# West European Immigration and Immigrant Policy in the New Century

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local authorities to include immigrants in need. The new laws have led to a flood of immigrants seeking citizenship.

38. Note the halt to the guest worker recruitment, the new quota system for ethnic Germans and the new restrictions of the asylum law.

39. Unemployment benefits are a good illustration. The maximum time period for drawing unemployment benefits in the United States is 26 weeks. In Germany, the maximum is one year on insurance benefits. After one year, unemployed workers are entitled to unemployment assistance, which is means-tested and unlimited.

40. During the recruitment period (1960s and early 1970s), the government provided newcomers with some special services, in particular services for advice and help with legal and language matters, limited language training and mother-tongue instructions in schools. The latter was aimed at facilitating eventual return, and decidedly not a measure of multicultural accommodation.

41. Several students of immigration have observed that the degree of stateness and the institutional structures are consequential for the process of immigrant incorporation (Faist 1993, 1995b; Hollifield 1992). But, these scholars have focused only on one of the three levels of incorporation and have not considered the articulation of all three levels combined.

42. For example, trade unions participated actively in the decision to recruit foreign workers in the 1960s. They agreed to recruitment only under the condition that foreign workers had to be paid the same wages and receive benefits as German workers in the same occupation.

43. For example, Dominican immigrants, New York City's largest and fasted growing immigrant groups, suffer from high rates of unemployment and poverty despite the apparent profusion of Dominican shopkeepers in Washington Heights. Despite low unemployment rates, the unemployment rate for Dominicans stood at almost 20 percent in 1996; the poverty rate was 46 percent (*The New York Times*, 10 November, 1997). While the Dominican case may be extreme, success and escape from poverty have eluded many immigrants and their children in the United States.

44. Of course, there are many other reasons, including human capital and geographic concentration.

45. The data sources are too numerous to list here.

*Chapter 7*

# Do Immigrant Entrepreneurs Play the Game of Ethnic Musical Chairs? A Critique of Waldinger's Model of Immigrant Incorporation

*Jan Rath*

In August 1904, the then 18-year-old Abram Icek Tuszynski arrived by train at the Rotterdam Maasstation (van Gelder 1996). Tuszynski was the son of a Jewish merchant from the Polish industrial center of Lodz who — as so many other young Jewish men at the time — was predestined to become a tailor in the local garment industry. The depressed state of this industry and the servility forced on all those in it did not, however, in the least attract him. Due to the enthusiastic reports of family, friends and acquaintances who had left to go to New York and other American cities, he too decided to emigrate. Together with many other emigrants he departed by train for Rotterdam with the intention of continuing his journey over the Atlantic Ocean by ship via the Holland America Line. He had never been so far before. For reasons unclear — his papers were supposedly not in order — he stayed on in the city and eventually with his wife founded a guesthouse for fellow emigrants in a side street in the inner city.

Tuszynski, who in the Netherlands was called Tuschinski, became gradually fascinated by the fantastic invention of "moving pictures" that people, often in very poor housing conditions, could marvel at. He sensed his chance. Would not people prefer a comfortable seat in a stylish and lavishly decorated cinema theatre where they could be carried away by a captivating program? In 1911 he opened a "real cinema" equipped in all pomp and splendor and featuring the latest films. His daring formula was a great success and he quickly opened more cinemas, first elsewhere in Rotterdam, later also in Schiedam and Amsterdam. Tuschinski soon emerged as the greatest cinema magnate in the Netherlands. Not until the end of the 1930s, when the economic crisis had taken a severe hold, did his empire begin to break down. Under German occupation it went further downhill. Finally, he was deported to Auschwitz where he died on 17 September 1942.

Through his innovative entrepreneurship Tuschinski undoubtedly made an important contribution to the modernization of the Dutch entertainment industry. For him, his venture represented a means by which he found his place in society. From his arrival in Rotterdam he had worked his way from a poor and insignificant Polish emigrant who could be ridiculed — upon arrival in 1904 tipsy bystanders teased him: "What have you done with the small Cohn?" — to a great Dutchman, who despite the fact that the Netherlands was divided by many beliefs could be relied on to serve all alike with his well-known refinement, who hosted members of the Royal Family, but who above all was recognized and valued as a celebrated member of the elite of Dutch popular culture. That as a Jewish immigrant he no longer practiced his faith, was not so strict with dietary laws and even opened his doors on Sabbaths, was easily interpreted by his contemporaries as further proof of his adaptation to life in the Netherlands. All in all, Tuschinski's success is actually a bolder version of the American Dream come true: that is, assimilation and upward social mobility in one flowing motion.

Yet the reality is not always what it seems. The fact is that Tuschinski at given times strengthened his ties with the Jewish people, for example in Mokum — that is the nickname of Amsterdam, in Tuschinski's time the Dutch city with the largest concentration of Jews — by organizing special performances for Jewish audiences. The *Centraal Blad voor Israelieten in Nederland*, a leading Jewish newspaper, describes one such occasion that was said to be "in every respect a propaganda for us Jews." Furthermore, he allocated key positions in the company to Jews particularly to his friends and family members by marriage from Lodz, such as Herman Ehrlich and Hermann Gerschtanowitz, as well as his choirmaster, Max Tak. When his son Will chose to go into film production, Jews were strongly represented in the film crew. The ushers, however, were mainly non-Jewish. Tuschinski and company certainly did not always seek to emphasize their Jewish identity — on the contrary but by the end of the 1930s and during the occupation the anti-Semites kept rubbing it in that Tuschinski was running a "Jewish theatre."

This historical case is interesting for students of immigrant entrepreneurship. It deals mainly with a concentration of businesses, albeit a small concentration, but still led by a group of immigrants who share specific ethnic and religious attributes. This fact raises questions such as whether the communal ethnic origin and religion as well as mutual social relations are of importance to immigrants in their economic activities; and, if so, in what manner is this manifested? Also, in so far as this is the case, to what degree does this importance extend over a long period and is this pattern characteristic of the way in which immigrants integrate themselves into the economy of their new country? With these questions in mind, this case is also interesting for students of incorporation and ethnic diversity.



## MODELS OF INCORPORATION

Even in fairly recent academic discussion on post-settlement processes the predominant view was that issues such as immigrant origin, communal ethnic origin and mutual social relations slowly but surely should lose their importance. This view remains popular and is still widely held among the nonacademic public. The assumption behind this belief is that ethno-cultural orientation, norms and values, social relations and customs of migrants are perhaps functional in the country of origin, but that in a new country they become an anomaly and as such, frustrate the process of social and economic incorporation (Koot & Rath 1987; Portes 1995a). The well-known metaphor of the melting pot illustrates how such forms of diversity gradually dissolve into a greater whole.

This viewpoint is also to be found in (earlier research) on the entrepreneurship of immigrants, especially in relation to informal practices. Bovenkerk (1982; see also Bovenkerk, Eijken & Bovenkerk-Teerink 1983) for instance, argues that business activities of immigrants have typical pre-industrial features. This should not be surprising, he continues, as immigrant entrepreneurs originate from predominantly agricultural societies in which they have familiarized themselves with informal practices. When they arrive in the host country they find themselves in an unfamiliar environment. In order to acquire capital or labor for their businesses, they mobilize ethno-cultural resources. However, the longer they stay in the host country and the more familiarized they become with prevailing rules, regulations and practices, the more formalized their business activities become. In this view, informal economic activities of immigrants are merely a stage in an inevitable process of assimilation or incorporation. The very fact that informal practices still occur only serves to indicate that the social incorporation of immigrants has not yet been completed. It is to be noted that this approach to the economic behavior of immigrants is first and foremost limited to the ethno-cultural and social context.

Points of view such as these, just like the metaphor of the melting pot, have slowly come under fire, not in the least because the findings of researchers are in sharp contrast to this orthodoxy on all points (Rath 2000). Some immigrants could clearly find their way well into society and at the same time still keep a distinct ethnic identity. What is more, it is their very identity as well as their mutual social relations that have proved a kind of trump card, not least of which is their entrepreneurial activities (Light & Gold 2000; Portes 1995b; Waldinger 1996; Zhou 1992).

Portes and Sensenbrenner (1993) point to the vital importance of embeddedness in social networks. In their work they perceive this embeddedness as being grounded in social phenomena such as bounded solidarity and enforceable trust and as potentially a kind of social capital. Although their argument is aimed at economic sociology in general, they consider their approach especially applicable to economic actions of immigrants. In the words of Portes and Sensenbrenner (1993), bounded solidarity and enforceable trust depend on "a heightened sense of community

and hence have the greatest affinity to the experience of immigrant groups. It is the particular circumstance of "foreignness" that often best explains the rise of these types of social capital among immigrants" (1325-1327). Portes and Sensenbrenner choose to place the "experience of immigrant groups" primarily in a racial or cultural framework—a framework wherein immigrants are clearly a kind of *Fremdkörper*, or outsiders. Foreignness may exist when a group is distinct, or considered to be distinct and the object of prejudices, from the rest of society in that it has clear phenotypic or cultural characteristics. When there is a low probability of exit, strong sentiments of in-group solidarity among its members may emerge, especially when they can activate a cultural repertoire that allows them to construct an autonomous portrayal of their situation and to re-enact past practices and a common cultural memory. This type of situational solidarity constitutes an important source of social capital that can be used in the creation and consolidation of small enterprises. Next to this, there is enforceable trust, which is a stronger source of social capital as the level of outside discrimination is higher and economic opportunities in society at large proportionally lower. This means that blocked economic opportunities and pressure placed on the groups concerned enhances the potential for realizing this economic action. This use of social capital and the constitution of social networks can be quite different from one immigrant group to another (Light, Bhachu and Karageorgis 1993).

Portes and Sensenbrenner (1993) point to preference for co-ethnics in economic activities, and altruistic support of community members and goals as two direct effects of bounded solidarity. They further suggest that enforceable trust has the positive effects of flexibility in economic transactions through reduction of formal contracts, privileged access to economic resources and reliable expectations concerning effects of malfeasance. Roberts (1994), writing on the informal economy, identifies similar effects. He argues that the greatest advantage of informal economy enterprises lies in their flexibility, which is based in part on the importance of social relations. Trust then is of ultimate importance. This trust is mainly generated by kinship and community relationships, including ethnic ones, rather than by formal laws (compare Epstein 1994). This should explain why informal practices in advanced economies have a certain logic.

There is a clear distinction between this pluralistic view and the classic assimilationist one with its focus on individuals. Instead, attention is focused on *collectivities* that are based on communal ethnic, cultural or racial attributes; on the importance of mutual social networks; and on their continuity. Diversity is no longer considered dysfunctional; on the contrary, within the identity of immigrant groups lies the key to the successful development of their entrepreneurship and the favorable progress of their economic incorporation. It is to be noted that this approach to the economic incorporation of immigrants is first and foremost rooted in the ethno-cultural and social context.

This turnaround in thinking is very important and has greatly contributed to a better insight into, as well as appreciation of, the manner in which the process



of incorporation proceeds, and more specifically, the manner in which the entrepreneurship of immigrants develops.

But what makes the work of various practitioners in contemporary economic sociology so interesting and compelling is, in my eyes, also a weakness: namely, a strong and one-sided focus on groups and group processes. This heavy focus creates the impression that entrepreneurship, and more generally, the economic incorporation of immigrants outside their own group cannot effectively take place. Next to that they create the impression that ethno-cultural or social factors and processes determine the progress and direction of economic activity. Here this approach does not differ substantially from the more assimilationist approaches. Factors and processes in the economic or politico-institutional area remain, at least for the most part, outside consideration, whereas they are indispensable for a good understanding of entrepreneurship and economic incorporation (Rath 2000).

In this chapter, I shall delve deeper into this concern and examine it largely on the basis of the work of the American sociologist Roger Waldinger (1995; 1996). Just as other students of contemporary economic sociology, he too asks for greater attention to be given to the role of social capital. He (1996) articulates the viewpoint that the embeddedness in groups as well as the possibility of mobilizing this embeddedness for (economic) goals, more than anything else, determines how, where and with what success immigrants incorporate (economically). Waldinger goes even a step further when he posits that these sociological processes lead immigrants to integrate as groups within the urban economy. Because immigrants are especially dependent on their own social networks or have a preference for the mobilization of these networks, economic clusters or niches of immigrant groups emerge. In the process of immigration one group succeeds the other; this, according to Waldinger, also happens in the economy — for him there is the matter of succession of ethnic niches.

That network-driven immigrants, as if in a funnel, should gravitate to certain occupations or branches of industry is certainly intriguing. But however sympathetic this view is to me — to a certain extent the processes described are observable in Europe — I still wonder if such a pattern of succession is really the norm. I furthermore wonder whether the process of economic incorporation really occurs through concentrations of collectivities in certain occupations or lines of business, and if so, is that process network-driven only, and, if not, what are other possible structural determinants? The answer to these questions could help us gain clearer insight into the dynamic process of economic incorporation in which today's immigrants participate. I shall where possible make use of the empirical data that is relevant to the Netherlands, the country where Tuschinski found his niche. It is true that Waldinger's study (1996) did not intend to comment on the situation in the Netherlands and it is therefore perhaps not appropriate to validate his propositions using the Dutch case. On the other hand, he makes solid theoretical claims and because I hold this in great esteem I discuss them below.

## THE GAME OF MUSICAL CHAIRS: THE MODEL

Waldinger (1996) has described the process of succession of ethnic niches as a game of ethnic musical chairs. In his excellent book on New York, as well as in his contribution to the prize-winning book on Los Angeles (Waldinger and Bozorgmehr 1996), he deals with the question of why various categories of the population have taken up certain positions in the urban economy, and asks in particular which structural determinants have triggered this process and kept it in motion. In contemporary literature emphasis is placed on the economic and demographic transformations that metropoles such as New York, London and Los Angeles go through and which, in turn, cause a mismatch of labor (compare Kasarda, Friedrichs and Ehlers 1992). Other scholars emphasize the process of globalization and point to the concentration of high-grade service activities in so-called global cities which directly or indirectly create a demand for small-scale and partly low-quality activities (Sassen 1988, 1991). Waldinger is not enthusiastic about these approaches. In his opinion, they lack adequate empirical foundations (certainly in the cases of New York and Los Angeles), are economically deterministic and ahistorical; and do not take enough account of the real *dramatis personae,* the immigrants themselves.

Waldinger claims that in every market economy jobs are distributed according to the principles of desirability and availability; yet each market economy is affected by the social structure of the country within which it is embedded. In a society as race-conscious as the United States, people in the free market economy are ranked in terms of ethnic or racial characteristics. In this way a pecking order is formed with members of the dominant cultural group at the head and the problematized groups somewhere toward the end. Immigrants coming into such a structure, and whose economic orientation is still influenced by the land of origin, will, more often than not, be satisfied with this marginal position. However, changes in the economy affect the order. Due to vertical or horizontal mobility, particularly of the better situated, vacancies are created at the lower levels of the order. These in turn are filled by those lower positioned or by newcomers. These processes take years, sometimes developing quickly, sometimes slowly.

How are niches formed? Waldinger (1996, 95; Waldinger & Bozorgmehr 1996, 476-477) operationalizes a niche, partly on the basis of the work of Model (1993), as "an industry, employing at least one thousand people, in which a group's representation is a least 150 percent of its share of total employment."[1] This definition is not limited to trade and industry but also includes the public sector: government can influence niche formation, not only as an agent that can strengthen or weaken niches but also by influencing their location (for example, by employing members of a certain ethnic group in the public sector). Niches develop in the interaction between the group and its surrounding society in which the embeddedness in social networks is of crucial importance. Lieberson (1980) points out that:



> it is clear that most racial and ethnic groups tend to develop concentrations in certain jobs which either reflect some distinctive cultural characteristics, special skills initially held by some members, or the opportunity structures at the time of their arrival. . . . These concentrations are partially based on networks or ethnic contacts and experiences that in turn direct other compatriots in these directions. (379)

Waldinger uses this line of thought and suggests that immigrants are funneled toward specialized economic activities via their networks; the most important instruments being enforceable trust and bounded solidarity to one's own group. As soon as the first pioneers have established themselves, others follow and, in time, ethnic concentrations are formed. As usual, the best (and most attractive) functions are reserved for insiders, while outsiders at the end of the queue (for example, members of other immigrant groups) are excluded (Waldinger 1995). This continues as long as there is space in the market (compare Light 2000) or until vacancies occur elsewhere, enabling a group as a whole to shift to another line of business. The latter may be caused by the niche itself: once a concentration of entrepreneurs from a certain immigrant group grows, the demand for accountants, lawyers, carriers and so on from the same group increases at the same time (compare Zhou 1992).

Waldinger uses this line of reasoning to explain why, in the garment industry for example, there were at first so many Jews and how it was possible for the Dominicans and later the Chinese to take over this branch as their niche: a perfect example of the game of ethnic niche musical chairs. The solidarity with, and preference for, one's own group, as well as problematical relationships with, and exclusion of others, are the mechanisms that lead to this ethnic division of labor. In contrast to general opinion, these processes have a remarkably strong tendency to continue and niches are correspondingly enduring. The Jews in New York may have left (the lower tiers of) the garment industry, but elsewhere they have established new niches at the higher end of the service economy.

The most important ingredients in Waldinger's recipe are, in sum, a permanent striving of all participants in economic life for social mobility; a continuous stream of new immigrants; a race-conscious society; a restricted embeddedness in social networks; the formation of a labor queue with in-groups at the top and out-groups at the bottom; the formation of ethnic concentrations (niches) in certain occupations or branches of industry; an institutional framework formed by ethnic or racially-based interest group activity; and a high level of continuity in market conditions and ethnic loyalty. Together these form the mixture from which the pattern of succession of ethnic niches develops.

## CONCEPTUAL CONSIDERATIONS

To what extent does this theoretical viewpoint — with its empirical foundations on one side of the Atlantic Ocean — give us something to build on? The following are a few important considerations.

First, a consistent use of Waldinger's definition of niches can lead to peculiar situations. Are we to consider the massive employment of hundreds of thousands of guest workers in aging industries in the 1960s as niches, even if they had, as job hunters, no influence on the branch of industry in which they eventually worked? (The guest-workers scheme has been of considerable importance to many Northwestern European countries.) And what about slavery? A strict application of Waldinger's definition could possibly justify statements indicating that African slaves on American plantations, or Caribbean sugar plantations formed a niche. Such statements strike me as rather strange. I think, for instance, that Waldinger should have more strongly emphasized the voluntary nature of ethnic concentration.

Second, Waldinger refers to occupations and branches of trade and industry in rather general terms. Because of this, he is in danger of missing important differentiations. A particular group may have formed a niche in the health care sector; for example, in their economic incorporation, there is a great difference between being spread over the sector as a medical practitioner or concentrated in positions such as heart surgeons, nurses, or domestic helps. These are, after all, different labor markets.

Third, only when the number of people in a particular occupation or branch of industry exceeds 1000 does Waldinger consider these concentrations of economic activities to fall under the definition of niche. For only then does the concentration have any impact on the group as a whole. In the case of Amsterdam, this means that 14 Greek cafes and restaurants would have absolutely no impact on the local Greek "community," which totaled roughly 250 people (Vermeulen, van Attekum, Lindo and Pennings 1985, 57 and 114), or on the Ethiopian restaurants that provide employment to the small local Ethiopian community (Pool 1999). This is hardly credible. I can think of no compelling theoretical reason to employ the megascale used in the United States in cases such as Amsterdam.

Fourth, Waldinger assumes a long historic period in which there is continuous immigration and strong social continuity. These are to a certain extent necessary conditions for the game of ethnic musical chairs. However, in the Netherlands, as well as in various other European countries, these conditions are only partially fulfilled. There is absolutely no question of continuous immigration, and the Second World War was an important breaking point in this respect, clearly affecting the continuity of entrepreneurship. During the occupation, the Nazis destroyed Jewish niches, making any eventual niche maintenance impossible. The growth of the Dutch film industry in the 1930s is in large measure due to the arrival of professional Jewish singers, musicians, revue artists and filmmakers from Germany. These artists were forced to flee from the Nazis who rapidly gained power. Everything they had built up in the Netherlands was destroyed during the occupation less than ten years later. Morokvasic, Phizacklea and Rudolph (1986) also observe a historical discontinuity when they describe the absence of immigrant garment shops in



Germany; they attribute this (partially) to the persecution of the Jews by the Nazis.

## UNRULY PRACTICE IN AMSTERDAM

Mindful of these restrictions, let me now try to assess the merits of the Waldinger model. At first glance it appears that we can reasonably apply Waldinger's model. If we consider the economic incorporation of immigrants in the Netherlands, particularly Amsterdam, over a longer period, then we see the contours of niches appear.

In the sixteen and seventeenth centuries large groups of Protestants from southern Netherlands and France migrated to Amsterdam (Lucassen & Penninx 1994). These immigrants possessed plenty of capital, trading contacts and skills, which enabled them to secure a prominent place in the Amsterdam economy. This was especially so for the first cohorts of immigrants who were specialized in trade and industry, and were given certain privileges such as civil rights and generous fiscal benefits by the city administration. Partly due to their energetic entrepreneurship, the city of Amsterdam — and with it the country — became one focus of what was then the world economy. Significant in this regard is the fact that roughly one-third of the money invested in the VOC (Dutch East India Company) came from immigrants from the south Netherlands.

From the end of the sixteenth century on, large groups of Portuguese (Sephardic) Jews arrived in Mokum, as well as, in later periods — up until the twentieth century — also Ashkenazic Jews from Central and East Europe. These immigrants became involved with trade and industry, partly due to the fact that they were excluded from various occupations by the nonJewish majority (Berg, Wijsenbeek and Fischer 1994).[2] Jewish economic activities were concentrated around certain branches of industry, such as banking and the sugar and butcher trades. At the end of the nineteenth century — that is, during the period that the industrial economy developed further and the foundations of the welfare state were carefully being laid — they were well represented in Amsterdam in the free professions (among others, entertainment), banking, insurance and the retail trade, as well as in the production of ready-to-wear clothing, tobacco processing and the cutting and polishing of diamonds (Leydesdorff 1987; Lucassen 1994). They further monopolized the market for kosher products, while local traders in the Jewish quarters were to a certain extent protected from the open market. Finally, a considerable proportion of Jews earned income by irregular homework — this was widespread in the garment industry — and with small-scale street trading. Jewish street traders were overrepresented in the vegetable and fruit trade, in the fish and flower trade and to a lesser degree as ice sellers. During the interbellum period, one out of every three Amsterdam street traders was of Jewish origin; at one point their share in the rag-and-bone trade was 90 percent!

In the second half of the nineteenth century, Roman Catholic immigrants of Westphalian origin settled in the city. Anton Sinkel was one of the first to

experiment with a modern shop concept. Clemens Brenninkmeijer and August Brenninkmeijer, descendants from German peddlers, followed in his footsteps. Although the first department store (C & A) was situated in the northern town of Sneek, the chain became really successful in Amsterdam. There, at the turn of the century, a number of sales outlets were set up as well as the first factory for garment manufacture. The retailers, Willem Vroom and Anton Dreesmann, forefathers of today's giant multinational Vendex, also established their first manufacturing business in Amsterdam. They and many other immigrants with a Roman Catholic, German background were able to penetrate into the Amsterdam garment manufacturing industry using their trading skills and their knowledge of textiles (Miellet 1987).

Other examples of concentrations are those of Belgian straw hat makers; German bakers; German beer brewers; Oldenburg plasterers, white-washers and masons; French umbrella peddlers; Italian street traders selling plaster of Paris statues; terrazzo workers; chimney sweepers and ice cream makers (see for example, Bovenkerk and Ruland 1992; Schrover 1996). Although all these examples suggest that economic concentrations only occurred with tradesmen and craftsmen, the historic case of German servants illustrates that this could also apply to wage laborers.

This much is clear: These immigrants, or at least a number of them, originating from different corners of the world, arrived in different historical eras, each with their own ethnic and religious backgrounds, and established themselves as entrepreneurs in certain branches of trade and industry. Is it therefore proven that groups of immigrants as a norm find their way into the economy by means of the formation of each successive niche? It is not quite that simple. These examples refer only to those who (in the past) have built up entrepreneurial concentrations, and not to other immigrants. Further consideration of the current position of entrepreneurs tells us to what extent the formation of entrepreneurial concentration is obvious.

On the first of January 1996, Amsterdam totaled roughly 72,000 businesses (Amsterdam in Cijfers 1996, 207-211). Exactly how many of these belonged to immigrants is difficult to say. In 1986 it was assumed that about 1,000 immigrant entrepreneurs were in business out of a total of 30,000 entrepreneurs; that was about 5 percent (Kupers 1995). In 1993, Choenni (1997, 58-59) checked the Company Trade Register at the Chamber of Commerce and identified 4,301 immigrant businesses. According to the Register, 5,097 immigrant entrepreneurs were involved in these establishments and accounted for 6.7 percent of the total population of entrepreneurs. However, registration with the Chamber of Commerce is imperfect; not all registered businesses actually start up, and not all those which close down are registered as such. A mini count of the labor-force revealed the number of self-employed in the city to be smaller (Hoolt and Scholten 1996, 76-77). Of the 3,328 entrepreneurs identified by Choenni from Surinam, the Dutch Antilles, Aruba and the Mediterranean countries, the total number of immigrant entrepreneurs did not exceed more than 2,600 — roughly 4 percent of the total.



Turks constitute the largest category of immigrant entrepreneurs, followed directly by Surinamese and less closely by Moroccans, Egyptians and Pakistanis. Together they account for almost two thirds of the registered immigrant entrepreneurs (see Table 7.1). If we study the number of entrepreneurs in the respective labor forces, we see that Italians and Turks, and especially Egyptians, Pakistanis and Indians are active: their entrepreneurship far exceeds the national average of 8.7 percent (OECD 1995, 314-315).

Table 7.2 shows the sectors in which immigrants most often settle, and it is here that we should find the outline of their niches. Indeed, there does appear to be some kind of ethnic specialization forming. There are Italians in Italian ice-cream parlors; Chinese in Chinese stores and restaurants; Greeks in Greek restaurants; Turks in Islamic butcher shops, bakeries, garment factories, coffee-houses and Italian restaurants; Egyptians in kebab snack bars, currency exchange banks and telephone kiosks; Indo-Chinese in the medical profession; and Indians and Pakistanis in the wholesale trade in textiles and clothing (Choenni 1997; Kloosterman, van der Leun and Rath 1997b, 1999, 74-85; Larsen 1995; Rath & Kloosterman 1998; Rekers 1993; The 1989). There are strong indications that the formation of these concentrations is contingent on the role of social networks, as Waldinger has already explained. Take for example Egyptian shoarma sellers (Choenni 1997, 71-79): *shoarma* (kebab) was introduced to Amsterdam during the 1970s by Israelis. During the busy holiday periods they hired Coptic student workers from Egypt who knew the product. When the snack became popular, these early temporary workers changed tack and became self-employed entrepreneurs. One thing led to another, and in a few years Egyptian immigrants had completely overtaken the handful of Israeli shoarma sellers. In 1993, in a community of roughly 3,200 Egyptians, some 145 snack bars and lunchrooms were identified.

Immigrant entrepreneurs are active in a variety of sectors. From Table 7.2 we can make out other kinds of developments than purely the formation of entrepreneurial concentrations. While immigrants today do show entrepreneurial dynamic, their activities do not always lead to niches. And, in so far as this is the case, it is by no means given that niches form part of a chain, such as the model of the game of ethnic musical chairs supposes. Of all the researched categories, Surinamese and Turkish entrepreneurs are the most widely spread over different sectors. Turks are even active in the manufacturing industry, in particular, the garment industry — as far as this still exists today (Raes 2000; Rath 1998). Surinamese have strongly penetrated the service sector in such branches as insurance and property.

This increasing spread is confined in research on starting entrepreneurs (Kloosterman, van der Leun and Rathn 1997a; Kloosterman & van der Leun 1998). In comparison with the large number of established immigrant businesses in the catering industry, the number of starters in this sector is remarkably small. Entrepreneurial immigrants, notably Turks and Moroccans, now try their luck in the trade sector. We encounter them in such diverse branches as the wholesale trade in textiles (especially clothing fabrics) and food

**Table 7.1**
**The Share of Immigrant Entrepreneurs in the 1993 Amsterdam Labor Force by Country of Origin**

| | Turkey | Morocco | Surinam | China | Egypt | India | Pakistan |
|---|---|---|---|---|---|---|---|
| Entrepreneurs | 1,015 | 429 | 915 | 382 | 407 | 312 | 370 |
| Share in labor force (%) | 12.8 | 4.7 | 3.5 | - | >33 | >33 | >33 |

*Source*: Choenni 1997, 60.

**Table 7.2**
**Immigrant Enterprises in 1993 in Amsterdam by Sector and Country of Origin**

| Sector | Turkey | Morocco | Surinam | China | Egypt | India | Pakistan | Others | Total |
|---|---|---|---|---|---|---|---|---|---|
| Manufacturing | 224 | 6 | 17 | 2 | 6 | 7 | 3 | 18 | 283 |
| Wholesale/distributive | 141 | 37 | 162 | 44 | 41 | 91 | 111 | 370 | 997 |
| Retail business | 183 | 127 | 223 | 40 | 24 | 100 | 109 | 181 | 987 |
| Restaurants | 235 | 143 | 176 | 147 | 226 | 38 | 47 | 278 | 1,290 |
| Production services | 7 | 3 | 32 | 8 | 5 | 1 | 1 | 37 | 94 |
| Other services | 84 | 46 | 79 | 6 | 16 | 1 | 24 | 107 | 363 |
| Other | 26 | 18 | 83 | 22 | 15 | 19 | 5 | 99 | 287 |
| Total | 900 | 380 | 772 | 269 | 333 | 257 | 300 | 1,090 | 4,301 |

*Source*: Choenni 1997, 61.



products, and in the retail trade in clothing, household articles and music instruments. Furthermore, immigrants are also active in the business services sector. Given the more general transformation to a service economy this is an interesting statistic. They are very active in the distribution of advertising material, in accountancy, in trade promotion and in providing service during sports and theatre events — without a trace of niche formation. In the rest of the service sector we observe Surinamese who have set themselves up in business as driving instructors, cleaners or as handymen/women. Kloosterman & van der Leun (1998) find interesting indications that immigrant entrepreneurs follow in the footsteps of native Dutch entrepreneurs who have left the local neighborhood or marketplace, especially in neighborhoods with large concentrations of immigrants. Yet except for the markets mentioned earlier, no clear entrepreneurial niches have crystallized nor have any other forms of concentrations that point to a collective takeover of certain markets by members of one particular group. And this is the main issue. The only thing certain is that immigrants gravitate to businesses at the lower end of the market. From these otherwise global surveys emerges something even more noteworthy: some niches have either almost or totally disappeared. In some cases the Second World War caused a rupture, such as the disappearance of the Jewish entertainment industry in which Tuschinski played a part. In other cases this was caused by the decline of the demand for specific products, even leading to the disappearance of a branch of industry, such as the straw hat makers. In other instances this was due to the location of the activities being changed. The diamond industry in Amsterdam — an outstanding example of the Jewish niche — has almost disappeared; even before the Second World War businesses were relocating to Antwerp, Belgium and elsewhere. The baking trade, in the nineteenth century a niche for immigrants of German origin (Schrover 1996, 103), still exists to this day, albeit with a strong industrial influence, but no longer in the hands of one specific ethnic or national group. Although one in six bakers in Amsterdam are Turkish, they operate a minute segment of the market (Kloosterman, van der Leun and Rath 1998). The market trade, previously the domain of Jewish entrepreneurs, has not developed into a niche for any other immigrant groups. The strict system of assigning market stalls according to registration based on a subscription period seems to systematically disadvantage immigrants (Kehla, Engbersen and Snel 1997, 54-55; Kupers 1995). Finally, it is noticeable that there are practically no immigrants active in street peddling, such as the Jewish paupers or the Chinese peanut sellers before the war (Van Heek 1936). A few exceptions are perhaps Vietnamese pancake-roll sellers, Italian ice cream sellers and a handful of musicians from Ecuador, or a few (undocumented) Indian rose sellers (Staring 2000), which is not to say that they per se form niches according to Waldinger's definition.

In short, there *are* forms of ethnic concentration that seem to be network-related, but at the same time they do not seem to be the only — or necessary — route to economic incorporation. Moreover, in the case where the formation of niches did take place, there is not always a continuing historic chain; sometimes

**Table 7.3**
**Starting Entrepreneurs in 1994 in the Amsterdam Service Industries by Sector and Country of Origin**

| Sector | Turkey | Morocco | Surinam | Dutch Antilles | Ghana | Other immigrants | Unknown | Netherlands | Total |
|---|---|---|---|---|---|---|---|---|---|
| Wholesale/distributive | 14 | 12 | 44 | 8 | 23 | 185 | 146 | 382 | 814 |
| Retail business | 21 | 36 | 33 | 6 | 4 | 93 | 116 | 367 | 676 |
| Restaurants | 8 | 5 | 17 | 1 | 2 | 24 | 39 | 113 | 209 |
| Production services | 3 | 2 | 33 | 2 | 4 | 82 | 119 | 788 | 1,033 |
| Other services | 10 | 7 | 24 | 2 | 4 | 35 | 61 | 283 | 426 |
| Total | 56 | 62 | 151 | 19 | 37 | 419 | 481 | 1,933 | 3,158 |

*Source*: Kloosterman and van der Leun 1998, 126



niche succession takes place falteringly, other times, not at all.

## COMMENTS ON THE MODEL AND ITS ASSUMPTIONS

The question of the formation of ethnic niches and succession in the case of Amsterdam, in so far as there is no better or more authoritative data at hand, is all in all inconclusive. This leads us to question the assumptions that Waldinger uses for his model. As I will argue, this question can also be posed in cases where, by some manner of means, a form of entrepreneurial concentration can be delineated. My comments concern mainly four points: the formation of a labor queue; the long-term existence of ethnic groups; the role of the economic environment; and the role of the politico-institutional framework in which these entrepreneurs operate.

To begin with, Waldinger (1996) stipulates the necessity of the existence of a hierarchy of preferred population categories that is practically adequate; i.e., that will intervene in the formation of a labor queue. The formation of such a hierarchy is in itself a general feature of any society. There are, however, important differences between the United States and the Netherlands (or any other society for that matter). In the United States, ethnic and racial characteristics form important features (it is no coincidence that Waldinger calls the United States "race conscious"), while in the past in the Netherlands it was mainly religious, and at present it is the socio-cultural characteristics which constitute the main features (Rath 1991, 1999). Within the present Dutch system, the significance of socio-cultural characteristics inspires all kinds of attempts at the controlled integration of minority groups, attempts which assume that socio-cultural characteristics are changeable and that often have an extremely paternalistic nature. This specific significance and its socio-political dynamics produce changing orders of ranking and queues. Consequently, attention should be paid to the possibility that social appreciation for these characteristics can rise or fall. Tuschinski was in the course of the 1930s and early 1940s increasingly reminded of his Jewish origin. Especially during the Nazi-period his access to the mainstream economy became extremely difficult. But it also can be otherwise. Only 30 years ago, Spanish and Italian guest workers in the Netherlands existed as problem categories at the back of the queue, although not as far back as "long-haired workshy riff-raff" (Bagley 1973), but now they are considered as "relatively non-problematical" (Lindo 1994, 117). This is an important fact because it means that these immigrants have obtained better access to the mainstream economy and thus are less dependent on the mobilization of their own social networks. They have assimilated and have found on a more or less individual basis — and not a collective ethnic basis — their way into society.

Somewhat related to this is Waldinger's (1996) supposition of the long-term existence of more or less cohesive ethnic groups, with a large measure of solidarity and trust. The impression is given that ethnic groups, once formed, constitute one happy family, a community without conflicts of interest or

otherwise, without gender-specific resource allocation, and one in which all members are immediately and without reserve ready and willing to help one another. In reality, social relationships are not often that harmonious. Especially when entrepreneurs are operating from one niche, that is, in the same market, the odds are that they are each other's competitors. This can undermine social cohesion and hamper the formation or continuity of the niche. Furthermore, we must take into consideration that some immigrant groups assimilate and that their niches are consequently not per se permanent, as Waldinger suggests. Take, for example, the Italian ice-cream makers. These migrants prepared excellent fruit ice, a product that was highly appreciated by Dutch customers. On the basis of this and with the help of their own networks, they were able to form a niche. Although Italians are still well represented in the ice trade, the continuity of their niche is in serious jeopardy. The second and later generations of *gelatieri* do not feel so inclined to take over their parent's business and move out into a whole gamut of other economic sectors (without continuing their niche). Nowadays, their community is dissolving and the role of ethnic networks has correspondingly decreased (Lindo 1994).

Waldinger focuses on sociological and not on economic factors when explaining the economic incorporation process. Although he certainly does take market developments into consideration (he views these as one of the factors that leads to changes in the labor queue), he sees social networks as being of central importance for the incorporation process. This one-sided emphasis leads to a distorted model. Take, as an example of this, the Turkish garment manufacturers (Raes 2000; Rath 1998). During the years of recovery after World War II, the garment industry struggled to its feet, and various Jewish entrepreneurs participated. They did so without re-creating the once large Jewish niche that existed before the war. Jewish entrepreneurs could no longer rely on the help of young Jewish female seamstresses for their factories and instead, recruited labor on the Dutch open market and elsewhere. The sector began to decline during the 1960s due to international competition, and one business after another closed, or moved its clothing assembly to lower-wage countries. A few Turkish workers eventually set up their own factories. These entrepreneurs only really got started once market developments were favorable. Partly as a result of changing consumer demands, jobbers (especially those in the so-called short-cycle ladies fashion) needed shorter and faster supply lines. Local factories could meet this demand. Both immigrants with experience in the craft garment industry in Turkey and unemployed guest workers got lucky, and, partly through their networks, a cluster of Turkish trade and industry evolved. However, if we are to explain the rise of the Turkish garment industry in Amsterdam, we cannot ignore such factors as the changes in consumer demand or the international division of labor. Without such changes, small Turkish garment manufacturers would never have had so much opportunity to develop.

In this regard, we must also point out the role of technological change. The invention of the moving picture placed Tuschinski in a position to build up his



empire in the cinema branch, a position that he could expand through even greater use of the newest technology (for example, the development of the sound-film). But it can be otherwise. The decline of the Jewish niche in the sugar trade industry, half-way through the nineteenth century can be explained for the most part by the technological innovations that made it possible to make sugar from sugar beet instead of from imported sugar cane. Although the Jews had not lost their control over the processing of sugar cane, Roman Catholics from the southern province of Brabant were able to take over the market simply because they were able to offer a considerably cheaper product (Schrover 1994, 164). The niche of German merchants in Rhenish pottery in the nineteenth century in the city of Utrecht was also undermined by technological developments. These German merchants remained strongly oriented to their land of origin; they returned regularly. When, with the advent of glass as a packaging material, and the growing demand for Rhenish pottery declined, they packed their bags or merged in with the mainstream: in any case no sign was left of the collective (Schrover 1998).

Finally, Waldinger seems to limit the role of the politico-institutional framework to political arrangements steered by ethnic or racially based interest groups with the aim of influencing the allocation of jobs in the public sector. The political system in New York may often appear as a tombolo with pork-barrels as the main prize, but it is certainly not a blueprint for "the" institutional framework. The latter is determined by government and its nimbus of quasi non-governmental organizations. In the Dutch corporate welfare state, this framework has expanded enormously, certainly in comparison with the rather lean American welfare state. This has far-reaching consequences for, as example, spending power. Even the long-term unemployed have a fairly high minimum wage in the Netherlands, which influences the necessity of starting-up and making a success of one's own business (Freeman and Ögelman 2000; Kloosterman 2000). The small number of street hawkers could be explained by the current fairly strict regulations on ambulant trading, by changed consumption patterns, or by the fact that it is no longer necessary to earn a pittance by trading door-to-door. The present welfare state guarantees social security: each legal resident has a right to an income, either from supplementary benefits or otherwise (which is not to say that people never have financial problems).

The mixture of rules and regulations steering economic traffic, and the way that these rules are enforced by the authorities, have more direct influence. On the one hand, the institutional framework can contribute to the development of certain entrepreneurial concentrations. The establishment of Islamic butchers of Turkish or Moroccan origins is subjected to a special legal regime. Moreover, the ritual slaughter necessary for obtaining *hâlal* meat falls under a different regulation. Interestingly, this regulation is based on the rules and regulations that were once made for Jewish butchers (Rath, Sunier and Meyer 1997, 74). On the other hand, the framework can contribute to the reduction or even disappearance of entrepreneurial concentrations. The mushrooming of small

Turkish garment factories at the end of the 1980s and the beginning of the 1990s was not only linked to favorable economic circumstances, but also to the extremely accommodating attitude of the authorities toward their informal practices. In 1994, however, the Public Prosecutor decided to crack down on fraud and illegalities and intensified controls in the garment industry. Together with the opening of new markets in East Europe and Turkey, these draconian law enforcement operations have led to a sharp decline in the Turkish garment industry in Amsterdam. During the 1960s, as another example, Italian guest workers tried to make a go of the ice cream selling business (as street traders), so much so that local authorities started to regulate the branch. They thus enforced a legal ceiling, limiting growth in the number of entrepreneurs in the ice trade. Today, the majority of ice cream sellers have no ambition to establish themselves as self-employed ice cream makers — among other reasons due to the many rules and regulations to which the self-employed ice specialists must comply — and consider this trade only as an extra source of income.

## CONCLUSIONS

For a long time the metaphor of the melting pot predominated both popular and academic discussion on post-migratory processes. The assimilationist viewpoint on which this metaphor was based supposed that ethno-cultural differences as well as the formation of collectivities based on these, slowly but surely would lose their importance. In reality, this often was far from the case.

That is why gradually, not in the least due to the efforts of economic sociologists, attention is focused on the importance of common ethnic, cultural or racial attributes as well as mutual social networks. The leading basis for analysis is no longer the individual but the collectivity of which he/she is a part. Especially in the research into the economic incorporation of immigrants, notably the research on their entrepreneurship, is emphasis placed on the role of groups.

Even though this shift has undoubtedly improved our insight into the economic incorporation of immigrants, the way in which the economic sociology of immigrants is nowadays used in practice is unsatisfactory. The strong focus on groups and group processes creates the impression that entrepreneurship and, more generally, the economic incorporation of immigrants outside their own group cannot effectively get off the ground. Furthermore, there is the impression that primarily, though not exclusively, ethno-cultural or social factors and processes determine the progress and direction of economic activities.

I have discussed this question in relation to the work of the American sociologist Roger Waldinger. He supposes that immigrants, through use of their social capital, incorporate as groups within the local economy. They form among other things entrepreneurial niches, that in turn are involved in a process of succession: the game of ethnic musical chairs.



Further consideration on the economic incorporation of immigrants in Amsterdam reveals that this question is inconclusive. There are forms of ethnic concentration, and these seem to be network-related, but they do not seem to be the only — or necessary — route to economic incorporation. Moreover, there is not always a continuing historic chain: sometimes niche succession takes place falteringly, many other times, not at all.

The case of Tuschinski is instructive in this respect. It offers some support for both assimilationist and pluralist viewpoints: both the advocates of traditional assimilation models as well as those who no longer consider that a viable model find something to their liking.

It appears that the hierarchy within population groups with immigrants found somewhere at the back of the queue — something that for Waldinger's argument is of critical importance — can display a remarkable dynamic. Immigrants can, within a relatively short time change their position within the hierarchy, whereby their access to the mainstream — and thus the necessity to mobilize their own social capital — accordingly can change. Waldinger incorrectly supposes that ethnic groups have a continuing existence; he appears to rule out the possibility that they fragment, or even assimilate. He leaves out, for the most part, consideration of factors and processes in the economic and politico-institutional fields (see also Rath 2000). Changes in the demand for certain products, possibly influenced by technological innovations, can dramatically shrink or even enlarge the chances in a certain market. The same holds for the ways and means by which certain economic activities become tied to rules and observance of these rules is enforced. In both cases it concerns factors and processes that in themselves have little effect on immigrants as collectivities, but are indispensable for a good understanding of entrepreneurship and economic incorporation.

## NOTES

1. The concentration of ethnic groups in a certain trade or line of business is determined by dividing the share of a certain group in employment in a certain industry by its share in the total employment.

2. In the beginning they were excluded from most of the guilds. Yet, the Chirurgeon, Estate agent and Bookseller Guilds allowed Jews to become members — under strict conditions — even before the Batavian Republic (Kockelkorn 1994; Lucassen 1994). Furthermore, the exclusion from the guilds in the Republic was far less extensive than in some of the other neighbouring countries, see Lucassen 1997.