal immigration, are uneven and spatially concentrated. In the USA, it was thought by some specialists that Afro-Americans and Hispanic citizens were the two groups most affected by illegal migration. These conclusions were disputed, however, and many Hispanic advocacy groups in the USA viewed illegal immigration as a benign, if not positive, inflow, since it provided much-needed workers and helped in family reunion and community formation processes.

Conclusions

This chapter has argued that the economic restructuring since the 1970s has given rise to new immigration flows and new patterns of immigrant employment. One major result has been increasing diversification of immigrants' work situations and of their effects on labour markets. A major review of the literature on macro-economic impacts of immigration since the mid-1970s found that studies converge 'in concluding that immigration causes no crowding-out on the labour market and does not depress the income of nationals ... This is probably the most important contribution economists have made toward clarifying the issues involved' (OECD, 1994: 164).

Opponents of immigration often argue that it harms low level workers by taking away jobs, and that it may damage the economy of the receiving country by harming the balance of payments, causing inflation and reducing the incentive for productivity improvement and technological progress. Economists in long-standing immigration countries like the USA and Australia have done a great deal of empirical research and econometric analysis on these topics. In Europe, by contrast, such research is in its infancy. A recent authoritative report by a National Research Council (NRC) panel of leading US economists and other social scientists found that the aggregate impact of immigration on the US economy was quite small. However, they did find that immigration 'produces net economic gains for domestic residents for several reasons. At the most basic level, immigrants increase the supply of labour and help produce new goods and services. But since they are paid less than the total value of these new goods and services, domestic workers as a group must gain' (Smith and Edmonston 1997: 4). However, the report goes on to warn:

Even when the economy as a whole gains, however, there may be losers as well as gainers among different groups of US residents. Along with immigrants themselves, the gainers are the owners of productive factors that are complementary with the labour of immigrants – that is

domestic, higher-skilled workers, and perhaps owners of capital – whose incomes will rise. Those who buy goods and services produced by immigrant labour will also benefit. The losers may be the less-skilled domestic workers who compete with immigrants and whose wages will fall. (Smith and Edmonston, 1997: 5).

This finding is not unexpected, but nonetheless very important. Competing groups of local workers may be genuinely threatened by immigration, which explains the readiness of some working-class people to support anti-immigration parties. However, the econometric studies carried out by the NRC panel revealed that 'immigration has had a relatively small adverse impact on the wages and employment opportunities of competing native groups'. The minor impact was evidently due to the dispersal effect of migration – where wages fall, workers tend to move to areas where the wages are better (Smith and Edmonston 1997: 7).

Australian economists have been studying immigration for many years, as it has been the motor of economic growth in Australia since the 1940s (Wooden 1994; Castles *et al.*, 1998; Foster 1996). A recent authoritative study by economist Will Foster concludes

that immigration impacts on both demand and supply sides of the economy. Immigrants create jobs as well as fill them; they pay taxes as well as make demands of government; and they bring funds from overseas and contribute to higher exports as well as to imports. ... But beyond their mere presence, the research evidence shows that the demand- and supply-side effects in fact balance each other so closely that no more than marginal impacts can be detected for any of the key economic indicators. ... To the extent that any of the usual measures of economic health have been significantly affected, the evidence is that immigration has been generally beneficial for the Australian economy and for the employment prospects and incomes of Australian residents. (Castles *et al.*, 1998: Chapter 3).

Patterns of labour market segmentation by ethnic origin and gender which had emerged by the 1970s have generally persisted and, in many ways, become even more pronounced in the 1990s. However, the growth of illegal migration, continuing deficiencies in statistics, and the growing transnational interdependence of which international migration is an integral part make it difficult to generalize about the labour market effects of immigrants. Writing of immigrant women, Morokvasic observed that 'it is probably illusory to make any generalizations based on these findings in different parts of the world ... They can only be interpreted within the specific socioeconomic and cultural context in which these changes are observed' (Morokvasic, 1984: 895). There are tremendous variations in immigrant employment patterns according to ethnic and national background, gender, recentness of arrival, legal status, education and training.

Varying economic structures, governmental policies, patterns of discrimination and legal traditions further complicate matters.

In Western Europe, an authoritative study (Commission of the European Communities, 1990) documented the continuing pattern of employment, educational and housing disadvantages encountered by immigrants. Discrimination endured despite the integration policies of many governments. Disadvantage is often intergenerational and poses a grave challenge to Western European social democratic traditions. In the USA, the passage of time has generally witnessed intergenerational upward mobility for European-origin immigrants. The quintessential question asked about immigrants to the USA is: will the Mexican or Dominican immigrants be like the Irish and Italian immigrants of the nineteenth and early twentieth centuries? It seems too early to answer this question, but the intergenerational mobility evinced by earlier immigrant waves to the USA has created a more optimistic context and expectation than prevails in Western Europe. Much the same could be said for Australia and Canada. However, Borjas marshalled strong evidence that intergenerational disadvantage for poorly-educated poor migrants and their offspring in the USA was emerging as a pattern (Borjas, 1999).

Institutional and informal discrimination has clearly contributed to immigrant disadvantage. In Western Europe, the discrimination inherent in the employment and residential restrictions characteristic of guest-worker policies funnelled immigrants into specific economic sectors and types of jobs. The analysis of foreign worker employment in the French motor manufacture and building industries demonstrated the disproportionate effects of job losses through economic restructuring since the 1970s upon foreign workers. However, in the 1980s, immigrant employment in France grew sharply in the expanding services sector. Legally-resident aliens enjoyed more secure legal status and more extensive rights than in the past. This enabled many foreigners to adjust to restructuring. Some migrants have developed their own strategies to cope with labour market disadvantage. The unionization of foreign employees in Western Europe and strike movements like those witnessed in the French car industry were forms of adaptation. The proliferation of immigrant entrepreneurs was another.

Labour market segmentation is a central element in the process which leads to formation of ethnic minorities. Labour market segmentation has complex links with other factors that lead to marginalization of immigrant groups (see Chapters 2, 9 and 10). Low-status work, high unemployment, bad working conditions and lack of opportunities for promotion are both causes and results of the other determinants of minority status: legal disabilities, insecure residency status, residential concentration in disadvantaged areas, poor educational prospects and racism.

Some sociologists argue that, in the 1990s, the conflict between labour

and capital is no longer the major social issue in advanced societies. It has been replaced by the problem of the *exclusion* of certain groups from the mainstream of society. These groups are economically marginalized through insecure work, low pay and frequent unemployment; socially marginalized through poor education and exposure to crime, addiction and family breakdown; and politically marginalized through lack of power to influence decision-making at any level of government. All these factors join to produce spatial marginalization: concentration in certain urban and suburban areas, where minorities of various kinds are thrown together, virtually cut off from and forgotten by the rest of society (Dubet and Lapeyronnie, 1992). Certain immigrant groups have a very high propensity to suffer social exclusion. These immigrants are doubly disadvantaged: they are not only among the most disadvantaged groups in contemporary society, but they are also frequently labelled as the cause of the problems. Thus immigrants experience a rising tide of racism, which isolates them even more. This process of ethnic minority formation will be discussed in the following chapters.

Guide to further reading

Böhning (1984) provides comparative perspectives on migrants in the labour market. Sassen's work (1988) is significant for this topic, too. Borjas (1990) and Portes and Rumbaut (1996) examine the US situation. Piore's earlier work (1979) is still useful. Lever-Tracy and Quinlan (1988) and Collins (1991) give good analyses for Australia. Waldinger *et al.* (1990) is excellent on ethnic small business, while Phizacklea (1990) looks at the links between gender, racism and class, through a case study of the fashion industry.

In addition to its annual report, now entitled *Trends in International Migration*, the OECD has produced a significant stream of reports and publications pertinent to the theme. Many result from international conferences including *The Changing Course of International Migration* (1993) and its sequel, *Migration and Development* (1994). *Combating the Illegal Employment of Foreign Workers* (2000) offers important insights into illegal migrant employment.

Major works on globalization and migrant employment include Stalker (1994, 2000) and Castles (2000). Key recent books on the economics of international migration include Portes (1995), Borjas (1999) and his edited volume (2000) and Rotte and Stein (2002). Philip L. Martin's many books on the economics of migration (1991–2002) are important. On Australia, see Castles *et al.* (1998). On the UK, see Glover *et al.* (2001). For an influential viewpoint of the USA, see Committee for Economic Development (2001).