



The Guest-Worker in Western Europe - An Obituary

Author(s): Stephen Castles

Source: *International Migration Review*, Vol. 20, No. 4, Special Issue: Temporary Worker Programs: Mechanisms, Conditions, Consequences (Winter, 1986), pp. 761-778

Published by: [The Center for Migration Studies of New York, Inc.](#)

Stable URL: <http://www.jstor.org/stable/2545735>

Accessed: 27/01/2014 10:50

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at <http://www.jstor.org/page/info/about/policies/terms.jsp>

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact support@jstor.org.



The Center for Migration Studies of New York, Inc. is collaborating with JSTOR to digitize, preserve and extend access to *International Migration Review*.

<http://www.jstor.org>

The Guest-Worker in Western Europe — An Obituary

Stephen Castles
*Center for Multicultural Studies,
University of Wollongong*

Most West European countries recruited guest-workers (temporary labor migrants) to fuel the postwar boom. The significance of this flexible and mobile labor source is examined for six countries. The dynamics of the migratory process led to family reunification and settlement, against the original intentions of the workers, employers and states concerned. The recruitment of guest-workers stopped after 1974, but many migrants stayed on, becoming permanent ethnic minorities, in a situation of economic and social crisis. It is argued that guest-worker systems inevitably lead to permanent migration in the long run, and that it is better to plan for orderly settlement through appropriate policies.

The social history of industrialization is the history of labor migration: concentration of capital requires movement of labor. Temporary labor recruitment and contract labor have been significant for centuries, throughout the capitalist world: Chinese labor in Malaya and the Dutch East Indies, Indian “coolies” in the West Indies and the migrant labor system in Southern Africa are just a few examples. Such systems have often followed on from slavery, and have been seen as preferable in terms of flexibility and controllability. Nineteenth century industrialization in Europe led to large-scale migrations, both internal rural-urban and international. Most were unorganized, but Germany, France and Switzerland did develop systems of temporary recruitment between 1870 and 1914, making considerable efforts to prevent workers from settling. The Poles who helped build the mines and steelworks of the Ruhr, for instance, were forced to leave the country for a certain period each year, to stop them from getting long-term settlement rights. Nonetheless, settlement did take place, and later policies were aimed at compulsory assimilation, through suppression of the Polish language and culture. The largest and most exploitative temporary labor system was that developed by the Nazis to fuel their war economy (*See, Castles and Kosack, 1973, for a summary of pre-1945 European labor migration*).

After the second world war, several countries rapidly introduced systems of temporary labor recruitment to speed up reconstruction and to compensate

in part for wartime manpower losses (The following account is based on Castles, Booth and Wallace, 1984: Chapter 3, which also gives detailed references. Figures quoted without a reference are from this book).

In 1945, the British Government set up the European Voluntary Worker (EVW) scheme, to recruit about 90,000 workers from refugee camps and later from Italy as well. Only single persons were eligible. They were not regarded as permanent residents, and their civil rights were severely restricted. Tied for three years to a job chosen by the Ministry of Labor, they were liable to deportation for misconduct or ill health, and single men and women recruited were rarely allowed to bring dependants with them. British unions took a restrictive view on these EVWs, (Hepple, 1968:49). The system only operated until 1951, mainly because other labor sources were adequate: first British capital's traditional labor reserve in Ireland, and from the fifties onwards the inflow of black workers from the disintegrating Empire. The EVWs comprised only a relatively small share of Britain's postwar immigrants. Today the population of migrant origin (*i.e.*, Commonwealth migrants, Irish, foreigners and their children born in Britain) totals over 4 million.

The EVW scheme was a typical guest-worker system, but its relatively small size points to a question, which may be well applied to other countries as well: to what extent does a guest-worker system, which usually entails state control of recruitment, mobility and working conditions, benefit the economy of the receiving country more than spontaneous migration? In the latter case, the labor market itself often works efficiently to assign migrants to the jobs that are available, and this is likely to meet the needs of employers. However, the weakness of the newcomers in the labor market means that they may end up with exploitative wages and conditions, which is harmful not only to them, but often also to local workers and unions. The extreme case of this is the toleration of clandestine migration (important in the cases of France and the USA). The rightless illegal migrant is the dream-worker for many employers, and the nightmare of the labor movement. Yet generalization is difficult on this issue. The restriction of civil and labor market rights in some guest-worker systems can also have extremely serious implications both for the situation of the migrants, and for the unity and strength of the labor movement.

The Belgium Government started recruiting foreign workers immediately after the second world war, through what was called *contingentsysteem*. Workers were recruited under bilateral agreements with Southern European countries, mainly Italy. Most of them were employed in the coal mines and the iron and steel industry. In 1946, about 60,000 Italians were recruited. Although this was temporary labor migration of the guest-worker type, Belgian regulations were fairly liberal about the entry of family members, and many of the workers stayed on permanently. After 1963, the *contingentsysteem* was abolished, but foreign worker-seekers continued to come

in of their own accord, as "tourists". Once they had employment, they were "regularized", *i.e.*, granted work and residence permits. In a period of rapid economic growth, such spontaneous labor migration responded rapidly and flexibly to labor needs. Migrants found work in a much wider range of industries and enterprises than before 1963. In this period, the Italians were joined by Spaniards, and then by Moroccans and Turks.

In August 1974, the Government decided to stop further entry of workers (except from countries of the European Community). The ban took some time to become fully effective, but by the eighties few new workers were entering Belgium, and migration balances have, on the whole, been negative (*See*, SOPEMI, 1984). Entry of dependents did continue after 1976 due to liberal regulations concerning family reunification. The foreign population grew from 453,000 in 1961 (4.9% of the total population) to 716,000 in 1970 (7.2%) and then to 851,000 in 1977 (8.7%). Since then, the foreign population of Belgium has fluctuated around 900,000 with a negative migration balance being compensated for by natural increase to migrant parents. As in most West European countries, children of foreign parents born in Belgium do not automatically obtain citizenship of the host country, although there are fairly liberal naturalization provisions. In recent years, most foreigners obtaining new work permits have been spouses and children of workers, entering the labor market for the first time, rather than new immigrants.

FRANCE

The French Government established an *Office National d'Immigration* (ONI) in 1945 to organize recruitment of foreign workers. Labor migration was seen as a solution to postwar labor shortages, and was expected to be mainly of a temporary character (including seasonal workers for agriculture). However, in view of low birth rates, a certain amount of family settlement was envisaged. Recruitment agreements were made with Southern European countries, and French employers had to make a request to ONI and pay a fee. ONI organized recruitment and travel. There was continuous migration of workers to France from 1945 to 1974. Two million European migrant workers entered France from 1946 to 1970 and they were joined by 690,000 dependants. However, the appearance of a highly organized system of recruitment is misleading. ONI's legal monopoly of recruitment of European workers became more and more of a fiction. The proportion of migrants coming as "clandestines" (on tourist visas or without passports) increased from 26 percent in 1948 to 82 percent in 1968 (Office National d'Immigration, 1968).

This was in part a consequence of increasing competition for labor within Western Europe during the boom period. France started recruiting in Italy, but as the labor needs of Switzerland, Belgium, the Netherlands and the German Federal Republic increased, this source became exhausted. ONI

proved incapable of meeting employers' needs, and patterns of spontaneous migration developed, first from Spain and Portugal, later from Yugoslavia and Turkey. Workers from the Iberian countries generally had to come illegally, as the dictatorships of the time were unwilling to facilitate movements. Indeed, many workers came as much for political as for economic reasons. Clandestine workers met employers' needs well. They were a flexible source of labor, and their weak legal status compelled them to accept poor wages and conditions. Once they had jobs, clandestine workers were often regularized by the authorities, which granted them work and residence permits. Unions and welfare organizations called for more control, to prevent exploitation of migrants by "slave dealers" (labor-only sub-contractors), unscrupulous employers and landlords.

ONI was only responsible for migrants from European countries. Citizens of France's colonies and former colonies were able to enter freely until the late sixties. By 1970, there were over 600,000 Algerians in France, as well as 140,000 Moroccan and 90,000 Tunisians. Increasing numbers of black workers were coming in from West Africa and the French West Indies. By now the problems of uncontrolled migration were becoming evident: severe housing shortages, which even led to the growth of shanty-towns (called *bidonvilles*) around French cities, strains on welfare, education and health facilities, and growing racial tensions, with attacks by French racist groups, particularly against black migrants — in 1973, 32 Algerians were murdered.

In July 1974, influenced by the "oil crisis" and the ban on labor migration to the GFR announced in November 1973, the French Government took measures to stop entry of both workers and their dependants (except for those from countries of the European Community). The ban on entries of dependants proved impossible to enforce, for both legal and practical reasons. The official belief that many migrants would leave, and thus alleviate the strains of the growing recession, proved false: the migrant population of France continued to grow, becoming stabilized at around 4.5 million.¹

Only one element of the guest-worker system still remains in France: the recruitment of temporary workers for agriculture. Between 100,000 and 150,000 have been recruited each year since the fifties. The figure for 1983 was 101,857. Ninety-seven percent were employed in agriculture, and 83 percent came from Spain (SOPEMI, 1984:22).

It is evident that an intended temporary labor system has become transformed into a permanent settlement situation. This development — typical for Western Europe — has taken place at a time of considerable economic and social stress, and without foresight or planning. The result is that the

¹ It should be noted that official figures on the foreign population of France are contradictory, with divergences of several hundred thousand between census figures, and data based on the number of residence permits issued by the Ministry of the Interior. This figure, quoted from SOPEMI, 1984:100, is based on the latter.

social and economic costs have been imposed first on the migrants themselves, who have high rates of unemployment, and suffer serious housing problems and other social disabilities; secondly on the most disadvantaged groups of the French working class, who find themselves competing for jobs, housing and social services with the migrants. The powerful "common-sense" reaction is to blame the problems on the migrants, and to call for mass repatriation.

Right-wing groups have found a heaven-sent opportunity for agitation, and racism has become a central political theme. The success of Le Pen and his *Front National* is a grim warning of the consequences of a *laissez-faire* labor market policy, motivated only by capital's short-term needs.

THE NETHERLANDS

Like Britain, the Netherlands had both colonial migrants and guest-workers. Large numbers of "repatriates" entered from the Dutch East Indies (Indonesia) between 1945 and the early sixties. Then there was migration from Surinam and the Netherlands Antilles, initially of students, later of workers. Recruitment of Southern European guest-workers started in response to the labor shortages of the sixties. The Government concluded bilateral recruitment agreements with Italy, Spain, Portugal, Turkey, Greece, Morocco, Yugoslavia and Tunisia between 1960 and 1970. This provided a legal framework for migration, although actual recruitment was carried out mainly by the employers.

The Mediterranean workers were regarded as temporary labor, who could be used as a buffer against economic fluctuations. The recession of 1967 demonstrated this function: the number of foreign workers fell by about 7,000, so that a proportion of unemployment was exported to the countries of origin. However, 39,000 migrant workers remained, even though unemployment of Dutch workers rose sharply. Employed in jobs rejected by the Dutch, the migrants had become economically indispensable. When the recession ended, recruitment of foreign workers increased rapidly. Recruitment ceased in 1974, but this time the number of foreign workers did not decline, even though unemployment reached much higher levels than in 1967. From the beginning of the seventies, there had been a trend towards family immigration. Now this became more pronounced: by 1977 there were 105,000 workers from the Mediterranean countries (excluding Italy) in the Netherlands, and they were accompanied by 80,000 dependants. By 1985, it was officially estimated that there were 338,000 persons of Mediterranean ethnic origin in the Netherlands, while the total number of members of ethnic minority groups (a broad category including persons of Surinamese, Antillean, Moluccan origin, refugees and gypsies) was 659,000 (SOPEMI — Netherlands, 1985:16).

Again we have a case of import of temporary labor, which was expected to

go away when no longer needed. Developments in the post-1974 recession showed that the migratory process could not easily be reversed. It is to the credit of the Dutch Government that this fact was recognized. In 1979 the Netherlands Scientific Council for Government Policy published a well-researched report, showing that most Mediterranean workers were not likely to return home. They had become permanent settlers and should be recognized as ethnic minorities, within the framework of a general minorities policy (Netherlands Scientific Council for Government Policy, 1979). The Government accepted this advice and gave an outline of its new policy in 1981. The groups mentioned above were categorized as minorities, and measures were announced to secure their full participation in society, through improvements in legal status, housing, social services and labor market situation. Legislation against racism and discrimination was introduced, and foreign residents' political rights improved.

It would be wrong to think that the Netherlands have escaped the social and political tensions connected with the formation of ethnic minorities in a period of crisis. Nor have all the policies been adequately implemented. Rising unemployment and increasing inner-city problems have encouraged the growth of racism, and anti-migrant parties have gained considerable support. However, the recognition of the inevitability of a multi-ethnic society, and the introduction of appropriate policies, is certainly a step forward, especially in comparison with some of the neighboring countries.

SWITZERLAND

From 1945 to 1974 Switzerland followed a policy of large-scale import of labor. Foreign workers were recruited abroad (mainly in Italy) by employers, but admission and conditions of residence were controlled by the Government, in the framework of a guest-worker system. In the early years, policies were extremely restrictive, as there were fears of an impending economic downturn. The aim was to maintain a rapid turnover of foreign workers, to prevent them from settling. The admission of dependants was kept to a minimum, and workers were granted residence permits that could be withdrawn at any time. Large-scale use was also made of seasonal workers and frontier workers (*i.e.*, workers who enter daily from neighboring countries). However, by the sixties, increasing international competition for labor, together with employers' desire for more stable workforces, led to some liberalization: spouses and children were admitted once a worker had been in Switzerland over three years. Foreign workers could be granted "Establishment Permits" conferring more security and rights to labor market mobility after ten years (five for certain nationalities). An agreement concluded with Italy in 1964 made it easier to bring in dependants, and also

allowed seasonal workers to obtain annual residence permits after five consecutive seasons' work in Switzerland.

The number of foreign workers in Switzerland (including frontier and seasonal workers) rose from 90,000 in 1950 to 435,000 in 1960. Rapid growth continued until the summer of 1964, by which time there were 721,000 foreign workers. Then fears of "overheating" of the economy led to the first measures to cut entries. The number of migrant workers declined slightly, but then increased again to 834,000 in 1970, and finally peaked at 897,000 in 1973. By that time, about a third of the total labor force and about half of all factory workers came from abroad. Foreign population rose correspondingly: from 279,000 in 1950 (6.1 % of total population), to 570,000 in 1960 (10.8%) and 983,000 in 1970 (15.8%). The peak figure was 1,065,000 in 1974 (over 16%).²

Severe restrictions were imposed on labor migration from the beginning of the seventies. The number of foreign workers fell to 650,000 in mid-1977, then increased again to 738,000 in August 1981 — a level which has been more or less maintained since. If we count only workers considered as residents (holders of Annual and Establishment Permits), foreign employment dropped from 599,000 in 1973 to 500,000 in 1977. After 1980, the number started rising again, to reach 530,000 in 1983. However the number of new workers entering is relatively small (24,000 in 1983) and many are either highly qualified persons, or dependants of workers already in the country. Guest-worker recruitment has virtually stopped, although the system remains intact. The use of seasonal frontier workers — the guest-workers *par excellence* — continues, with 100,000 of the former and 105,500 of the latter in 1983 (SOPEMI, 1984).

Foreign population dropped from its 1974 peak to 884,000 in 1979 and then increased to 926,000 in 1983. As in other countries, stopping labor entries led to stabilization of the immigrant population, with an increasing share of non-economically active dependants. Over three-quarters for foreign residents in Switzerland now hold Establishment Permits — a clear indication of the long-term nature of their stay.

Switzerland is the classic case of the guest-worker system. Migrant workers were recruited to allow rates of growth and profit which would have been unthinkable with a restricted labor market. It was never intended that they should settle permanently. Yet just because they allowed most Swiss employees to move out of the low-pay and low-status jobs, they became indispensable to the Swiss economy. When foreign labor became scarce in the sixties, the authorities had no choice but to improve migrants' rights

² It is difficult to relate the foreign labor force to the foreign population statistically in Switzerland, as two categories of workers — frontier workers and seasonal workers — are not counted as belonging to the population. The figures on the foreign labor force given here are the peak August figures and include all categories of workers.

regarding labor market mobility, family reunification and long-term stay. Migrants had already started turning into settlers by the time the recession started, and could not be expelled.

The Government has been unwilling to face up to the fact of permanent settlement and to provide the necessary housing and social facilities. Migrants' civil and political rights remain extremely restricted. Naturalization is hard to obtain, migrants' children born in Switzerland have no right to Swiss citizenship, and deportation is possible for a variety of reasons. The migrant population is marginalized, and this reflects a wide-spread attitude of hostility towards them on the part of many Swiss. Since 1970 there has been a series of referenda calling for enforced repatriation. These have been narrowly defeated, but have generated pressure for restriction of migrants' rights. A move to introduce a slightly more liberal Foreigners Law was defeated by a referendum in June 1982.

THE GERMAN FEDERAL REPUBLIC

West German employers started importing labor later than those of other countries, partly because postwar recovery did not start until after 1948, partly because there were large internal labor reserves — particularly refugees from the East. The GFR therefore draw on the experience of other European countries, as well as on German historical experience with migrant labor, both before 1914 and within the Nazi war economy. The result was the most highly-organized state recruitment apparatus anywhere in Europe — the pinnacle of the guest-worker system.

The Federal Labor Office (*Bundesanstalt fuer Arbeit — BfA*) set up recruitment offices in the Mediterranean countries. Employers requiring foreign labor had to apply to the BfA and pay a fee. The BfA selected suitable workers, testing their occupational skills, giving them medical examinations and screening police records. The workers were brought in groups to Germany, where employers had to provide accommodation — usually in huts or hostels on the work site. The first bilateral recruitment agreement was made with Italy in 1955. At that time temporary seasonal employment in agriculture and building was envisaged, but soon large numbers of workers were going into industry. Further recruitment agreements were concluded with Spain, Greece, Turkey, Morocco, Portugal, Tunisia and Yugoslavia.

The number of foreign workers in the GFR rose from 95,000 in 1956 to 1.3 million in 1966. Then there was a cutback due to the recession, which lasted until 1968. After that, foreign employment shot up, reaching 2 million by 1970 and 2.6 million by the middle of 1973. With half a million new workers per year, this was the greatest labor migration anywhere in postwar Europe, and was a result of rapid industrial expansion, and a simultaneous shift to methods of mass production, requiring large numbers of new unskilled and

semi-skilled workers. Many of the workers recruited in Turkey and elsewhere in this period were women.

Policies were shaped by the view that migrant workers were temporary labor units, which could be recruited, utilized and sent away again as employers required. A complex legal and administrative framework was established to control foreign labor (*See*, Castles, 1985). To enter and remain in the GFR, a migrant needed a residence permit and a labor permit. These were granted for restricted periods, and were often valid only for specific jobs and areas. Entry of dependants was discouraged. A worker could lose his or her permit for a variety of reasons, which was likely to lead to deportation. This was seen and used as a means of disciplining the foreign labor force. Just as in the other countries, trends toward family reunification could not be prevented. Often spouses came in as workers, and, once in the country, found ways of getting together. The establishment of families was inevitable. The competition for labor in the sixties, and employers' wish to reduce labor turnover encouraged the authorities to act less restrictively towards family immigration. Foreign labor was beginning to lose its mobility, and social costs (for housing, education, etc.) were rising.

These tendencies became more marked after the sudden ban on entries of non-EC workers in November 1973. Although the number of foreign workers did initially decline — from 2.6 million in 1973 to 1.9 million in 1976 — the decline in total foreign population was far smaller — from 4.1 million to 3.9 million in the same period. Clearly, family reunification was accelerating, and, in addition, large numbers of children were being born to foreign parents in the GFR. Family reunification reached new levels in the late seventies, as the most recently arrived and largest group — the Turks — also brought in children. The foreign population peaked at 4.7 million in 1982. One third were Turks. This unplanned and unexpected settlement in a period of crisis became a major political issue, with none of the major parties willing to face up to the inevitability of a multi-ethnic society. In the last few years, the migration balance has again been negative, as some migrants flee from unemployment and racism. The current level of 4.4 million foreign residents is likely to be maintained. Despite the well-organized system for temporary recruitment of guest-workers, the GFR has become a country of permanent settlement.

THE MIGRATORY PROCESS

This brief summary of temporary labor systems in six European countries can hardly do justice to the complexity of international labor migrations in the postwar period, but perhaps it suffices to show certain major features. First, it should be noted that virtually all the countries concerned have had migrants of varying types: guest-workers, colonial workers, skilled personnel

moving between highly-developed countries and refugees. The latter do not move in search of work, but often do enter the labor force. Particularly those from Third World countries often find themselves doing the same kind of jobs as colonial workers or guest-workers. Secondly, all the countries dealt with above have tried guest-worker systems. In the case of Britain, Belgium and France, these systems were used early in the postwar period, and then abandoned in favor of spontaneous labor migration. Switzerland used a guest-worker system throughout the postwar economic expansion, while the Netherlands and the GFR introduced such systems in the late fifties and early sixties. Thirdly, all the countries examined stopped labor migration about the same time — following the “oil crisis” of 1973, when it became clear that a world recession was impending. The only exception is Britain, where labor migration had already been severely restricted through the Commonwealth Immigrants Act of 1962. The cause lay both in Britain’s already stagnating economy and in the explosive racial tensions developing in the decaying inner cities. Fourthly, none of the countries expected or intended the guest-workers to become settlers. Employers and government of the recruiting countries had an interest in a flexible source of temporary labor. The states of the countries of origin of the workers accepted the system of temporary migration, because they saw it a palliative for unemployment, as well as a source of foreign exchange for their own economies through workers’ remittances. The workers themselves generally hoped to save enough cash through three to five years work, to be able to buy land, livestock or machinery, or to set up a business. They were becoming temporary proletarians abroad to avoid permanent proletarianization in their own countries. So what went wrong? The answer lies in the dynamics of two simultaneous and interacting processes: the migratory process itself, and the process of restructuring of the world economy which is at present taking place.

The first phase of the migratory process was the phase of mass labor migration. The intention of temporary migration is common to the initial phase of most migratory movements — even to those seen in retrospect as permanent, such as movement to the USA, Latin America and Australia, (*See*, Piore, 1979: Chapter 6, for the USA). Hence the correspondence of the migrants’ aims with those of the employers and states of the receiving and sending countries. As time went on, many migrant workers found that it was impossible to earn and save enough to achieve their economic aims. Moreover, the deterioration of the political and economic situation in some of the countries of origin made an early return seem less and less feasible. As the prospect of going home receded, a life of nothing but hard work, frugality and social isolation seemed less acceptable. Workers started bringing in spouses and children, or starting new families. The second phase of the migratory process, the phase of family reunification, got under way. Family reunification usually did not imply a decision to settle permanently. Indeed

it was sometimes seen as a way of speeding return, for family members often came as workers rather than just dependants. Family migration had its own logic: family housing and other needs raised migrants' cost of living, reducing savings yet further. Once children were born in Western Europe and started going to school, the prospect of return receded once again.

Family reunification contradicted the aims of the guest-worker system, and was initially rejected by the authorities of several countries. We have seen how competition for labor in the sixties, together with the employers' interest in a stable labor force, led to relaxation of regulations. The influence of multilateral agreements, within the OECD, the European Community, the Council of Europe and the Nordic Labor Market also played a part. The main cause of family reunification was simply migrants' refusal to accept the denial of the basic human right of living with their wives, husbands and children. Dependants were brought in legally where possible, illegally where the right was refused. Once large-scale labor migration was established, family immigration became inevitable.

By the time labor migration was halted in the early seventies, the trend to family reunification was well established. The states of Western Europe hoped that stopping labor migration would cause large-scale return of both workers and dependants. Large numbers of workers did leave, but those who did stay brought in dependants, so that the total migrant population became stabilized or even grew. Once migrant families become established, and start to build communities, once their children are born and go to school in Western European cities, it is inevitable that most will stay. Since, on the other hand, the unplanned nature of this process, in a situation of crisis and racism, leads to marginalization of the migrant populations, the third phase of the migratory process is not only the phase of permanent settlement but also the phase of the development of new ethnic minorities. This is likely to have important and permanent consequences for West European societies.

THE POLITICAL ECONOMY OF THE GUEST-WORKER SYSTEM

What were the specific trends in the development of the world economy which made guest-worker systems an appropriate form of labor mobilization for Western Europe from 1945 to 1974, and then made them superfluous?³ In a nutshell: the former period was one of concentration of capital and production, the latter period was one of global dispersal of industrial production, accompanied by revolutionary innovations in communications

³ This article deals with Western Europe, but the concentration of labor in the industrial metropolises in this period applied also to North America and Japan, as did the subsequent global restructuring of production.

and control techniques. These new trends have transformed the role of the old industrial centers in the global division of labor, and have caused new labor migrations. The migrants of the previous phase, who are now settlers, have been left by the wayside.

The expansion from 1945 to the early seventies saw the most rapid and sustained development of production in history, with world capitalist output doubling in the period from 1952-68 alone (Glyn and Harrison, 1980:5). The causes of the long boom were complex and closely interdependent: the dominance of US capital which emerged from the war allowed a restructuring of financial and commodity markets. US corporations reorganized large sectors of industrial production in Western Europe, while its growing influence in newly independent Third World countries secured cheap raw materials and agricultural products. The advanced sectors of capital became transnational, as they strove to integrate production, trade and finance on a world scale. The weakening of the labor movement through facism and war (especially in the later "economic miracle" countries of West Germany, Italy and Japan) kept wages relatively low in relation to productivity growth in the early postwar years, encouraging high rates of investment. Postwar reconstruction led to high demand for goods of all kind. Re-armament, the "Korea boom" and the cold war revived demand when it began to show signs of flagging, and this role was later taken over by the consumer boom of the sixties and by the opportunities for renewal of fixed capital due to the expansion of new highly-mechanized industries.

On average, employment in the advanced capitalist countries grew by about one percent per year during the period of expansion. This seems little compared to the rate of capital accumulation (the stock of the means of production grew by about 6% per year ([Glyn and Harrison, 1980:5-7])). Yet growth of labor supply was an essential pre-condition for capital accumulation. If no new workers had been available, employers wanting to expand production would have had to offer higher wages to attract labor away from competitors. These, in turn, would have had to offer higher wages to retain labor. The resulting increased rate of inflation would have led to a stop-go economy, reducing economic growth and causing an early end to the boom (*See*, Kindleberger, 1967). An OECD study summed up the function of labor migration as follows:

To permit the industrialized countries to fill job vacancies with reduced upward pressure on wages and profits. This added to national output in those countries and protected their competitive position in world trade. (OECD, 1978:7, 2/17)

Labor migration was not the only source of additional supply. It complemented the increased industrial employment of women, internal rural-urban migration, absorption of returning soldiers or colonial officials, and

of refugees and displaced persons. However, labor migration, particularly of the guest-worker type, was a particularly useful source of labor: it could be readily controlled by the state and employers, it was flexible and mobile. Above all, the migrants, as newcomers lacking rights and often without much education and training, could be steered towards the unskilled, dirty, hard jobs, that nobody else wanted to do. Migration prevented wages in these sectors rising as they would otherwise inevitably have done. Migrant labor was, on the whole, a special type of labor: it eased social mobility for some indigenous workers, and at the same time made possible the widespread deskilling of industrial work through Tayloristic methods of mass production (conveyor-line work, piece-work, shift-work) which was so significant in the sixties (this argument is developed in Castles, Booth and Wallace, 1984: Chapter 5). This role of migrant labor became particularly important in the sixties, as indigenous labor forces began to decline through previous low birth-rates, increasing length of education and (in some countries) conscription of young men for military service.

There was, of course, a conceivable alternative: increased rationalization to replace labor with machinery. Some economists argued that import of labor was economically harmful, because it reduced the incentive for this. This argument forgets that the capital for rationalization has to come from past profits. A tight labor market which kept wages up and profits down would also hinder rationalization. In the boom period there was in fact a correlation between economic growth, increase of labor supply and improvement of productivity. In the GFR and Switzerland the labor force grew fast and there were also large investments in modern plants with high productivity. In the long run, the economy grew steadily and fast, and wages increased too. In Britain, on the other hand, the labor force grew little, the profit rate remained too low to induce investment in new and more productive plants, economic growth was slow and sporadic, and wages in the long run increased less than in the GFR and Switzerland. The effect of abundant labor supply in the long run was not to keep wages down absolutely, but to keep down their relative share in national income, allowing profits and investments to remain high.

So why the sudden turn-around in the mid seventies? The most obvious case was the "oil crisis" and the subsequent recession, which led to unemployment and persistent economic, social and, often, political crisis in the countries of Western Europe. Underlying this were two more significant factors. The first has already been dealt with: as the migratory process matured, the economic benefits of employing migrants became eroded. Family reunification reduced the flexibility and mobility of migrant labor, and created a demand for social capital investment in housing, educational, health and social amenities. Where this need was not met — and that was the rule — urban decay, social tension and political conflict were the result. The

states of Western Europe were becoming concerned with the strains of the shift from labor migration to settlement, which were seen as the responsibility of the state, rather than of the employers. These were becoming increasingly difficult to manage, in view of inflation and fiscal crisis. The emphasis of state discourse was shifting from labor market policy to issues of public order. The question raised by labor market authorities, employers' associations and international organizations like the ILO and the OECD, was increasingly: "is it not more rational to move the machines to the workers, rather than the workers to the machines?" And this was just what was beginning to happen anyway.

Herein lies the second factor: in the postwar boom, the dynamism of Western European capitalism had led to high rates of capital accumulation, caused in part by the inflow of US investments, especially in West Germany. The result, by the end of the sixties, was an over-accumulation of capital, leading to a high demand for other factors of production. There were simply too many factories requiring labor, raw materials, transport, ancillary services, land, water and air, in a small geographical area. This meant that the costs of all these production factors was soaring (compare Grahl, 1983). A further consequence of over-industrialization was pollution and destruction of the environment, leading to emission controls, which further increased costs.

Similar strains were emerging in the USA and Japan. In the current phase of restructuring which stems from these problems, the direction and character of capital flows has changed. US and transnational capital are now being invested more in areas of the Third World — the so-called newly industrializing countries (or NICs) — and in less industrialized parts of Europe and the US, rather than in the traditional industrial centers. The recycling of petrodollars in the period of high oil prices following 1973 played a major part in this restructuring. Western European countries, that were major labor importers in the postwar expansion period, have now become major capital exporters. Within transnational enterprises (themselves often a product of previous US investment, or of fusion between US and other national capital) a new division of labor is permitting the transfer of labor-intensive production processes to other countries, in the low-wage offshore production areas of the Third World. The industrial production processes remaining in the core areas of the world economy (Western Europe, North America, Japan) are characterized by increased automation and intensification of work.

At the same time, a further important trend affects the structure of the labor markets in these areas: the development of what has been called "global control capability" in the major cities of the capitalist world (Sassen-Koob, 1985). This refers to the concentration of functions of management, communication, research and development, as well as finance, in

cities like London, New York, Frankfurt, Paris, Tokyo, Sydney and Singapore. The result is a job-market of highly-trained and well-paid specialists, but also for a myriad of diverse service workers, to provide for their sophisticated consumer needs. Such services have to be provided where they are consumed, and cannot therefore be developed to low-wage countries. Moreover, there is a current trend towards re-establishment of certain forms of labor-intensive production in the metropolises. Growing unemployment and marginalization of certain categories of labor (especially women, youth and ethnic minorities) provides a basis for the growth of work-forms peripheral to and dependant on large companies: for example computer outwork, garment manufacture in sweatshops or at home (mainly by ethnic minority women), widespread employment of youth as casual labor in shops and catering. A new segmentation of the labor market is developing, which can be examined both at the global and local levels (*See*, Sassen-Koob, 1985; Phizacklea, 1985; Mitter, 1986).

PERSPECTIVES

In conclusion, we shall address ourselves to two questions: first what are the consequences of the developments described in this article for the former guest-workers? Secondly, what developments are to be observed in the international labor migrations, and what perspectives are there for the continued utilization of the guest-worker systems?

The guest-workers systems of Western Europe are dead, except for the use of seasonal workers in France and Switzerland. The guest-workers are no longer with us; either they have gone or they have been transmogrified into settlers and marginalized into ethnic minorities. After two or three decades of migration, foreign workers had become an integral part of the labor force. The segmentation of the labor market — itself a product of the discriminatory guest-worker system — made it impossible to dispense with them quickly when the downturn came. Most could not easily be replaced by indigenous workers, even when unemployment reached record levels at the beginning of the eighties. Employers have, therefore, usually not been in favor of policies of mass repatriation, fearing that it would lead to acute labor shortages in certain areas, and hence to upward pressure on wages.

States have developed two main strategies to manage the ethnic minorities in the crisis. First, workers belonging to ethnic minorities are being used as a buffer to cushion partially other workers from the economic effects of the crisis. This is particularly easy in countries where migrants still lack sociopolitical rights. National preference in hiring, and refusal or withdrawal of work permits ensure that foreign workers are the first to go. Moreover, the structure of the labor process ensures higher employment for minority workers. They are generally employed in the occupations and sectors hardest

hit by the process of restructuring. Members of ethnic minorities in Western Europe are extremely vulnerable to dismissal during recessions, and generally have high rates of unemployment (*See*, Castles, Booth and Wallace, 1984:143-9).

Secondly, the New Right in Western Europe is developing an ideological and political offensive against the minorities. In some cases (notably Britain, France and the GFR) this has had a significant impact on state policy. As working-class living standards decline, as the inner cities decay, as the destruction of the environment becomes ever more evident, as the threat of war looms larger in people's minds, as youth shows less and less interest in established political institutions, the state is confronted with a crisis of legitimacy. State efforts to reassert control are leading to a concentration of power in the executive, an erosion of democratic institutions, a decline in the role of political parties and a curtailment of civil liberties. One method of gaining public support for such strategies is the construction and projection of alleged threats to society presented by the ethnic minorities. A recent British study refers to a "racialization of state policies in all areas of social life" (CCCS, 1982). The construction of the "foreigner problem" in the GFR is another example (Castles, 1985). Media and politicians present an image of ethnic minorities who take away other workers' jobs, sponge off social security, cause the housing problem, overwhelm the schools, and generally swamp "our" society and culture. Minority youth threaten public order through muggings, drugs and attacks on the police. Alien extremists create social unrest through violent demonstrations and terrorism. The Islamic minorities in France, Germany and Britain are portrayed as a threat to occidental Christian civilization.

The wind has been sown by the parliamentary right, whose assertions of national interests are generally not openly racist. The corn is being reaped by the extreme right and neo-facists like Le Pen in France, the National Front in Britain, the NPD and terroristic gangs linked with it in the GFR. This revival of extremist violence may yet prove the most significant long-term impact of temporary migrant labor systems on Western European societies.

But the cause is not the employment of migrants in itself, but rather, the attempt to treat migrants purely as economic men and women, and to separate between labor power and other human attributes. Because permanent immigration was not expected, and the states concerned refused to take the necessary steps to provide the housing and social amenities needed for orderly settlement, migration has exacerbated some of the underlying problems of Western European societies. It is easier now to blame the victims than to come to grips with the causes.

This brings us to our second question. The current restructuring of the world economy is giving rise to new migrations. Three main trends may be identified: first the movement of workers to new industrial areas in Third

World countries, *e.g.*, to the offshore production areas of South East and Latin America. This is mainly internal rural-urban migration of a spontaneous kind, and the majority of migrant workers are women. The second is the migration of workers from Third World Countries to oil countries carrying out industrialization programs, *e.g.*, from Pakistan to Saudi Arabia, from Turkey to Libya. This is generally within rigid guest-worker programs, prohibiting settlement and family reunification. In some cases, transnational corporations act as intermediaries.⁴ Many of these contract workers have been sent home, following the recent decline in the fortunes of OPEC. Will this type of guest-worker employment shift towards settlement in time? I would argue that that is likely in the long run although the governments concerned seem determined to prevent it, and are not likely to be swayed by niceties concerning human rights. The third current trend is the migration of labor to the "world cities" where the concentration of "global control capability" leads to demand both for highly-qualified workers, and for low-skilled industrial and service workers (*See*, Sassen-Koob, 1985). This last form is at present, for the most part, not taking place within guest-worker systems.

⁴ The West German construction giant, Philip Holzmann, A.G. has contracted with the Chinese Government to employ Chinese workers on building sites in NICs and OPEC countries. The workers are on fixed-term contracts, and their wages are paid to the Chinese Government, which passes them on (in part) to the workers in China.

REFERENCES

- Castles, S.
1985 "The Guests Who Stayed — The Debate on 'Foreigners Policy' in the German Federal Republic", *International Migration Review*, 19(3), 517-534.
- Castles, S. with H. Booth and T. Wallace
1984 *Here for Good — Western Europe's New Ethnic Minorities*. London: Pluto Press.
- Castles, S. and G. Kosack
1973-1985 *Immigrant Workers and Class Structure in Western Europe*. London: Oxford University Press.
- Center for Contemporary Cultural Studies
1982 *The Empire Strikes Back — Race and Racism in 70s Britain*. London: Hutchinson.
- Forschungserbund
1979 "Probleme der Ausländerbeschäftigung", *Integrierter Endbericht*.
- Glyn, A. and J. Harrison
1980 *The British Economic Disaster*. London: Pluto Press.
- Grahl, J.
1983 "Restructuring in West European Industry", *Capital and Class*, (19).
- Hepple, B.
1968 *Race, Jobs and the Law in Britain*. London: Penguin.

Kindleberger, C.P.

1967 *Europe's Postwar Growth: The Role of Labour Supply*, Cambridge, Mass.: Harvard University Press.

Mitter, S.

1986 "Industrial Restructuring and Manufacturing Homework: Immigrant Women in the UK Clothing Industry", *Capital and Class*, (27).

Netherlands Scientific Council for Government Policy

1979 *Ethnic Minorities*, The Hague.

OECD

1978 *Migration Growth and Development*, Paris: OECD.

Office National d'Immigration

1968 *Statistiques d'Immigration*, Paris.

Phizacklea, A. (ed.)

1983 *One Way Ticket — Migration and Female Labor*, London: Routledge and Kegan Paul.

Phizacklea, A.

1985 "Minority Women and Restructuring: the Case of Britain, France and the Federal Republic of Germany", Paper presented at the conference on *Racial Minorities, Economic Restructuring and Urban Decline*, Center for Research in Ethnic Relations, University of Warwick.

Piore, M.J.

1979 *Birds of Passage — Migrant Labor and Industrial Societies*, Cambridge University Press.

SOPEMI

1984 *SOPEMI — Continuous Reporting System on Migration*, Paris: OECD.

SOPEMI — Netherlands

1985 *SOPEMI — Netherlands: Migration, Minorities and Policy in the Netherlands*, Amsterdam: Department of Human Geography, University of Amsterdam.

Sassen-Koob, A.

1985 "Capital Mobility and Labour Migration: Their Expression in Core Cities", Paper presented at the conference on *Racial Minorities, Economic Restructuring and Urban Decline*, Center for Research in Ethnic Relations, University of Warwick.