

**Redefining Borders:
Labor Migration and
National Sovereignty**

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Abstract

In the wake of worldwide economic and political restructuring, migrations have both accelerated and have a growing presence in national labor markets. To a large extent, the role this labor takes within different economies reflects state policies toward achieving competitiveness. As illustration, this paper pursues two questions: what meaning can be attributed to the economic purpose of immigrant labor in diverse socio-economic systems; and accordingly, what implications can be drawn about the fluidity of borders as a result. Distinctions are made among liberal, corporatist, and authoritarian governments using examples from the United States, Japan, Germany, and Kuwait. The conclusion is made that the redefinition of borders, and hence national sovereignty, is inextricably tied to the demarcation of internal and external labor markets, and to the leverage the state maintains in reconciling the two.

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Signs of Change

One of the most significant indicators of change in recent years was creation of the open border between Eastern and Western Europe. For many, the symbolism of people walking across what had once been a formidable barrier was as poignant as the act itself. The fact that Eastern bloc countries could no longer contain their population signalled imminent collapse of a political and economic system requiring complete group compliance. Flight of the citizenry called into question legitimacy of the ruling order in a most fundamental way. Ultimately, the movement of people had proven equally, if not more, powerful than the movement of capital or exercise of political will in revealing the limits to national sovereignty.

With growing economic interdependence, the mobility of populations is taking an increasingly central position in shaping political and economic outcomes. This is a period of extraordinary migration worldwide, and one in which national societies are internationalized to a higher degree than ever before. As individuals confronting poverty, violent conflicts, and political repression migrate to socially receptive or expanding economies, they leave in their wake a climate of general upheaval. However inadvertent, the movements disrupt existing institutions of social control in both sending and receiving countries. Along with shifts in international power relations, and changing worldwide economic structures, migration has become an integral part of

mutually reinforcing phenomena that are transforming the role of national entities in determining economic consequences.

No notion is more basic than what constitutes a state--the people. Lines are drawn around territories based on conventions and populations in declaration of specific rights unique to that group. Sometimes overt or sudden intrusions cause adjustments to occur, as through acts of war, but they can just as easily be the result of subtle, or incremental change, and yet be just as traumatic. Such is the case with the massive global migrations that are part of the current process of international restructuring.

The voluntary and forced release of people and their imperfect absorption into new settings implies a change in social and economic rights for national entities, and for the individuals involved. Boundaries sometimes become blurred by the physical presence of people making claims on their rights, or, as is increasingly the case, by the malleability of institutional structures that change in response to the situation. Just as new economic and political realities force aggressive and defensive postures in trade, investment and infrastructural decisions by firms and governments, so too policies governing the release, mobility, and incorporation of people have entered into the dialogue of international competition.

Use of migrations as a political lever has thrust the issue of people in transit and as claimants on society into the domain of both domestic and international relations. Discussions over the formation of regional trading blocs, reciprocity of trade relations, and the creation of national competitiveness often hinges on the use of migrants, their treatment, or their placement in the economy or society. Part of the argument in favor of establishing a North American trading bloc, for example, lies in the hope that revised trade and investment patterns will alter migratory preferences. Similarly, debate over fair

trade and adoption of minimum labor standards among trading nations ultimately focuses directly or indirectly on labor migration since the least well paid workers in any economy are frequently temporary foreign workers or immigrants, or alternatively, consist of a labor force with few options other than outward migration.

Absorption of immigrant or foreign labor into society is delimited by national prerogative. As noted by Boehning (1981), an official of the International Labor Organization:

Borders are opened as an exception--a privilege which is extended on its own terms and which can be revoked. Whether or not, or by how much, the borders open to economically active foreigners depends on how the nation's influential members and groups seek to realize its fundamental goal, i.e., to satisfy the wants and promote the welfare of nationals.

Why a nation state admits active foreigners is a question bound-up with the use of resources (or factors of production) to satisfy human wants.

How a nation is endowed with resources and how it allocates the factors of production to satisfy wants brings us to the heart of the demand for economically active foreigners. In principle, a nation state will consider opening its border if land or capital are not utilized to their potential. (pp. 31-33)

That said, determining the need for foreign labor is defined broadly by states. The strategy adopted by a state toward utilizing foreign labor competitively is balanced by the potential use of domestic labor, or nonlabor options. For the most part, the literature on immigrants is overwhelmed by neo-classical interpretations of the state and economy, with near exclusion of alternative or competing theories. This has affected international dialogue, as well as the arena for domestic policy formation, particularly in immigrant receiving countries. The inability of neo-classical theory to shed light on the pivotal role of foreign labor in many societies lies behind this inquiry with its

focus on the demand for immigrant labor within the context of national strategy and structure. Toward this end, the questions to be explored here are twofold: what meaning can be attributed to the economic purpose of immigrant labor in diverse socio-economic systems; and accordingly what implications can be drawn about the fluidity of borders as a result?

Theoretical Considerations

The rationale for the absorption of immigrant or foreign labor into advanced industrial economies, whether from the perspective of orthodox economics or a Marxist analysis, has tended toward a "timeless functionality" which has exaggerated the extent to which migrant labor has become a permanent solution for capital (Cohen, 1987). Accordingly, Castles and Kosack (1979) and Castells (1975) have argued that immigrants provided a disposable industrial reserve army of labor that was integral to the dynamics of production and reproduction in advanced capitalist economies. Piore (1979) cast the issue in slightly different terms when he placed the role of immigrants as instrumental in segmenting the labor market.

In fact, though immigrants have factored into advanced industrial societies selectively for economic purposes, the instances have been neither predetermined nor do they represent a necessary outcome. The way immigrant labor is absorbed into society, or the nature of its release varies considerably across countries and can be highly contentious. The primary issue is how the state uses labor, and within this group, immigrant labor, to create conditions for economic growth and industrial adaptation. This is integral to the definition of competition -- a notion which has shifted from an emphasis on price competition to one that includes quality, product variability, and market response time. The redeployment of labor to achieve such purposes is ultimately shaped by the

ideology of economic efficiency of the particular economic system. Liberal governments may advocate open borders based on concepts of laissez-faire competition, and encourage the use of immigrant labor to keep their labor markets competitive. Corporatist governments, on the other hand, may adopt policies of restricted immigration that are compatible with policies of managing labor markets. While authoritarian governments may deploy foreign labor for purposes that are primarily political in origin.

The role of a strong state in actively pursuing such objectives is pivotal. The capacity by a state to intervene and shape industrial society, as well as to withdraw or abstain from intervention, is what distinguishes a strong state (Hall & Ikenberry, 1989). The right of a state to control the permeability of its borders is implicit in sovereign authority and is transferred to the structure of an economy. A state that cannot or will not control either its borders or the effect of migrations abdicates both its responsibility and its potential as a strong state. In recent years, with growing mobility factor and mounting competitive pressures leading to unintended uses of labor, this has become a common concern. The competitive postures of liberal as well as corporatist systems are precipitating changes in the basis to citizenship that are directly attributable to the means of integrating immigrant labor. These changes are effectively redefining the boundaries of sovereign domain, and as a result, the notion of borders.

Trends in International Migration

The period since the end of the Second World War has been marked by several distinct migrations (Salt, 1989). This began with post-war resettlement, and the reversal of permanent migrations that followed from new political relations. The post-war economic boom initiated another round when labor shortages triggered a long and uneven period of temporary migrations. The

primary beneficiaries in this instance were industrialized western nations, industrialized Eastern bloc nations, and oil rich developing nations. Resulting guest worker programs later spawned several waves of family reunification characterized by greater female participation. An independent migratory path was also created throughout this period due to wars and cold-war economic blockades in Southeast Asia, the Caribbean and Central America, West Asia, Africa, and the Middle East that consisted largely of political refugees. Yet another migratory stream was comprised of highly mobile skilled professionals emanating from rapidly emerging newly industrialized countries. The most recent migration has consisted of the extraordinary exodus from socialist countries. Over the last four decades, these migrations have shifted in emphasis from permanent settlement, to temporary migrations, to "brain exchanges," and now to refugee migrations.

U.S. immigration experts, Demetrious Papademetriou and Philip Martin, (1991) summarize the primary worldwide movements in recent history accordingly:

Except for forced population movements and exchanges, international migration in the twentieth century has occurred with particular vigor during two periods: the century's first and third quarters. At the turn of the century, the principal destination countries were the United States, several Latin American countries, and Western European countries such as France and Germany, which had been emigration nations during the 1800s.

Since World War II, there has been a widening and a deepening of the migration process. Significant countries of emigration have come to include: (a) virtually all Mediterranean countries, which sent labor first to Western European countries, and since the early 1970's, to the oil-rich Arab countries; (b) South-east Asian countries, whose nationals are employed in both Middle Eastern labor markets and those of Malaysia, Singapore, and Australia, as well as North America; and (c) many Latin American and English-speaking Caribbean countries, whose emigrants are now found in the United States and Canada as well as such South American destinations as Venezuela, Argentina, and Brazil. (p. 3)

To this depiction it would be appropriate to add temporary and illegal migrations to Japan from Southeast Asian market economies; temporary migrations from Southeast Asian socialist economies to former Eastern bloc countries; and Eastern European and USSR migrations to Western Europe, North America, and Israel. In the last decade, refugees, particularly from developing countries, have risen in importance, along with the brain drain from developing countries, and circulation of highly skilled professionals among developed nations.

The overall picture reflects first the progressive closure of countries to permanent migrants, followed by use of temporary labor migrations to mitigate labor shortages, as found in the Bracero Program, and OECD guestworker doctrine of the 1960s. That, in turn, led to the disenchanted recognition that temporary migrants not only often remain in the host country, but also generate new patterns of migration through family reunification. The subsequent decline in popularity of temporary migrants stimulated a rise of closed door policies in host countries which were particularly evident in OECD nations. France and Germany, for example, adopted measures to curb further immigration, and integrate those already settled, while simultaneously encouraging their eventual return through financial or training incentives. As both permanent and temporary migration diminished, the number of applicants for refugee status from Third World countries increased. It is widely suspected that many, if not the vast majority, of these applicants are actually economic migrants. In just three years, from 1984 to 1986, the number of asylum seekers to OECD countries doubled from 92,550 to 184,250 applications (Salt, 1989). To compensate for the lack of direct access to low wage temporary workers, there has been a three-pronged response: (1) a rise in the use of clandestine, casual, or

undocumented immigrant workers in irregular or low wage employment; (2) an increase in the use of alternative forms of domestic labor, specifically women and older workers; and (3) an increase in worker mobility agreements, or policies to arrest migratory trends from developing countries, combined with production and market sharing agreements, especially in discussions over creation of regional trading blocs. Lack of access to highly skilled workers has also generated three responses that consist of: (1) exchanges of skilled workers among countries, as found in Europe; (2) permanent migrations of highly skilled workers from developing to developed economies based on knowledge requirements; and (3) permanent migration of persons with investment and job development capacity particularly to industrialized nations, based on wealth and investment criteria.

The Legal Basis to Emigration/Immigration

At the heart of the issue behind sovereignty and migration is a state's ability to control egress and ingress. While freedom of mobility, and even expulsion, suggests a certain autonomy of the individual from the state, the lack of freedom to exit implies just the opposite. For example, the barriers to emigration that prevailed in socialist countries prior to glasnost conveyed the message that all citizens were essentially employees of a state they were required to serve. Within western societies, Dowty (1987), Hirschman (1981) and Zolberg (1989) have explained the genesis of this concept.

Alan Dowty (1987) has pointed out that the roots of this stance can be traced to prerevolutionary Russia, which never evolved a tradition of freedom of movement, both internal and external, because this was incompatible with the maintenance of serfdom. (p. 63-67, 208)

Adopted later by many others (Hirschman, 1981, for example), this outlook emerged as the common feature of a disparate array

of modern authoritarian regimes, including not only those of the Marxist-Leninist persuasion, but also during much of their life Fascist Italy, Nazi Germany, Spain, and Portugal (as late as the 1960s). More generally, prohibition of emigration arises as a concomitant of state-directed economic autarchy, particularly in the case of states that seek to catch up by imposing great sacrifices on the current generation. But the prohibition also serves more purely political objectives; since exit is tantamount to "voting with one's feet", an alternative to protest, authoritarian regimes which claim to rest on democratic consent cannot afford such concrete evidence of deep alienation. (p. 246-265)

Thus, and as illustration, an implied servile relationship between the state and workers ended when Yugoslavia adopted decentralized socialist self-management in the 1960s, and encouraged citizens to whom it could no longer guarantee full employment to enlist as guestworkers so as to obtain hard currency remittances. However, as demonstrated by recent events in Eastern Europe, and in particular the reunification of Germany, relaxed exit policies do not necessarily lead to a sustained desire for exit if the possibilities for a preferred outcome seem remote.

By contrast, barriers to entry are viewed as both desirable and appropriate. Prevailing notions of a state's right to accept or reject immigrants in western society can be traced to ideas prevalent during the French Revolution, and to seventeenth century concepts of civil society (Boehning, 1989). As expressed by John Locke, the purpose of government is to dispense justice and decide rights through laws, as opposed to arbitrary rule, and to promote the good of the people, a mandate that included defining the terms for attaining "membership (Locke, 1690)." To administer nation-states as exclusivist entities, it was assumed governments could distinguish between citizens and others. Yet, it was not until the 1890s that British and U.S. judicial decisions actually affirmed the state's right to exclude foreign nationals (Goodwin-Gill, 1989). As stated in a U.S. case: "It is an accepted maxim of international law, that every sovereign nation has the power, as inherent in sovereignty, and essential to its

self-preservation, to forbid the entrance of foreigners within its dominions, or to admit them only in such cases and upon such conditions as it may see fit to prescribe (p. 530)." Thus, within the bounds of internationally accepted 'standards of humanity,' nations maintain the right to confer unequal treatment of foreigners with respect to the basis for their selection for entry. Similarly, governments maintain discretion over the level of involvement non-nationals can have in the polity. In another case, the U.S. Supreme Court noted: "The exclusion of aliens from basic governmental processes is not a deficiency in the democratic system but a necessary consequence of the community of the governed and thus of the governors as well. Aliens are by definition those outside of this community (Goodwin-Gill, 1989; p. 531)." Nonetheless, in a number of countries, resident non-nationals have obtained the right to vote in some or even all elections, though distinctions remain between lawfully resident persons and those who reside outside of lawful channels. Undocumented non-nationals are generally limited to only the most basic of human rights.

In some instances, such as Israel and Germany, specific national criteria also applies to immigrants. With respect to pre-unification West Germany, Czarina Wilpert (Morales & Wilpert, 1990) writes:

German concepts of citizenship and nationality are fundamentally fused. The right to German citizenship is based on ethnic origins (*jus sanguinis*). According to Article 116 of the Constitution of the Federal Republic of Germany, a German is either a person who de jure holds German citizenship, a spouse or descendant of persons who were settled in the German Reich on 31 December 1937 as well as refugees or deportees with German "Volkszugehörigkeit" (ethnic Germans) settled in German enclaves in Eastern European Socialist countries. These are people who were never members of a previous German Nation State (Reich). While close to 500,000 persons of German ethnic origins ... fled into the country from Eastern Europe and the German Democratic Republic in 1989, the official policy remains that Germany is not a country of immigration -- especially not for guestworkers and their descendants living in the country for at least three decades. (p. 20 - 21)

Despite such national criteria, the choice to admit foreigners is essentially economic though it is inexorably linked with political identity (Boehning, 1981):

Why a nation state admits active foreigners is a question bound up with the use of resources (or factors of production) to satisfy human wants...How a nation is endowed with resources and how it allocates the factors of production to satisfy wants brings us to the heart of the demand for economically active foreigners. In principle, a nation state will consider opening its borders if land or capital are not utilized to their potential. (p. 33)

Immigrants have essentially three positions: free-market, regulated, and closed door. Countries with a free-market ideology constitute the principle destinations for permanent settlement, and include the United States, Canada, Australia, New Zealand, and Israel (with limitations), along with former colonial empire countries. Those maintaining a regulated policy include countries with chronic labor shortages that are dependent on continuous streams of temporary workers, of which Middle Eastern oil rich countries predominate. The third group is comprised of the large number of essentially non-immigrant receiving countries that open their doors to either permanent or temporary immigrants under only the most extraordinary of circumstances. Two examples among many are Japan and Germany. In each instance, the conditions under which immigrants interact with society carry both a direct economic message and an indirect message as to citizenship. The outward statement is an overt recognition of economic principle which may be altogether different from the secondary statement concerning socio-political rights. In all cases, the legal basis to immigration permits broad latitude in interpretation.

Citizenship and Immigrant Labor

The most fundamental expression of rights within a polity is that of citizenship (Mann, 1989; Marshall, 1949). The ability of an individual to make

claims against society distinguishes the citizen from noncitizen. This concept was originally introduced by Marshall in 1949 as evolutionary states in the struggle for citizenship. While distinctions of citizenship are the subject of considerable debate, several critical points emerge from the literature. One is that citizenship is a multi-dimensional concept that is neither easily nor uniformly conferred on segments of a population. It is attained through protracted struggle over powers in the civil, political, and social domain. For the most part, civil citizenship refers to the rights necessary for individual freedom, such as liberty, or freedom of speech; political citizenship consists of the right to political franchise -- of which formal recognition of nationality is one aspect; while social citizenship consists of economic welfare, security, and the right to share in social standards prevailing in society.

The relationship between immigrant labor and citizenship is evident through the economic structure and functioning of labor markets. In authoritarian societies where predatory or pernicious state policies may interfere with the formation of markets, and in which landholding or social rights have been conferred on privileged groups, immigrants may augment the economy as a disarticulated and disenfranchised form of labor which pose little threat of disrupting the system. In corporatist societies where immigrants, even if temporary, can destabilize the basis for claims on social welfare, they are, as a group, generally excluded altogether. And in liberal societies where immigrants are viewed as potentially beneficial contributors to an economy, and where open door policies fluctuate with periods of economic expansion and contraction, immigrants enter into the struggle over social welfare intermittently.

To illustrate these points, in the discussion that follows, immigrant or foreign labor in the labor markets of Japan and the United States will be compared. From there the discussion will turn to an examination of how

immigrant or foreign labor factored into the restructured labor markets of West Germany and the United States. As a point of contrast, the case of pre-War Kuwait also will be introduced as an instance of the political use of foreign labor.

The Market for Labor

In contrast to other factors of production, labor is distinguished by its ability to accumulate skills, negotiate power by organizing, and respond to economic forces through means defined by convention. Labor is less mobile or interchangeable than other factors. It is also a highly political commodity that expresses the very core of a society's structure.

Polanyi (1957) discusses market for labor that consists of the allocation and supply of labor as conditioned by such parameters as the means of entry into employment and nature of mobility. One model of labor utilization evolved from the laisse-faire system which by definition depends upon creation of a mobile, market of autonomous individuals with undeterred access to employment. At the outset of industrialization in England, this was achieved by dismantling protections created under the mercantile system for unemployed (the Poor Law, 1536-1601), and employed workers (the Statute of Artificers, 1563), and neutralizing the policies that immobilized them (the Act of Settlement of 1662). Polanyi argued that the two Elizabethan Statutes and the Act of Settlement were both a charter of liberty to the common people as well as a hindrance to the development industry. Seen as impediments to a well-functioning market, the Act of 1662 was partially repealed in 1795, and parish serfdom was abolished. Only with the physical mobility of labor could a national labor market be established.

Attempts to keep labor from leaving low wage regions, such as through the Act of Speenhamland which offered enticements of guaranteed allowances,

were credited with having the unintended effect of lowering the incentive to work and generating rural poverty, thereby providing an argument against restricting labor mobility. On the other hand, a completely "free" and unrestricted international labor market of waged workers was viewed as detrimental to national prerogative. Passage of the Alien Bill of 1793 in England marked the first instance of formal immigration control, and recognition that national labor markets also required control from external influences to avoid excessive competition, but not enough control to discourage competition among workers. The result was a fully mobile national labor force with respect to location and access to employment.

Comparative international studies suggest that the Japanese labor market developed along lines that explicitly inhibited labor mobility and access to employment. Often cloaked in debates about the origin of the Japanese practice of permanent employment, the extensive literature on this subject tends to fall into arguments about the influence of traditional social relations versus post-war employment practices. However, a compelling case can be made for integrating the two. Cole (1979) contends that during the course of industrialization, corporate groups found it in their interest to adopt principles similar to those found in the ideology of the family based commercial and manufacturing confederations of the Meiji period that provided permanent tenure for male members. Though these institutions had changed their policy toward the end of the Tokugawa period, they nonetheless served as an ideological and structural model for the practice of permanent employment. The strong precedent provided a cultural rationale for emphasizing company loyalty rather than individual status during periods of labor unrest and expansion of the economy when companies wanted to reduce labor turnover. Borne out of tradition and necessity, the system of reward by age and length of service

(*nenko*) created the requisite material inducements and negative sanctions for securing the desired worker loyalty. It also led to reduced labor mobility and access of entry into employment within the core segment of the labor force.

Distinctions in the internal and external labor markets condition the incorporation of immigrants into the economy. Whereas in the United States, which descended from the liberal legacy, the external labor market is highly mobile, and the internal labor market is relatively inflexible, in Japan, just the opposite is the case. In Japan, most hiring takes place at graduation, through a centralized personnel department. In the United States, hiring takes place at any time in the career trajectory of an individual, and is extremely decentralized. Job changes across firms are both more frequent and more casual in the United States. On the other hand, once inside a firm, a Japanese worker can more easily change job categories, while in the United States, this is far more difficult. Further, in core firms, Japanese workers often encounter life-time employment and pay based on seniority, rather than job classification, whereas in the United States, workers are paid according to skill and job category, and to a lesser extent, seniority. Chalmers (1989) concludes that in neither Japan nor the United States is the job security of core firms replicated in peripheral firms, though the distribution of power is arguably more unequal in Japan. These differences were captured by the following observation of Ken'ichi and Hiroyuki (1988):

In sum, the external market is more weighty in the United States labor allocation picture, whereas the organization plays a more major role in Japan. [In the U.S.] external markets are efficient in a rationalist sense, but they are prone to be inequitable. Internal markets are more equitable, but are prone to be inefficient. The American labor market has thus seen the infiltration of various organization-like principles of allocation into its free-market-based resource allocation mechanism.

In contrast, we can see in Japan the infiltration of more free-

market-like principles into the internal labor allocation system. The flexible movement of workers across job boundaries, often at their own initiative, is an example.

...the net effect is this: In the United States, labor allocation and reallocation occurs by workers crossing the firm-market boundary more often, but occupational boundaries less often, than in Japan. In Japan, workers tend to stay within the firm-market boundary but cross occupational boundaries more frequently than in the United States.

Dosi, Tyson, and Zysman (1989) have observed that the structure of the labor market and of industrial organization conform to underlying concepts of efficiency. Economists identify three kinds of efficiency: Ricardian efficiency, which refers to the allocation of resources according to their short-term return; growth efficiency, which refers to the allocation of resources according to their effect on long-term economic growth (e.g. "infant industry argument"); and Schumpeterian efficiency, which refers to the allocation of resources according to their effects on the pace and direction of technological change.

Ricardian efficiency operates under the assumptions of traditional economics -- price competition, exogenously derived technological change, constant returns to factors, and trade based on comparative advantage -- in concert with liberal economics. When the economy is organized to capture short-term profits through cost minimization and output maximization, labor markets are also designed to assure competitive behavior among autonomous decision-makers. According to this logic, immigrant workers can hypothetically enter into any position, and thereby expand the labor pool in any segment of the labor market. In so doing, they can potentially displace workers, an issue of considerable and unending concern in the United States. By contrast, in Japan, immigrants can only enter temporarily or illegally into positions of low job attachment. These differences reflect the way risk is allocated within society. During periods of economic stress, market uncertainties are externalized into

the labor market in the United States. On the other hand, they are expressed as changes in either occupational patterns or use of peripheralized labor in Japan. While this creates direct pressures to diminish welfare claims in the United States, such is less apparent among the economically franchised segments of the labor force in Japan.

In societies such as Japan or Germany where the government and private sector interact through industrial targeting and inter-firm coordination, policies are arguably more successful at avoiding disruptive or excessive competition and at distributing risk throughout the labor force (Tyson & Zysman, 1989). However, these countries are also less likely to have open immigration policies, and more inclined to make clear distinctions between those who enjoy the full economic franchise, and those who are less privileged. Though both Japan and Germany are nonimmigrant receiving countries, Germany retains a core of temporary workers (Wilpert, 1991)¹. For this reason, it is instructive to see how German foreign workers fared during the worldwide economic restructuring, in contrast to immigrant workers in the United States.

Restructuring Labor Markets

The outcome of industrial restructuring in West Germany and the United States reveals unexpected similarities, despite well-understood differences. Applebaum and Sckettkat (1989) compare industry specific growth rates that

¹ Czarina Wilpert makes a convincing argument that official German policy of not being a country of immigration is a fallacy. She writes: "Since the 1950s there have been two types of immigrants--Volksdeutsch-Aussiedler and Uebersiedler (ethnic Germans) and foreigners: those who have been encouraged with rights to membership and those who have none . . . This injustice in access to rights and privileges not only segments German society into who is desireable and who is not, but it also has a number of important implications. The return to proof of Germanic kin for access to German society creates several dilemmas. It re-establishes the use of criteria similar to that employed within the Nazi system. Those with German blood enter with certain rights . . . It would seem that a prime lesson of the Holocaust has been overlooked, i.e. the significance and vulnerability of basing the state on an ideology which rests on a biological principle of descendancy."

indicate a significant correlation, suggesting that the basis to the transformation was of common origin. In each instance, manufacturing declined while service sector employment increased.

From 1979 to 1987, West Germany lost more than 1.1 million jobs in declining sectors, while the United States lost a total of 1.9 million. Significantly, not only did West Germany experience a sharper decline in employment in absolute terms, it also grew less during this period. Civilian employment in the United States expanded by 15.2% compared to 2.8% in West Germany. Within West Germany, women accounted for 98% of the new entrants, compared to 64.5% in the United States. Immigrants also provided a substantial portion of the new labor force in the United States. During the decade of the 1970s, the United States experienced a 19.1% rate of growth due to immigration, an amount that was comparable to rates evident during the turn-of-the-century. Throughout the first half of 1980s, over one half million additional immigrants entered the United States each year.

The primary impact of immigrants, according to Sehgal (1955), was as a source of new labor, since they constituted only an estimated six percent of the total labor force. On the other hand, Katzenstein (1989) reported, West Germany had discontinued its Guestworker Program in 1973, although a sizeable number of existing migrants remained. In 1973, foreign workers represented 11.9% of all employees. One decade later this had dropped to 8.5%.² As a point of contrast, in 1960, foreign workers comprised 1.5% of all employees. Morales and Wilpert (1990) wrote that between 1980 and 1985, the absolute number of foreigners in the work force had decreased by one fifth.

The nature of job creation in these countries effectively disadvantaged

² As a point of contrast, in 1960, foreign workers comprised 1.5% of all employees.

the newest groups to enter the workplace, though the means varied significantly. Lane (1989) noted one difference was evident in the nature of employment insecurity. German statistics suggest that casual part-time jobs -- or those jobs which consist of work undertaken at 20 hours per week or less -- amounted to only 6% of the increase of all part time work, although it was probably higher. Because this level of casual work is excluded from protections afforded by the social insurance system, it is an indicator of eroding social welfare. Between 1975 and 1986, part-time employment as a percent of all West German employment rose from 11.0% to only 12.5%. In the United States, on the other hand, casual, part-time jobs constituted nearly one-quarter of net job creation. Much of the increase in part-time employment since 1979 was involuntary.

As of March 1991, approximately 6 million or 29% of the nearly 21 million part-time workers, which comprised 17% of the United States workforce, were holding part-time jobs involuntarily. Labor Department statistics indicate that the number of involuntary part-time workers rose 75% over the last 15 years and accounted for more than 40% of the growth of part-time labor in the 1980s. For the most part, women were affected by expansion of part-time work in both countries since they constituted 52.8% of the service industry work force in the United States, and 50.8% in West Germany. Morales and Ing (1991) reported that U.S. cities which were the primary recipients of immigrants, part-time work was also disproportionately held by new immigrants. In both the United States and West Germany, immigrants and foreign workers were over-represented in declining manufacturing sectors as manual workers and in the service sector as personal service workers, according to Morales and Wilpert (1990).

Harrison and Bluestone (1988) found in the United States that restructuring precipitated growing income inequality. With the rise of part-time,

and low paying service sector jobs, and wage depressant effect created by a low minimum wage, real wages declined while income inequality and poverty rates rose in the U.S. Mead reported the combined effect was such that from 1973 to 1990 the average weekly wage dropped from \$315 to \$258 (inflation adjusted to 1982 dollars.) Burtless (1991) wrote recently that since the 1970s, real wages have fallen more rapidly during recessions and have never fully recovered during expansions. With each recessionary setback, wages became more unequally distributed. Burtless captured the growing inequality of wages in statistics which showed that from 1979 to 1987, real wages of male workers between the ages of 25 and 64 declined an average of 2% per year among the bottom one fifth of the wage distribution, but increased by 0.5% among those in the highest one fifth. Female data were slightly less negative but similar in outcome. Compounding the trend were sharp federal program cuts during the 1980s that most adversely affected low income households. Throughout the 1980s, those who started out poor became poorer, while those who began well-off became even more affluent.

The situation was acute among immigrants. Studies by Morales & Ong (in press) indicate that impoverishment was extremely high among legal immigrants, and chronic among undocumented workers, a group which had sizeable representation. Among Mexicans, the largest immigrant group, nearly one half entering the United States between 1975 and 1985 were undocumented. In such major immigrant receiving cities as Los Angeles, employment patterns were particularly revealing. 58% of Mexican male and 75% of Mexican female immigrants were part-time workers in 1980, of which approximately half were undocumented. Further, half of the recent Mexican immigrant population earned poverty level wages, in contrast to 20% of the total work force. These immigrants were not only the least well off, they also realized

a deterioration in their economic position relative to earlier cohorts of immigrants. For most of these workers, employment was largely confined to blue collar work in declining manufacturing. Approximately one half of recent male Mexican immigrants in Los Angeles and over two-thirds of their female counterparts worked in manufacturing.

The changing structure of income distribution and employment in the United States hinged on increased internal labor market flexibility, or the breakdown of rigidities that hindered adjustments in wages, hours, and work relations. Flexibility resulted from changes in wage setting, numerical assignments for jobs, the functional definition of tasks, and time worked (Rosenberg, 1989). Break-up of the so-called rigidities entailed destruction of conventions that protected certain segments of society and by selective use of other segments, such as women or immigrants.

Manipulation of the U.S. labor force occurred through wage cutting strategies, neglect of the level of the minimum wage relative to rising costs of living, and cut-backs of social programs that compromised the brokerage role of the state. Consistent with its strategy of preserving production and exchange relations based on cost effectiveness, the state effectively shifted the burden of adjustment onto such groups as immigrants, women, and minorities. The threat of high unemployment, fear of its duration, and arguments for preserving international competitiveness created a climate permitting the de-regulation of employment. The process of de-regulation and restructuring reduced the labor market participation of immigrants to that of an immigrant/ethnic underclass displayed as heightened social inequality, second class citizenship, and poverty traps. This was reinforced by institutional and structural factors that interacted to marginalize and alienate immigrants from society and work by nourishing an "outsider" mentality.

In West Germany, Kern and Schumann (1989) found, the state was less compromised in that the internal labor market could be restructured more easily to accommodate functional changes. Employment rigidity stemming from a high proportion of skilled workers and the closure of internal labor markets to nonskilled workers had previously created growth of long term unemployment. Until the mid-seventies, the rigidity in the external labor market was effectively counterbalanced by relatively flexible internal labor markets.

Internal labor market flexibility centered on the qualitative adjustment of labor and was achieved through co-determination and consultation over hiring and firing, and labor planning policies designed to avoid redundancies. Thus, part-time work and temporary work tended to be low. External labor market mobility was also low since centralized pay bargaining reduced pay differentials across regions and firms. To assure that immigrant workers were not used to undercut German workers, they received identical wages, and were employed to meet excess demand.

Despite alleged economic parity, the economic contraction of the early seventies affected German and foreign workers unequally. Pressures toward labor market flexibility led to fixed term contract employment, and legislative reforms aimed at redefining regulations governing part-time employment and work-sharing, particularly among small firms (Employment Promotion Act, 1985). In contrast to the United States where numerical flexibility through redundancies were prevailing practice, the new legislation essentially "legitimated numerical flexibility and put it firmly on the German agenda (Lane, 1989)." Nonetheless, the impact of policies aimed at promoting such flexibility was limited. More than 65% of German part-timers continued to work sufficient hours to receive social insurance. For the most part, efforts to attain flexible employment were met by organized labor counter measures aimed at utilizing

existing workers. Though the West German state had abandoned its noninterventionist stance with the 1985 legislation, it made no sustained attempt to weaken the collective bargaining position of labor. Lane, 1989.

For immigrants, intervention was far more aggressive, according to Katzenstein (1987). After 1973, work permits were issued only on an annual basis, and those with work permits were argued to have experienced discrimination over unemployment compensation. Unemployment among guest workers rose to 14.9% in 1983 compared to 9.5% for the total population, although unofficial estimates place foreign worker unemployment at 10% over that of the total population.

Morales and Wilpert (1990) reported other accounts, more than one-third of all redundancies among women employed in manufacturing between 1975 and 1985 consisted of foreign women. Castles and Kosack (1975) further estimated that in the early 1980s foreigners filled only 3% of the apprenticeships, although they made up approximately 9% of the labor force, leading to speculation that some one half of the 15-17 year old cohort were either unemployed or working illegally in a shadow economy.

Wilpert's (1991) more recent data points add to the gravity of the situation. "There is no doubt that especially the illegals among the East Germans are in competition with the semi-skilled and unemployed Turks for jobs in the rapidly expanding shadow economy. In April 1990 the Federal Labour Office (Bundesanstalt fuer Arbeit) had estimated that for the former West Germany, the extent of illegal jobs in the shadow economy had reached an all time high, estimated to match between 5 and 10 per cent of the gross social product (Tagesspiegel, 25 April 1990)." Thus, the apparent civility German workers faced during the economic contraction seemed to elude foreign workers.

On the surface, foreign workers played nearly an identical role as immigrants in the United States, particularly undocumented workers. But there are significant differences. Whereas German foreign workers were utilized largely to assure numerical flexibility, in the U.S. immigrants assured both numerical and functional flexibility, and they were used to reduce the social welfare commitment. These functions were consistent with the way the respective labor markets were organized to achieve economic efficiency. As such, they reflected the strategy and structure of the respective states.

Chronic Dependence

A third model of foreign labor utilization is found in countries having poorly defined labor markets which depend upon foreign or immigrant workers to provide the most fundamental of services. Resource rich countries that can afford contract labor fit into this category. Their dependence on foreign labor is not determined by international economic conditions, or even distinctions in the internal versus external labor market, but by custom, as illustrated by the Kuwaiti experience.

Dependence on foreign workers can be traced to policies of labor importation into the Gulf region by international oil companies in the early twentieth century (Seccombe & Lawless, 1986). Since then, within such Gulf states as Kuwait, the United Arab Emirates, and Qatar, foreign workers have grown to become a principle source of productive labor. Dependence is so extensive that in 1980, foreign nationals comprised 60% of the Kuwaiti population and 78% of the labor force (Shah, 1986).

Ling (1984) wrote that the labor force of Kuwait is distinguished by extensive contract organization, and the selective sectoral and occupational placement of foreign workers. Although many foreign workers are from

surrounding Arab states, recruitment by labor brokers is a particularly well developed phenomenon directed at workers from Korea, Taiwan, China, the Philippines, Thailand, and Indonesia. These labor flows are characterized by creation of "work camps," extensive sending and receiving government participation in the recruitment and placement of labor, as well as participation by corporations, and high remittance rates. Few foreigners become Kuwaiti citizens since this is highly restrictive.

Shaw (1986) documented employment patterns that are extraordinarily skewed by nationality and gender. Though women as whole comprised only a small fraction of the labor force (12.5% in 1980), non-Kuwaiti women were highly concentrated in service professions. In 1980, 41% of the female foreign workers were maids, and were drawn primarily from Sri Lanka, India, Bangladesh, and the Philippines. Foreign men held all levels of jobs, from skilled technical and professional work, to manual tasks, and dominated work in construction and production. Kuwaiti men and women, on the other hand, were likely to be professionals, or to work for the government, if they worked at all. Since the government is required to provide a job for any Kuwaiti seeking employment, many such Kuwaitis work for the government. As a result, government workers were often underemployed, while government output was highly inefficient. Such sinecure employment combined with the high level of wealth of Kuwaiti citizens have historically served as disincentives to the establishment of a viable national economy.

Birks, Seccombe, and Sinclair (1986) warned that this extreme labor imbalance has posed serious problems in post-War reconstruction. Declining oil revenues in the 1980s had previously opened discussion over the need to establish a credible and stable national labor force, and to minimize dependence on foreign workers. Shah (1986) said, however, with reluctance on

the part of the citizenry to train in the required fields, or to assume less than high status positions, the incentive for change remains stalled. The primary question the government now confronts with respect to this issue has been posed accordingly: "Is it possible to achieve the goals of Kuwaitization of the labor force, diversification of the economy, and reduced dependance on migrant workers simultaneously?"

Redefining Borders

In recent years, concerns over international migrations and immigration have become acute. Awareness peaked with Kuwait's recent expulsion of foreign workers and stated determination to establish a viable national labor market. Reunification of Germany also brought attention to the centrality of foreign workers in both the western and eastern economies. In the bittersweet reunion, Germans seem unable to justify retaining non-nationals, yet are distressed over imposing economic inequities onto the citizenry. While in the past women might have provided the requisite economic buffer, this is a role they (and in particular, East German women) are now less eager to play. However dramatic, the Kuwaiti and German experiences are, in fact, reflections of a larger trend.

Portes (1978) has observed that increased immigration has become an artifact of increased trade. Numerous writers have noted that intensified trade and investment between countries of unequal development and unequal opportunities promotes labor migration from poorer to wealthier nations.

International channels become conduits of information leading to heightened awareness of employment possibilities, according to Sassen (1991). Thus, even such non-immigrant receiving countries as Japan have begun to experience an influx of immigrants, albeit illegal. Evidence to support

the claim comes from the people themselves: those entering into Japan originate from its primary trade and investment partners, and are the main recipients of its aid -- Bangladesh, Pakistan, Thailand, the Philippines, and South Korea. Despite immigration barriers, even closed countries are confronting the reality that economic development is bringing increased labor mobility, and prospects of foreign or immigrant workers.

The reality is that international migrations are creating unintended pressures on the stability of existing economies. In countries such as Kuwait which are dependent upon massive numbers of temporary workers to provide the basic labor necessary to run the country, the issue is essentially one of re-establishing the entire set of relationships underlying the national labor market. In the economies of Germany and Japan, which by definition are closed to foreign workers, loss of temporary foreign workers, or alternatively, access to a clandestine labor force carries the potential of disrupting the existing social and economic order. In countries such as the United States, which are dependent upon capturing cost advantages in the market, low cost labor strategies incorporating immigrants are leading to socially undesirable outcomes.

Two responses to increased migration have been first, to expand labor markets transnationally through creation of regional trading blocs, and second, to redefine use of immigrants or foreign workers within national labor markets. For example, in discussions over a North American free trade zone, although labor migration is specifically excluded from the talks, it remains a key implied consideration. The expectation is that the United States will retain an advantage in high value added industry, design, and production, while Mexico will specialize in low cost manufacture. Such developments would hypothetically lessen the incentive for continued illegal Mexican migration into the U.S. However, this notion requires further exploration.

The concept of economic specialization is predicated on the belief that it is not possible for developing countries to become competitive in complex manufactured products. Castells and Tyson (1988) have argued that automation and rapidly changing technology create a "comparative advantage reversal" in developed countries. Drucker (1986) stated that through production-sharing and market sharing relationships solidified as regional trading blocs, developing countries could "use their labor advantage to become subcontractors to developed-country manufacturers for highly labor-intensive work that cannot be automated -- some assembly operations, for instance, or parts and components needed only in relatively small quantities." Such an approach would institutionalize an export assembly relationship.

However, this logic has several fundamental problems. One is the assumption that labor migration will diminish with regionalization. In fact, labor migration develops its own dynamic, partly spurred by economic necessity, but often perpetuated by such intangible goals as family reunification, or freedom from social norms, or political practices. Further, it is unrealistic to assume that developing countries will remain satisfied with an arrangement that puts them at a permanent technological disadvantage. Thus, the tendency toward multistate regionalization, whether formalized as in the case of North America, or de facto, as with Japan and its trading partners, will probably provide only a temporary respite to continued labor migration, if any at all.

The second option is to redefine the use of immigrant and foreign workers within national labor markets. For countries, such as Kuwait, with no real national labor market structure and an extreme dependence on foreign labor, creating a stable economy and the basis for national sovereignty requires coming to terms with a new definition of citizenship. In countries like Japan and Germany, the need is to reconcile their apparent demand for foreign labor by

minimizing distinctions between secure and insecure segments of the labor market, if they are to reduce this dependence. Countries such as the United States, on the other hand, must decrease reliance on low cost labor strategies for remaining competitive. Each of these calls for greater state determination in the structure of the labor market to accommodate change.

The nature of the choices are suggestive of the ways borders are becoming redefined. One is rooted in the changing boundaries between the firm and the state. This period of destructive competition forces greater reliance on external support by firms to remain competitive, and as such requires states to respond with appropriate policies or risk disruptive social consequences, especially with respect to labor market functions. Another concerns the demarcation across internal and external labor markets. Rigidity between the two institutionalizes the need for socially disenfranchised labor which increasingly consists of members outside of the society who now have a basis to make claims against it. Yet another lies in the redefinition of national borders in light of growing regionalization and internationalization of productive forces. Though this most directly captures the notion of changing borders, in fact, it hinges on the above concepts of borders. That is, the redefinition of borders, and hence national sovereignty, is inextricably tied to the demarcation of internal and external labor markets and to the leverage the state maintains in reconciling the two.

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