The mobility of labor and capital
THE MOBILITY OF LABOR AND CAPITAL

A study in international investment and labor flow

SASKIA SASSEN

Professor of Urban Planning
Graduate School of Architecture and Planning,
Columbia University
Contents

List of tables
Acknowledgements

Introduction
The classics: overpopulation, poverty, economic stagnation 4
A domestic or an international issue? 6
Outline of the book 9

1 Foreign investment: a neglected variable
The growth of direct foreign investment and the uprooting of people 17
The rise of global cities and the new labor demand 21

2 The use of foreign workers
Historical background 27
Migration as a global labor supply system 31
The state and immigration 36
Contemporary trends 43
Conclusion 52

3 The new immigration
Background: formation of the low-wage labor supply 56
A new phase in U.S. immigration 62
Immigrant workers: basic characteristics 68
Undocumented alien workers 79
Non-immigrant alien workers 82
Conclusion 83
Appendix 85

4 The globalization of production: implications for labor migration 94
Industrialization and emigration 95
Foreign investment as a migration push factor 98
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment implications of new growth patterns</td>
<td>105</td>
</tr>
<tr>
<td>The feminization of the new industrial workforce</td>
<td>107</td>
</tr>
<tr>
<td>The migration option</td>
<td>115</td>
</tr>
<tr>
<td>Conclusion</td>
<td>119</td>
</tr>
<tr>
<td>Appendix</td>
<td>121</td>
</tr>
<tr>
<td><strong>5</strong> The rise of global cities and the new labor demand</td>
<td>126</td>
</tr>
<tr>
<td>Centralizing global management and servicing</td>
<td>130</td>
</tr>
<tr>
<td>Capital: the production of global control capability</td>
<td>136</td>
</tr>
<tr>
<td>Labor: economic restructuring as class polarization</td>
<td>141</td>
</tr>
<tr>
<td>New York City and Los Angeles: restructured economy and new labor demand</td>
<td>146</td>
</tr>
<tr>
<td>Advanced services, downgraded manufacturing, and informalization</td>
<td>151</td>
</tr>
<tr>
<td>Conclusion</td>
<td>168</td>
</tr>
<tr>
<td><strong>6</strong> The reconcentration of capital in the United States:</td>
<td>171</td>
</tr>
<tr>
<td>a new investment zone?</td>
<td>171</td>
</tr>
<tr>
<td>Elements for change in the spatial distribution of investment</td>
<td>173</td>
</tr>
<tr>
<td>Direct foreign investment in the United States</td>
<td>177</td>
</tr>
<tr>
<td>Conclusion</td>
<td>184</td>
</tr>
<tr>
<td>Conclusion</td>
<td>186</td>
</tr>
</tbody>
</table>

**Notes** 189  
**References** 202  
**Index** 221
# Tables

2.1 Foreign workers in the main labor-receiving countries of Western Europe 45
2.2 Distribution of total and foreign labor force by sector: Switzerland (1972) and West Germany (1975) 46
2.3 Foreign labor force in Arab labor-importing countries, 1975 48
2.4 Saudi Arabia: employment of foreign workers by economic sector, 1975 49
3.1 Immigrants admitted by selected origin, 1960, 1980, 1985 63
3.2 Immigrants admitted by area: Caribbean, Latin American, and Asian, 1955–1985 63
3.3 Changing entry levels of Colombian and Dominican immigrants, 1955–1985 64
3.4 Changing entry levels of Filipino and Korean immigrants, 1955–1985 64
3.5 Top immigration flows from Asia, Latin America, and Caribbean by sex, 1972–1979 65
3.6 Residential distribution of immigrants: leading states, 1972–1979 67
3.7 Foreign born in the U.S., 1970 and 1980 69
3.8 Population by race and Spanish origin, 1980 70
3.9 Main nationalities of Asian population in the U.S., 1970–1980 71
3.10 Economic characteristics by race and Spanish origin, 1980 72
3.11 Population by race: Los Angeles–Long Beach SMSA, 1980 73
3.12 Population by race: New York City, 1980 73
3.13 Occupational distribution of the foreign born, 1950–1979 (percentages) 76
### Tables

3.14 Occupational distribution by ethnicity, Queens (New York City), 1980 (percentages) 86
3.15 Selected household characteristics by ethnicity, Queens (New York City), 1980 (percentages) 88
3.16 Occupational distribution by national origin and sex, Queens (New York City), 1980 (percentages) 89
3.17 Occupational distribution of major ethnic groups, New York City, 1979 and Queens, 1980 (percentages) 90
3.18 Occupational distribution of major Hispanic groups, United States and Queens (New York City), 1980 (percentages) 91
3.19 Selected characteristics of Hispanics in SMSAs of 1 million or more population and 25,000 or more Hispanics, 1980 92
4.1 OECD–DAC countries’ foreign direct investment position in developing countries, 1970–1976 100
4.2 Average annual growth rate of direct foreign investment from developed to developing countries, 1960–1978 (in current $U.S.) 101
4.3 Average annual growth rates of U.S. direct investment position abroad, by region, 1950–1980 101
4.4 Share of exports in GDP in selected developing countries, 1970–1980 104
4.5 Constant annual growth rates in employment, by branch of industry, for the economic groupings, 1968–1975 (percentage) 106
4.6 Annual growth rates of manufacturing production in major emigration countries, 1965–1980 (percentages) 107
4.7 Annual growth rates of output, employment and labor productivity in various branches of manufacturing, for major emigration countries, 1968–1974 108
4.8 Constant annual growth rates of manufacturing employment, value added and labor productivity, 1960–1976 (percentages) 121
4.9 Annual growth rates of GDP in major emigration countries, 1965–1980 (percentages) 121
4.10 Annual growth rates of output, employment, and productivity in selected developing countries, by end-use, 1968–1974 (percentages) 122
Tables ix

4.11 Export Processing Zones in operation in Asia, Africa, and Latin America, with year of commencement 123
4.13 Value of Haitian exports in assembly industries (in millions of $U.S.) 125
5.1 Distribution of employment among earnings classes for each industry and for total United States, 1975 (percentages) 142
5.2 Distribution of total U.S. labor force among earnings classes, 1970 and 1980 144
5.3 New York City wage and salary employment by major industry, 1960–1984 (in thousands) 148
5.4 Employment growth rates in mostly producer services industries, New York City, Los Angeles, and Detroit, 1977–1981 154
5.5 Employment share of producer services in all industries, New York City, Los Angeles, and Detroit, 1977 and 1981 154
5.6 Foreign-owned banks and other financial institutions, New York City, 1978–1980 155
5.7 Low-wage, unskilled jobs likely to employ immigrants: select service industries, New York City, 1978 159
5.9 Employment in the apparel industry, United States and selected states, 1958–1980 (in thousands) 164
5.10 Domestic shoe industry and imports, 1966 and 1976 166
6.2 Inward direct investment flows (percentage distribution among eight countries) 179
6.4 Foreign-owned manufacturing firms, selected states and U.S. total, 1980 182
6.5 Foreign-owned manufacturing plants by country of ownership in the New York–New Jersey Metropolitan area, 1980 183
Acknowledgements

I began research on international investment and migration flows in 1980 while a Fellow of the Inter-American Research Program at New York University, funded by the Tinker Foundation and the Ford Foundation. The focus of this early research was the coexistence in the U.S. during the 1970s of rapid growth in the export of low-wage jobs and a high immigration from low-wage countries. For their support, I am most grateful to the staff of the Center for Latin American and Caribbean Studies, especially its director, Christopher Mitchell, and the administrator, Deborah Truhan. Catherine Benamou’s research assistance was outstanding; I could not have done the work without her intelligent and imaginative help. While at the Center, I spent many good hours discussing the subject with Mary García Castro, Fernando Urrea, Sherri Grasmuck, and Patricia Pessar.

In doing the research on U.S. direct investment abroad, I had come across evidence of growing levels of direct foreign investment in the U.S. A fellowship at the Center for United States–Mexico Studies, University of California, San Diego, allowed me to continue this research in 1982–83. It became a study on the use of foreign capital and foreign labor in Southern California. I am most grateful to Wayne Cornelius, the Center’s director, and the staff for their support. I also want to thank the Tinker Foundation for funding the fellowship. While at the Center, I had the opportunity to discuss my ideas with a number of people, especially Maria Patricia Fernández Kelly, Rosalía Solorzano, Leo Chavez and Cassio Luiselli.

The Centro de Estudios de la Frontera Norte de México (CEFNMEX), in Tijuana, was of invaluable help for research and discussions; I am particularly grateful to Jorge Bustamante and Jorge Carrillo.

During Spring 1983 I did research in Los Angeles. My visiting appointment at the Graduate School of Architecture and Urban Planning of the University of California, Los Angeles, gave me ample
opportunity to talk with students and colleagues interested in economic restructuring. I am most grateful to Rebecca Morales, Leo Estrada, Wendy Grover, and John Friedmann. The Research Foundation of the City University of New York provided funding for the research.

The research in New York City during 1984–85 benefited from the first year of a three-year project supported by the Revson Foundation on the employment of Hispanic women in the electronics and garment industries in the New York City Metropolitan area.

My single largest debt is to Soon Kyoung Cho. We shared a relentlessness as researchers and a sense of excitement about the inquiry that kept us working into the early hours of the morning, with the University cleaning staff doing their job all around us and often sharing our findings. Whenever I left New York City and went off tracking data, Soon joined the effort.

Susan Allen-Mills, my editor at Cambridge, and Lynn Hicatt, the subeditor, were immensely helpful and gracious in their support. For their indispensable help at various stages in the preparation of the manuscript, I would like to thank Esheal Segan, Norma Gayne, and Eric Canin.

There are many more people and institutions to thank, many referred to in the text. Three that were particularly helpful, though in very different ways, were the U.S. Department of Commerce, the New York Institute for the Humanities, and Asia Labor Monitor (Hong Kong).

I would also like to thank the following publishers and journals for allowing me to reprint segments of several articles and chapters. The publishers are the Society for the Study of Social Problems, Sage and Academic Press; the journals, Development and Change, International Migration Review, Environment and Planning, Social Problems, and Journal of Ethnic Studies.

And then there is my son, Hilary, who learnt about migrant workers when he barely walked; by the time he was four years old I could count on him introducing the subject at any event, appropriate or not.