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Vol 3(1): 5-34 [1468-7968(200303)3:1:5-34:031785]

Social capital and migration

Beyond ethnic economies

JAN NEDERVEEN PIETERSE

University of Illinois, USA

ABSTRACT Intercultural traffic and mingling have been vital to economic innovation past and present – witness the role of travellers, migrants and diasporas as cultural brokers. While intercultural exchange is a prominent theme in cultural studies, studies of ethnicity have often been more occupied by group boundaries and antagonisms than by cross-group relations. In discussions of social capital, a central notion has been the ethnic economy. Here this notion is examined and rejected because it refers to national origin rather than ethnicity and diverts attention from social and economic relations across cultural differences and boundaries. While immigrant groups may play a large part in national and transnational enterprise – formal and informal – this is not conceivable without considerable and extensive cross-cultural relations. This article also considers cross-cultural and interethnic enterprise from a long-term perspective and with a view to policy. The shift of emphasis to cross-cultural enterprise means taking into account the various types of social capital – bonding, bridging and linking social capital – within and across cultural boundaries.

KEYWORDS capitalism ● cross-cultural enterprise ● grassroots ● interethnic relations ● multiculturalism ● transnational

How does social capital relate to cultural difference? Considering the importance of cross-cultural trade and economic relations, historically and now (cf. Griffin, 1996, 2000), one would expect this to be a salient issue, but it hardly figures in the literature.

The conventional assumption is that social capital is culturally bounded. In most literature this is precisely taken as the strength (particularist loyalties, lower transaction costs, and so on) and the weakness of social capital (group exclusiveness). There are two major strands in the literature. In one,

cultural difference fades into the background and informal social relations and group bonds are at the foreground; this is the course taken in the work of Coleman and Putnam. In the other strand, culture (usually reified as 'ethnicity') is both a resource and boundary of social capital; the latter terrain is the focus here. In a sense, this line of enquiry appears as an extended commentary on 'ethnicity' as the pattern of a particular type of social relations, much of which is modelled in turn on the role of the Jews in commerce. This was the subject of classic studies in the field: Simmel's essay on *The Stranger* and Sombart's sequel study of *The Jews in Modern Capitalism*. An implication of these studies is that ethnic social capital is a premodern hangover in modern times.

Immigrant enterprise is now widely considered to be a factor in the economic dynamism of many countries. A matter of keen debate in the US and Canada is whether immigrant enterprises are more significant employment creators than domestic enterprises. Headlines such as 'Millions of Immigrants Needed to Sustain Economies' (Wordsworth, 2000) are increasingly common in Canada, Germany, Italy and several other countries.¹ Part of the wider backdrop is greying labour markets in several OECD countries. In addition, specific immigrant groups are viewed as making special contributions, such as Indian software programmers and Chinese engineers and programmers in Silicon Valley, and are actively sought after. While countries are relaxing rules to facilitate the faster deportation of illegal immigrants, they are relaxing immigration laws to facilitate bringing in desired migrant entrepreneurs, particularly with a view to attracting dot.com enterprises and programmers.²

In this context, several stereotypes of immigrant enterprise are gradually being left behind. For example, a study of Tunisian immigrants in France shows that, unlike in the 1970s, immigrants are now more often self-employed, community ethics give way to economic rationality, and commercial organization and transnational networks are developing. Research suggests that this also applies to Asian and Turkish immigrants in France (Boubakri, 1999), and there are similar findings in Germany (Özcan and Seifert, 2000).

Meanwhile, in most research, attention remains focused on the *ethnic* character of enterprise. This article argues that 'ethnic economy' is more often a misnomer than accurate. Cultural capital matters alongside social capital, but viewing it as 'ethnic' in character is not helpful and is likely to be misleading. The second general point is that immigrant economies are often embedded within cross-cultural economies. The article considers whether 'immigrant economy' would be a more insightful terminology, but finds similar problems.

In relation to social capital, a key distinction runs between *causes* of social capital (norms and values, or 'habits of the heart', and social networks) and *outcomes*, such as lower transaction costs (Newton, 1999).

Among causes, a distinction runs between strong and weak social ties. Further distinctions run between *bonding* social capital (strong ties among close relations), *bridging* social capital (weak ties among people from diverse backgrounds but of similar socioeconomic status) and *linking* social capital (or 'friends in high places'). Considerations of cultural difference or 'ethnicity' apply across these different dimensions of social capital and take on cultural hues, that is, each apply within and across cultural settings. The question of cultural difference and social capital arises in three different contexts: immigration and migration, transnational enterprise, and ethnically diverse societies. In this treatment, the emphasis is on migration and immigrant enterprise.

A related question is how is cultural difference conceptualized? Is 'ethnicity' adequate or burdened by time?³ Much literature and reporting on ethnicity is fraught with friction, tension, antagonism. The media report on ethnicity mainly when it generates problems, oppression or conflict, in line with the media principle 'when it bleeds it leads'. But what of the situations when ethnicity does not entail conflict or when conflict is minor?

This article opens by probing the notion of social capital. The next section deals with the problematization of 'ethnic economies' and 'ethnicity'. This leads to shifting the focus onto cross-cultural enterprise. Because a historical dimension is often missing in this line of research and focusing on the present confines analysis, here immigrant economies are also considered in a historical setting. This yields several types of cross-cultural economies, which can be linked to varieties of social capital. The closing section considers the policy ramifications of the shift in orientation from ethnic to cross-cultural enterprise.

SOCIAL CAPITAL

The theme of social capital emerges on the heels of human capital. Just when the importance of capabilities, capacitation and enablement is recognized, the attention shifts – 'It's not what you know, it's who you know!' (Barr and Toye, 2000). Also on the horizon is cultural capital, and another newcomer is natural capital. A background consideration (discussed below) is that none of these would add up to much without economic resources. And so the debate runs the course of several forms of capital – economic, physical, financial, human, cultural, social, political, natural – and eventually comes back, full circle, to economic capital. Presumably the question is what we learn during the journey.

Social capital is usually defined as the capacity of individuals to gain access to scarce resources by virtue of their membership of social networks or institutions. Putnam gives a wider definition of social capital as 'features

of social organization such as networks, norms and social trust that facilitate coordination and cooperation for mutual benefit' (1993: 67).

Social capital is a notion of the times, 'the latest conceptual fad across the social sciences' (Fine, 2001). A hybrid notion, social capital mixes angles and approaches that used to be wide apart. It brings the 'social' into economics and, by the same token, looks at the social from an economic point of view. Its social angle on the market comes at the price of a market angle on the social. One is not sure whether just to scratch one's head or pull out one's hair. The appeal of social capital can be read both as an agenda in its own right and as a sign of the times.⁴ The significance and appeal of social capital are that it serves as a bridge between sociology, economics and politics, as a linking concept that bridges diverse fields and invites interdisciplinary research. In the process, it presents ample problems.

World Bank language refers to social capital as 'the glue that holds society together'. Social, all right – but capital? This is a very particular way of looking at social relations. The 'social' of course figures in many approaches such as network analysis in anthropology, social distance in sociology, widening chains of interdependence in configuration sociology; and reciprocity and trust, solidarity and belonging are other ways of looking at social relations.

The terminology itself is heavy baggage. The backdrop of capitalism becomes the foreground in that social capital refers to social relations and institutions that are viewed as instrumental within a capitalist framework; thus social relations and networks become 'capital', assets that can be employed for income generation. For Bourdieu (1976), this was part of a problematic and social technology of domination, another glance at how the elite run things and a French equivalent of the 'old boys' network'.⁵ With Coleman (1988), it is part of a rational choice approach to collective action and a functionalist perspective in which social relations are redefined as exchange relations. Robert Putnam (1993) establishes a link between social capital, civic democracy and public and economic performance. In the wake of Putnam's work, linking social capital and democracy has become a well-established theme (for example, van Deth et al., 1999). It suggests a causal link between social connectedness → social trust → civic engagement → civic democracy (Rose et al., 1997: 87) and a further link to economic prosperity.

'Capital' in human, cultural, social and natural capital holds a promise of measurability, which is a highly strategic attribute in market-driven times. Rational choice and functionalism contribute to an analytical approach that can be readily transformed into a policy package. No wonder that for some time social capital has been à la mode and in the spotlight of funding agencies. Yet social capital is a slippery concept that ranges from cultural attitudes and social practices to public policy, politics and economic development. Attending a World Bank conference on social capital,

Desmond McNeill (2003) jotted down the following stray remarks: 'Social capital is a battering ram to get social issues into development'; but according to an economist, 'This is pure smoke'; alternatively, it is 'Anthropological wine in economic bottles'. These sprawling observations illustrate the perplexity surrounding the concept.

What is at stake is that social capital would make it possible to link concerns such as civil society (along with social cohesion and participation), democracy and good governance with economic growth and development. A booming literature, particularly in economics and political science, scans the contours of social capital to examine whether it meets the requirements of clear definition, measurability and applicability and can serve as an instrument of analysis and policy. Much current literature is concerned with conceptual clarification and is of a modelling nature, like rival exercises in reductionism. The objective is to uncover and next to instrumentalize social capital as the newest variable of productivity and development policy: 'If you can't count it, it doesn't count.' Whatever can be turned into an 'indicator' is welcome in an age of managerialism. For now, we bracket this problematic and turn to the question of how cultural difference is conceptualized in this setting.

ETHNIC ECONOMIES?

The common point of departure and widely used is the notion of *ethnic economies* (for example, Haberfellner, 2000; Haberfellner and Böse, 1999; Light and Bonacich, 1988; Light and Gold, 1999; Schmidt, 2000; Waldinger, 1995; Waldinger et al., 1990). 'An ethnic economy consists of the ethnic self-employed and employers, and their co-ethnic employees. . . . An ethnic economy exists whenever any immigrant or ethnic minority maintains a private economic sector in which it has a controlling ownership stake' (Light and Karageorgis, 1994: 647, 648). The assumption is that particularistic loyalties involve as well as engender trust and thus lower transaction costs. Jewish diamond traders in New York and Antwerp, passing one another diamonds for inspection on trust and without written contracts, are classic examples. The general argument is that social control is greater and the enforcement cost of non-compliance with business expectations is lower within ethnic settings.

At this point, let us pause and consider the term 'ethnicity'. 'Ethnicity' in 'ethnic economy' performs a double duty; it is defined as a social science concept (as above), while at the same time borrowing the aura of 'ethnicity' from general usage. One problem is that these two uses (the definition and the image of ethnicity) cannot be kept neatly apart.

What precisely is *ethnic* in ethnic neighbourhood, ethnic food, ethnic

economy? The term ethnicity expresses a relationship; it denotes foreignness, but a particular kind of foreignness. It seems that some national origins are foreign while others are also ethnic. Ethnicity denotes difference and cultural distance from the mainstream. For instance, in researching migrants in Brussels and Belgium, Favell distinguishes between two kinds of migrants: 'European (professional, elite) and non-European or "ethnic" (i.e., crudely speaking, post-colonial and third world) immigrants' (2001: 3). So some nationalities are more ethnic than others.⁶

In the US, the language is ambiguous. The idea of 'white ethnics' has gained currency (in the slipstream of 'ethnic chic'), yet Canadians, British, Australians or Germans are not often referred to as 'ethnic'. In the US, German, British, Irish or Scandinavian food may be foreign, but not necessarily ethnic, presumably because these cultural influences were integrated into the mainstream in an earlier phase. Yet this also applies to native and African Americans, although these are still regarded as 'ethnic'. Ethnicity is a marker of cultural distance, but not every cultural distance qualifies. A country's or a people's location in the hierarchy of power also matters.

In the US, Dominicans, Salvadorans, Cubans, Koreans, Ethiopians, and so on are considered as 'ethnicities', but if we look more closely, this refers not to ethnicity but to *national origin*. This means that 'ethnicity' serves as a descriptor of a relationship between cultures, a parameter of cultural distance and difference, which does not necessarily tell us much about the group itself. Within the host country, the nationality may be viewed as an ethnic group or minority, but this does not necessarily match relations within the country of origin. *Within* each of the nationalities mentioned there are multiple cultural groups or subcultures, identified by region, religion, sect, language, which in some contexts are called ethnic groups. In Manchester, England, Pakistanis are viewed as an ethnic group although they hail from different regions in Pakistan (Werbner, 2001). Cubans from Cuba are quite different from the 'Miami Cubans' (Portes, 1987); among the latter, Cuban Jews are different again.

Let us consider the example of Ghanaians. Ethnic groups among Ghanaians include Asante, Fante, Brong, Kwahu, Adansi (which belong to the broader Akan ethnic group), Ga, Adangbe, Ewe and Dagban. These groups are reproduced in the migrant communities overseas where usually ethnic associations have been formed. Ethnic associations 'provide social and moral support, especially in time of bereavement and fatal sickness, much more than any tangible economic and social value for the establishment of business, hence their limited membership base and level of participation' (Amponsem, 1996: 161-2). Ethnic associations exist alongside other networks such as national associations, old boys' networks, professional associations, class-based networks, women's clubs and church networks. While there are some ethnic patterns and clusters in migration (1996: 161), migrant communities are ethnically mixed (cf. Owusu, 2000). Accordingly,

ethnic association is only a narrow basis for social capital. As Amponsem comments:

Due to intense competition, playing one's membership of a particular ethnic group too high leads to the risk of business being branded as an 'ethnic shop' by the immigrant community at large and, therefore, risks exclusion and patronage from other members in the community. Rather, membership or affiliation with Ghanaian (national) associations such as [the] Ghanaian National Association of Hamburg, Sikaman Association in Amsterdam, and Association of Ghanaians in Toronto, even though difficult to organize in bigger cities like London and New York, are more neutral and preferable to ethnic ones. (1996: 162-3)

Thus, what from a Canadian, American, German or Dutch point of view is an 'ethnic shop', is precisely *not* an ethnic shop from a Ghanaian point of view. It would not make sense as, and could not afford to be, an ethnic shop. By labelling it thus and assuming social capital to be based on 'ethnicity', we have precisely missed the point.

This is probably generally valid. Lebanese businessmen in West Africa, North America or Australia hail from different regions and denominations within Lebanon. Although they belong to a different nationality than the host country, their social and economic cooperation need not be among Lebanese and are still less likely to have an 'ethnic' basis (cf. Hourani and Shehadi, 1993). While Jews are generally considered an 'ethnic group', Israel now ranks as a multicultural society. Korean grocery stores in California rank as ethnic shops in the media and literature, but their social cooperation need not be on an ethnic basis since they probably come from different regions in Korea. Only occasionally are we told of a *regional* or specific identification besides the national one, for example when we are informed that Palestinians owning stores in the San Francisco bay area are mostly Christians from the Ramallah area (Kotkin, 1992: 236). Similarly, Iranians in Los Angeles break down into at least four different groups: Jews, Bahais, Muslims and Armenians. This has been interpreted as 'internal ethnicity in the ethnic economy'; thus, what seems to be an ethnic economy upon closer inspection turns out to be four ethnic economies (Light et al., 1993, 1994).

The foundations of ethnicity may include region, alleged common descent, religion or language, and these can also intersect one another (same language, different religion, and so on). Take the case of religion. Instances where religion and ethnicity (i.e. region, language, alleged common descent) coincide, such as Sikhs, Parsis, Ismailis and Jews, are rare by comparison to cross-cultural religions. Besides, these groups are not homogeneous either: not all Sikhs, Parsis, Ismailis or Jews follow their religion. The 'world religions' are typically cross-cultural and so are their adherents, in their countries of origin as well as in countries of immigration. A Shiva temple in India or Nepal may well be a meeting place for Saivaite

Hindus from different parts of India or Nepal. The 400 Hindu temples that exist in the US have typically been built by Hindus from different regions of India, such as Gujaratis, Bengalis and Tamils (Tambiah, 2000: 181).

The metropolitan area of Phoenix, Arizona counts six mosques that are places of worship for Saudis, Sudanese, Pakistanis, Lebanese, Maghribians, and so on. The largest mosque is located in Tempe. Next to the mosque complex are a Lebanese restaurant (named Carthage), a barber and a bazaar with a halal butcher and other services, a combination that reflects the communal character of Islam (cf. Satha-Anand, 1998). Clearly the centre also serves as a cross-cultural meeting place. The social capital that is invested in and arises from this complex is typically cross-cultural, a reflection of Islam being a cross-cultural religion. Thus it refers not to ethnic social capital, but to rainbow social and cultural capital. Smaller mosques in the Islamic diaspora can cater to Sunni Muslims of specific national origins (for example, mosques in Amsterdam neighbourhoods for Moroccans, Turks or Surinamese, but rarely for all). Even then they are not 'ethnic' because Moroccans from different parts of Morocco may frequent the mosque (Nederveen Pieterse, 1997b).

The Detroit suburb of Dearborn, Michigan, known as the Ford Motor Company headquarters, now ranks as a centre of 'Arab America' where 275,000 Middle Easterners have settled, the largest concentration of Arab Americans in the country. Middle Eastern immigration started with the Lebanese early in the 20th century and has since brought immigrants from every country across the Middle East. While no more than half of these are Muslims, a new mosque complex is being built, spread over 10 acres and billed as the largest mosque in the country. Services at the existing mosque 'draw a diverse crowd of devotees from throughout the area, including many Americans whose ancestors emigrated from Europe or Africa long ago and who have since converted to Islam' (Lee, 2000). In such cross-cultural and cross-national conglomerations as East Dearborn, ethnic economy becomes useless as an analytical category and is clearly much too narrow. A different conceptualization is needed.

It follows that we need to question and open up the notion of ethnic economy itself.⁷ It is true, of course, that ethnic groups have been formidable social, cultural and economic forces, past and present (cf. Kotkin, 1992), but *ethnos*, *ethnie* or ethnicity simply mean 'people', and there are people and people or many different peoples within a people (di Leonardo, 1984). A shortcoming of the ethnic economy approach is that, like most approaches that deal with ethnicity, it ignores the hybrids, the inbetweens. In reality, there are no neat boundaries between ethnic groups; the boundaries are typically fuzzy and permeable (Lowe, 1991; MNghi Ha, 2000; Nederveen Pieterse, 1995, 2001a). Thus, many immigrant entrepreneurs who are labelled ethnic are in reality hyphenated and mixed, and on

this ground alone ethnic economies tend to be hyphenated economies. Furthermore, an 'ethnic economy' is not necessarily an economy with a degree of interconnectedness or integration, but rather a random set of businesses.

It may be a different case if we consider ethnically diverse societies (i.e. diverse not as a result of recent immigration). Here, ethnicity and ethnic social capital *may* be relevant terms with the proviso that there are many different varieties of ethnicity here too (Nederveen Pieterse, 1997a). Besides, of course, cross-cultural relations count here as well.⁸

In his fine study of the transnational informal enterprise of Ghanaians worldwide, Amponsem rejects the term ethnic economy and opts for *embeddedness* instead.⁹ He argues that what distinguishes

'ethnic' from 'non-ethnic' enterprise is the degree of embeddedness of organizational strategies in informal personal networks, trust and social relations. This study has shown that Ghanaian immigrant business strategies and practices are highly organized along crosscutting and cross-community ties, social trust and informal relations. (Amponsem, 1996: 213)

What sets them apart from mainstream firms is that the latter are organized 'along formal and contractual relations'. 'Given that the differences are contextualised and analysed in the dualist model rather than the interface process, the difference is conceptualised as "ethnic" and "non-ethnic" enterprises. The ethnic economy discourse is therefore another dualist dichotomy of "otherness" in strategy and practice' (1996: 213).

If we consider that what matters is a *difference of degree* between the prevalence of formal and informal, contractual and non-contractual relations in business, the discussion is set on a different footing. Formal and contractual enterprise also involves informal relations and implicit understandings (i.e. it is embedded in cultural and social practices, but embedded in different ways; cf. Schmidt, 2000). In the background looms the paradigm of modernity and Parsons's pattern variables. The point of social capital, trust, institutional density and related notions is to open up this framework to examine the underlying social relations that make business tick (cf. Portes and Sensenbrenner, 1993). Yet embeddedness is too vague a notion and not distinctive if we consider, following Polanyi, that *all* market relations are socially (and culturally) embedded.

Would it be more insightful if instead of ethnic economy we say *immigrant enterprise*? This leads to several other problems: does it concern first or second generation immigrants? There is cultural segmentation among immigrants too; they relate to widely different economic specializations, and immigrant enterprise comes in many varieties, as the discussion below suggests. An alternative is that instead of referring to ethnicity, we distinguish between (mono)culturally embedded and cross-cultural social capital.

CROSS-CULTURAL ENTERPRISE

A general consideration is that immigrant economies, in order to function, need to build ties with other communities and cultural groups. By labelling immigrant enterprise 'ethnic' and by focusing on its informal and grassroots character, we set it apart. The major drawback of 'ethnic economy' discourse is the suggestion and assumption of ethnic boundaries. Ghanaian informal enterprise reaching across the world – Düsseldorf, London, Amsterdam, Vancouver, Bangkok, and so on – involves many non-Ghanaians, formally and informally. Informal business relations are not confined within ethnic boundaries. Amponsem describes the social relations of Ghanaian traders in Bangkok as follows:

Successfully living in an isolated Bangkok hotel for four weeks, without family and with limited contact with the foreign social environment, is only made possible for the trader through the social interaction and the family atmosphere created together with other traders and migrants – a 'little local community'. It is usually a scene of sharing and interaction reminiscent of a social gathering of 'communities' as Ghanaian traders from different parts of the world meet their counterparts from Nigeria, South Africa, Zaire, Mali and Guinea, for example, at the lobby of the Top High Hotel in the Pratunam area in Bangkok. (1996: 95)¹⁰

If Dearborn, Detroit for 'Arab America' and Jackson Heights in Queens, New York for South Asians are spectacular examples of cross-cultural agglomerations, the principle of cross-cultural relations *across* immigrant groups holds much wider: it applies to groups such as the overseas Chinese, among whom immigrants from different regions often mingle (see Lin, 1998; Liu, 1998; Minghuan, 2000); it applies to settings such as Amsterdam Southeast where Surinamese, Antilleans, Moroccans, Ghanaians, Ethiopians and other Africans each tend to have their own circles (Sansone, 1992), but also mingle (Hannerz, 1992; Nimako, 1999); or to Mount Pleasant in Washington, DC, Spanish Harlem in New York and East LA, and their mixed Latino presence.

Labour, training, customers, supplies, credit and possibly accountants, solicitors and real estate necessarily bring immigrant enterprises into contact with many other networks. Neighbourhood and social life are other factors. All this tends to be concealed from view if the heading is 'ethnic economy', and thus these links are underresearched. Meanwhile it is also true that, when it comes to issues that represent deeper forms of integration, such as unionization and health insurance, immigrant groups often appear to be insular. This has been examined notably in California (Milkman, 2000).

Labour is a keynote in the definition of ethnic economy. 'The ethnic economy is ethnic because its personnel are co-ethnics' (Light and

Karageorgis, 1994: 649). This is a narrow criterion,¹¹ but even by this criterion ethnic economies may be a shrinking phenomenon. With growing migration in conjunction with a hierarchy among emigration countries, cross-cultural employment has long been on the increase. Thus, Japanese restaurants with Korean waiters are common, and examples along these lines are abundant.¹²

Job seekers in the culturally segmented labour market of Toronto use both ethnic and interethnic circuits which fulfil different roles. Using interethnic ties helps people gain access to diverse resources beyond their homogeneous networks. Access to social capital beyond the ethnic group's boundary principally benefits members of the ethnic group who are concentrated in lower paying jobs, while for members of mainstream, higher status ethnic groups, using intraethnic ties is associated with higher income. Research indicates that the advantage of using interethnic ties is conditional on the socioeconomic status of job seekers and job contacts: if the contact is with higher status ethnic groups, the use of interethnic ties is more rewarding than are ties with members of lower status groups (Ooka and Wellman, 1999).

Los Angeles ranks as 'the sweatshop capital of the United States' (Bonacich and Applebaum, 2000). Here, according to a *Los Angeles Times* poll, 'minority-owned firms tend to hire within their own ethnic group', but actually the patterns diverge. Businesses owned by Latinos in Los Angeles county describe their workforce as three-quarters Latino; 41 percent of black businesses report a mostly black workforce; and, of Asian firms, one-third employed mostly Asian workers and almost as many had a mostly Latino workforce (Romney, 1999). The latter pattern of cross-cultural (or interethnic) employment, such as Asian garment manufacturers in California employing Mexicans, is confirmed by further research (Light et al., 1999).

The distinction between exploitative and non-exploitative trust (Eisenberg, 1999) is not likely to coincide with the line separating cross-cultural and same culture employment. Is trust less exploitative when employer and employee share the same national origin? That would overestimate the homogeneity of national origins: among South Asians, caste differences crosscut national and regional identities; among other migrants, class, region and religion enter the equation.

In East San Jose, the Latino shopping centre Tropicana has in recent years seen an increase of immigrant Vietnamese business owners who now own nearly one-third of the shops. In a new shopping centre across the road, El Mercado, a deliberate attempt is now being made to blend Mexican and Asian cultures. Art is being used as a tool to blend the communities (for example, with an exhibition on marketplaces from Mexico, Vietnam, Nigeria and Portugal). A Vietnamese architect comments, 'We need to create a myth, the kind of myth that highlights our relationships and the

good things between the communities' (Melendez, 2000). Thus, cross-cultural commerce is a growing trend and an emerging theme. Part of this is due to the rise of 'ethnomarketing' as a function of growing multiculturalism in many countries across the world.¹³ For commerce in cross-cultural settings, the importance of cross-cultural skills such as language is also being recognized.¹⁴

Meanwhile, research on ethnicity and ethnic economies has generally concentrated on the *inward* character of ethnicity to the neglect of relations with the outside world. But how do immigrants relate to the wider economy and society? They function commercially and as entrepreneurs by acting as go-betweens or by integrating. Armenian businessmen in Europe and North America, Lebanese contractors and shopkeepers in West Africa, Chinese *tokos* (shops) in the Caribbean, Chinese businesses in Hungary and Spain, Surinamese stores in the Netherlands, Korean grocery stores in the US, Palestinian stores in California, Indian corner dairies in New Zealand – all deal with suppliers, customers and employees of different ethnicities, whether local or of other immigrant communities. Operating in an intercultural space affects the consciousness and identity, habitus and business practices of immigrants, as research among Colombian businessmen in the Netherlands shows (van Cotthem, 1999).

In Germany, Turkish businesses employing more than 10 people have increased to almost 5000 in 1998; Turkish businesses include not only retail and restaurants (61 percent), but also service, manufacturing and construction sectors (27 percent). A Turkish enterprise that began as a travel agent for guestworkers is now Germany's eighth largest travel agent, with an annual revenue of DM914m (Richter, 1999).

In these cases, family or co-ethnic labour and credit may often play a part, but by no means across the board. The trend in several immigrant economies is towards greater use of bank credit.¹⁵ A specific factor in the case of Muslims is the need for interest-free loans, for business and mortgages, which puts many in touch with a cross-cultural circuit of *hawal* bankers.¹⁶

Immigrant enterprise is therefore a wheel within a larger set of wheels. Cultural social capital functions, and over time can only function, as part of cross-cultural social capital. Immigrant business includes several varieties:

- 1 Immigrant business catering to same nationality immigrants. *Not* the same ethnicity because that would be too small a market.
- 2 Immigrant business catering to other immigrants. A Dominican grocery in California selling Mexican products to Salvadoran customers. A Turkish carpet shop selling Belgian factory carpets to Moroccans in the Netherlands.
- 3 Immigrant business serving a niche market, for example, French

hairdresser, Italian pizzeria, Chinese restaurant, Korean contractor in New York. In this case, ownership, management, labour, supply and credit may or may not follow immigrant or national origin connections. Within this pattern, there are many variations. One variation is an immigrant business acting as intermediary between immigrants and locals, for instance in labour recruitment, contracting, ethnomarketing or crime.¹⁷

- 4 Immigrant businesses from diverse origins clustered together, either by tradition or by design, as in the recent trend of 'ethnic shopping malls' from Toronto to Amsterdam (Choenni, 2000). (Note that 'ethnic' here has the popular meaning of non-western and does not refer to a single ethnicity but, on the contrary, to the combination of various cultural groups.)
- 5 Immigrant business catering to local customers. In other words, a business that has entered the mainstream: while different in national origin, it is not necessarily different in business practices.
- 6 A second or third generation immigrant business. Now the business may either continue to occupy a niche market using national origin for sign value (the Jewish deli in New York) or national origin may fade into the background. In terms of business practices and ownership (for example, a joint venture with nationals or being traded on the stock exchange), it may become indistinguishable from local enterprise. A Chinese-owned garage in Jakarta may differ from other garages only in ownership or management.

This is what a short-term typology yields. The picture changes further if we consider the *longue durée*.

IN THE *LONGUE DURÉE*

For obvious reasons, the cross-cultural dimension acquires greater depth the longer the period of time we consider. That change across generations makes a huge difference in immigrant careers is well known, yet most current research does not involve intergenerational data and leads to narrower conclusions than if we widen the perspective over longer time spans by taking into account historical research (cf. Nederveen Pieterse, 2000).

Immigrant economies are widespread and as old as the trading diasporas and the combination of commerce and migration. The major varieties of immigrant economies distinguished in the literature are: first, minority or immigrant enterprise; second, trading or middleman minorities; and, third, enclave economies.

Minority enterprise and commerce is the general category and a common phenomenon, as the study of the economic history of virtually any region shows; enclave economies or immigrant businesses catering only or mainly to customers of the same ethnicity are probably relatively rare and limited; trading or middleman minorities are much more common. The Jews in Europe are the classic example. The collaboration between the Chinese and the Spanish in the Philippines, between the Chinese and the Dutch in Indonesia, between the Chettiars from Madras and the British in Burma, and between the Ismailis from Gujarat and the British in East Africa are other examples.

Closer examination shows that, before the minority group was recruited for a particular function and assumed middleman status in the interstices of colonialism or empire, it was usually already present and active in the region. Dobbin's account of the role of the Chinese in Manila begins like this: 'The Spanish expedition which arrived at Manila in 1570 found four Chinese junks in the harbour. Manila, the Spaniards reported, was large and carried on an extensive trade. In the town lived forty married Chinese and twenty Japanese' (1996: 21). The Spanish built on the Chinese junk trade between Manila and the Fujian province and wove this regional commercial network into their own growing intercontinental galleon trade.

The same pattern applies to the Parsis, who were such important brokers for the British in their commercial activities and empire building in India. Before being enlisted into collaboration by the British, they were already active as a commercial minority in the region. The presence of Parsis on India's west coast goes back to the 9th and 10th centuries when, due to Arab competition in the Persian Gulf, they moved the centre of their activities eastwards.

Thus the Parsis should not be seen as a refugee community settling down in India as agriculturalists and weavers, woken to commercial life by the European East India Companies, but rather as having much earlier developed a new trading diaspora between the Arab-dominated Middle East and Hindu India. (Dobbin, 1996: 79)

Immigrant economies are embedded within intercultural economies. For immigrant enterprise to be successful, entrepreneurs must be at least bicultural. The Chinese diaspora in Southeast Asia and the Pacific has been able to prosper thanks to its capacity to integrate and build relations with the wider environment in language, cultural skills and the weaving of relations of reciprocity and trust. This is confirmed by the emergence over time of *mestizo* groups such as the Chinese Mestizos of the Philippines (later the Catholic Chinese Mestizos) and the Peranakan Chinese in Java and Malaysia and their conversion to Islam (*peranakan* literally means 'child of the country') (Wertheim, 1964, 1978). This does not match Furnivall's classic description of colonial plural society in Java and Burma (1939),

according to which different ethnic groups met only in the marketplace where conversion and intermarriage did not take place.

The Chinese Mestizos in the Philippines are nowadays deeply integrated and typically interact with other businessmen not on an ethnic footing, but as members of a wider business community that meets in settings such as the Lions and Rotary clubs.¹⁸ Peranakan Chinese have at times been integrated in multiple cultures at the same time, for instance in the multicultural East Indies: Christian, Muslim and Javanese (Oei Hong Kian, 2000; Taylor, 1986).

The literature distinguishes between *political incorporation* of immigrants – such as strangers in the Buganda kingdom in East Africa who attach themselves as clients to district chiefs or to their subjects, delivering tribute in kind or labour (Obbo, 1979) – and *cultural incorporation* – the adoption of language, customs, dress, mode of livelihood, fictive kinship and religious practices, such as strangers in Central Africa (Wilson, 1979).¹⁹ The relationship between colonialism and trading minorities can be considered a specific type of political and economic incorporation of immigrants.

An asset of the Chinese has been their readiness to integrate with the native society and adopt the local language and religion (see Dobbin, 1996: 64; Kwok Bun, 2000; Seagrave, 1996). This also applies to their migration within China.²⁰ Their capacity and willingness for intercultural adaptation itself stemmed from previous experience with other trading diasporas.²¹

A large number of Chinese settlers were converted to Islam. Having come largely from Fujian, they not only found it advantageous to adopt the predominant religion of the Javanese port towns, but in fact were familiar with the role of Islam in Fujian's trade. In Quanzhou, Fujian's most important seaport by the late thirteenth century, both trade and administration were dominated by foreign Muslims and an Islamic diaspora promoted trade with the rest of Asia. (Dobbin, 1996: 47–8)

This suggests that intercultural enterprise is itself part of a *chain of diasporas*, each imparting skills, examples and networks of cross-cultural intercourse. As indicated above, the classic middleman role in colonialism is often a specification of an earlier commercial presence and activity. Phoenicians in Carthage and Spain, Jews and Greeks from ancient times onward, Arabs, Persians and Parsis partly in their footsteps, and the Chinese diasporas in their turn, along with Indian and Malay diasporas thus form an interlinked series or chain that stretches far back in time and widely across space. Thus, for centuries Christian Armenians were the trait d'union in the silk trade between the Safavids in Persia and the Levant (Matthee, 2000). This brief gloss leaves out many other trading diasporas and networks – witness the history of cross-cultural long distance trade (Curtin, 1984; Stearns, 2001). How deep in time some of these networks run

is suggested by the traces of trade found between ancient Egypt and the Harappa culture of Mohenjodaro, and of trade with the Romans found in Cochin on India's west coast.

Chain and network migration are familiar themes. In addition, a multi-cultural history serves as a skill and cultural capital among immigrant groups. In explaining the powerful influence of Middle Eastern entrepreneurs in various industries in California, built up over a short period of time, Kotkin (1999) notes that 'particularly Jews, Arab Christians and Armenians, have a long history of being minorities in great polyglot cities of the Old World: Beirut, Tehran, Jerusalem, Cairo or Damascus'. Coming back to Fujian, the region, then and now, is not among China's poorest, but has developed an emigration culture that goes way back in time. Fujian is now estimated to send around 100,000 emigrants abroad every year (Deutsche Presse-Agentur, 2000). The case of human smuggling that had tragic consequences in Dover, England in the summer of 2000 (with the accidental death by asphyxiation of a group of illegal migrants secreted in a truck) also concerned migrants from Fujian province, as do several other episodes of illegal Chinese migration into Europe and North America.

Ulrich Beck (2000) speaks of 'place polygamy' and Pico Iyer (2000) charts the lives of 'global souls'. Cross-border and transnational social relations are growing in density and importance, and these increasingly complex relations cannot be understood without recognizing multiple identities. For instance, the identities of settler and sojourner are not mutually exclusive (a point made by Chen [2000] in describing the trans-Pacific character of the Chinese presence in San Francisco).

Akio Morita, the late Sony chairman, argued that 'insiderism' is a necessity for multinational corporations: multinationals can only be successful if they become insiders in the host economies and societies, so they must 'look in both directions' (Ohmae, 1992). Migration history suggests that 'insiderism' is common and has deep roots in time. What is now called 'glocalization' (after another Japanese expression) has been common practice in the historical chains of trading diasporas.

IMPLICATIONS

Just as the *ethnic enclave economy* approach emphasizes clustering and boundaries in *space*, the ethnic economy approach emphasizes difference and bonding along lines of *culture*.²² When research in this field takes into account cultural difference, it is concerned with 'ethnicity'. The hurdle of 'ethnicity' entails an overriding preoccupation with the difference between mainstream and 'other' identities to the relative neglect of crosscutting relations. In effect this involves a twofold reification: cultural difference is

reified as 'ethnicity' and ethnicity is reified as 'ethnic economy'. If we look closer, there are ample instances of intercultural economic activity and ample literature as well.²³ Yet, by and large, this remains undertheorized and underrepresented, and thus these instances do not reach the threshold of awareness in research or policy.

This review of various settings and types of immigrant economic activity, past and present, has drawn attention to their cross-cultural or multiethnic character. Reviewing the arguments presented and focusing on the key hurdle of 'ethnicity', the concept 'ethnic economy' involves the following problems:

- 1 'Ethnic' as an ethnocentric term (merely denoting distance from European or western culture) must be distinguished from 'ethnic' as an account of cultural embeddedness. However, since 'ethnic' is often used loosely in many different senses (i.e. emic and etic or by outsider and insider standards), it may not be feasible to maintain such a distinction.
- 2 Using 'co-ethnic labour' as the criterion to define ethnic economy is vague (how do we know whether labour is actually co-ethnic or merely from the same national origin?). Besides, it is too narrow. Customers, credit, suppliers, ownership and location are other relevant criteria.
- 3 If it is possible to verify whether what seems 'ethnic' really is ethnic or is culturally embedded, its significance should not be taken for granted at the risk of stereotyping. Therefore, a more effective and neutral distinction is that between monocultural and cross-cultural social capital.²⁴ Considering that cultural and group boundaries are typically fuzzy and fluid, this distinction should not be given exaggerated weight.
- 4 Culturally embedded norms and social networks may indeed be significant, but immigrant economies also require cross-cultural social capital to function. Twinning social capital and cultural difference yields the following distinctions:
 - bonding social capital or close ties, which may be culturally embedded;
 - bridging social capital or loose ties at the same socioeconomic level, which may be culturally embedded and/or cross-cultural;
 - linking social capital or ties with others at a higher socioeconomic level may be culturally embedded and/or cross-cultural.

Thus 'ethnicity', as suggested by the ethnic economy terminology, may be relevant with regard to bonding social capital, but not necessarily with regard to bridging or linking social capital (a precis is given in Table 1).

Table 1 Social capital and cultural difference

<i>Types</i>	<i>Meanings</i>	<i>Cultural variations</i>
<i>Bonding</i>	Strong ties among close relations	Possibly culturally embedded ('ethnic')
<i>Bridging</i>	Weak ties among people from diverse backgrounds, but similar socioeconomic status	Culturally embedded or cross-cultural ('ethnic' or interethnic)
<i>Linking</i>	'Friends in high places'	Culturally embedded or cross-cultural

What emerges from this enquiry is that beyond 'ethnic economies' are rainbow economies. This can be summed up in two points. Cultural difference does inform social capital, but ethnicity is not helpful as a terminology and analytical category. The 'ethnic economy' concept must be rejected because what matters generally is not ethnicity but nationality or varieties of national origin. Moreover, in immigrant enterprise, social capital is not merely internal to the immigrant community, but spills over cultural boundaries. Immigrant economies are often blended or rainbow economies that rely on cross-cultural resources and social networks. Thus, for bonding social capital to deliver requires bridging social capital. A third variable (linking social capital) relates particularly to home country resources.

What matters is neither the situation of full separation behind cultural boundaries ('ethnic economy' and multiculturalism as a mosaic of ghettos) nor the situation of full assimilation (cultural boundaries don't matter), but rather the inbetween zone that Portes (1996) refers to as 'segmented assimilation'. Most research on social capital tacitly assumes or overtly focuses on cultural boundaries. It would be appropriate for research to pay as much attention to bridging social capital, in the sense of loose relations across cultural boundaries, as to bonding social capital within cultural boundaries. An implication for policy is not to rely merely on ethnic or immigrant social capital, but to take into account and enable cross-cultural relations (i.e. not simply within but between immigrant groups and between immigrants and others).

POLICY IMPLICATIONS

If the intellectual importance of social capital is to bridge diverse disciplines (sociology, political science, economics), its policy significance is to link civic cooperation (sociology), democratic governance (political science) and economic growth (economics). Thus, Putnam's study of administrative

reform in Italy (1993) points to the importance of civic traditions and local democracy for administrative and economic performance. Similar implications follow from studies of 'institutional densities' in geography (Amin and Thrift, 1993; see also *Ethnicities* 2[3]), of industrial clustering and districts as exercises in collective learning (dei Ottati, 1994), government enablement (Helmsing, 2000) and intersectoral partnerships of local government, firms and NGOs (Brown and Ashman, 1999). These lines of research involve interesting takes on social capital. The recognition of good governance as a social capital asset holds significant policy implications beyond the stipulations of the World Bank and the refrains of Washington rhetoric. It suggests that local democracy is not merely desirable on political or moral grounds, but can also be economically productive; social capital can serve as a bridge between social cooperation, progressive politics and forward looking economics. However, this uplifting story falters when it comes to ethnic diversity. A World Bank report notes: 'Recent research has found that ethnically fragmented countries tend to have slower growth, lower levels of schooling, more assassinations, less financial depth, and higher deficits' (1998: 18).²⁵ Current research is concerned with examining 'how political institutions can be reformed to secure the benefits of ethnic social capital while diffusing the costs' (1998: 18). It would be interesting to examine cross-cultural social capital also in these settings.²⁶

A point often made and a fundamental consideration for policy is that social capital without resources is a *cul de sac*. At the time when social capital was becoming a fad in addressing urban poverty in the US, its downside was also becoming apparent:

There is considerable social capital in ghetto areas, but the assets obtainable through it seldom enable participants to rise above their poverty . . . the call for higher social capital as the solution to inner city problems misdiagnoses the problem and can lead to both a waste of resources and new frustrations. It is not the lack of social capital but the lack of economic resources – beginning with decent jobs – that underlies the plight of impoverished urban groups. (Portes and Landolt, 1996: 20, 21)

This raises the question of whether indeed social capital *is* capital (Robinson et al., 2002). At any rate, the importance of resources varies according to the circumstances. Research bears out that 'the relative importance of investments in physical capital and schooling appears to vary with the extent of social development. In particular, schooling is important at low levels of social development, but physical capital becomes more important at higher levels' (Temple and Johnson, 1996: 41).

This must be factored into an understanding of different immigrant economies. East Asian immigrants in North America are backed by the financial hinterland of the Tiger economies: immigrants from the Middle East can tap into oil revenues or remittances of relatives working in the oil

economies. Backed by financial capital from overseas, relayed by regional banks, they can buy into prosperous markets. In free enterprise capitalism, without government support for job creation, these groups can create their own jobs by buying stores or businesses. The link between capital and migration is clearly on the map in relation to Chinese and Taiwanese immigrants (Tseng, 1994, 2000). In Los Angeles alone, the home of the largest Korean population in the US, there are seven Korean American banks (Andrejczak, 1999).

Start-up capital is a component that African immigrants lack. The relative poverty of much of sub-Saharan Africa does not provide them with a financial hinterland to fall back on. The same applies to many Latin Americans and South and Southeast Asians.²⁷ For African Americans too, there is no financial depth backing them.

A further consideration, as Krishna (2001) points out, is that neither social capital nor economic resources may deliver in the absence of *capable agency* (or human capital). Therefore, another pertinent resource is education, which is more advanced in some regions than in others. Due to their educational background, Indian immigrants in Britain and North America have been able to enter the professions early on, particularly in the fields of medicine, education and software.²⁸ In other words, immigrants' differential economic and social performances are also functions of differential country resources and, of course, the immigrants' class location in the country of origin.

Affirmative action and multiculturalist policies usually focus on supporting immigrant communities or on relations between immigrants and the host community.²⁹ The present argument suggests a further angle, namely reckoning with cross-cultural relations not only between immigrants and locals, but also among and across different immigrant groups. In urban policy, taking into account and, under some circumstances, fostering such cross-cultural relations may be considerations.

What is underway implicitly in areas such as planning 'ethnic shopping malls' may become an explicit policy consideration. There are ample situations where such an approach is in fact being implemented (cf. d'Andrea et al., 1998). One example is the recent development of a local exchange trading system (LETS) of local inhabitants and asylum seekers in Woudrichem, a small Dutch town. The system involves asylum seekers providing services (haircuts, food preparation, household and garden work, party catering, drawing lessons) and Dutch locals offering goods (used bicycles, computers, videos) and services (cab rides, language and orientation lessons). Since asylum seekers may stay for long periods but do not have work permits, this system integrates them into the local economy and community without payment of money. An economist from Rwanda administers the system. A cafe night every two weeks serves to facilitate contacts. This initiative involves the generation and deployment of

cross-cultural social capital, both among asylum seekers (from many different parts of the world) and between asylum seekers and locals.³⁰

Policy can therefore make up for specific social capital shortfalls. Thus, under some circumstances, specially targeted start-up credit facilities could be provided to immigrant entrepreneurs who do not come from rich hinterlands (i.e. who are short of linking capital). To use a grand term, we could call this a policy of cross-cultural democratization and a step from multiculturalism to interculturalism. The forms this might take would differ on a case-by-case basis.

Acknowledgements

This article was presented at an Institute of Social Studies seminar in The Hague and at the Investigating Social Capital conference at the LOS Centre, Bergen University, 2000. The Mailing List for Immigrant Entrepreneurship has been a useful resource. I thank Alev Cinar, Des Gasper, Ivan Light and the reviewers of *Ethnicities* for their helpful comments.

Notes

- 1 'Europe's Immigrant Entrepreneurs Are Creating Thriving Businesses – and Thousands of Jobs' (*Business Week*, 28 February 2000). A headline notes, 'Today's Refugees Are Europe's Future Assets' (P. Preston, *Guardian Weekly*, 18 April 1999). 'Immigrants create wealth', according to Luke Johnson: 'They add critical ingredients to the mix that generates progress. They tend to take risks' (*Sunday Telegraph*, 6 February 2000). Immigrants are credited with other effects as well: 'Keeping the Hive Humming: Immigrants May Prevent the Economy from Overheating' (*Business Week*, 24 April 2000).
- 2 This applies to the UK, Germany, Australia (Saunders, 1999) and Israel (Hoffman, 2000). 'Last week a scheme began under which foreign entrepreneurs can move to Britain with nothing to declare but a good business plan – previously they had to bring £200,000 (\$290,000)' ('Immigration: After the Flood', *Economist*, 9–15 September 2000). The context is boosting e-commerce (cf. A. Parker, 'Rules on Entrepreneurs to Be Relaxed', *Financial Times*, 25 July 2000; G.P. Zachary, 'People Who Need People: With Skilled Workers in High Demand, Employers Are Hunting Them down – No Matter Where They Live', *Wall Street Journal*, 25 September 2000). On Germany, see, for example, Finn (2000); on Switzerland, see Piguet (1999).
- 3 This is taken up in Nederveen Pieterse (1997a, 2002).
- 4 This article derives from a lengthy research project on social capital, and the treatment here is brief and pointed. For critical reflections on the genealogy and use of social capital, see Fedderke et al. (1999), McNeill (1996) and Woolcock (1998).
- 5 Smart (1993) criticizes Bourdieu for applying inconsistent definitions of different kinds of capital.
- 6 In popular usage, a French restaurant in Bonn is foreign, but probably not

ethnic. Is a Japanese restaurant overseas an ethnic restaurant? The French quarter in Tunis is foreign but not ethnic, while the Maltese quarter probably is (if the term 'ethnie' is used in Tunisia). By way of experiment, consider *which* foods are included in an American supermarket aisle under the heading 'ethnic foods'.

- 7 Criticisms of the ethnic economy approach are growing. Noting several problems in the sociology of the ethnic economy, Cobas (1989) mentions a contradiction between the stranger hypothesis and the protected market hypothesis. According to Timm (2000), the notion suffers from culturalism and ethnicism, while MNghi Ha (2000) draws attention to the underestimation of hybridity (cf. Werbner, 2000).
- 8 For example, a study in South Africa observes that 'The communities of urban men consisted of colleagues, neighbors, and *shebeen* friends and were multi-ethnic' (Pingle, 2000: 33).
- 9 Many others also refer to embeddedness in this context, such as Portes (1994, 1995), Portes and Sensenbrenner (1993), Rath (2000) and Schmidt (2000).
- 10 Transnational informal enterprise is not necessarily cross-cultural as, for example, Portes (2000) describes.
- 11 Light et al. (1999) adopt the term immigrant economy instead of ethnic economy if there is 'non-ethnic labour', in other words labour is the key criterion.
- 12 On the steep rise of 'ethnic restaurants' in western countries as a consequence of migration, see Warde (2000).
- 13 See, for example, 'Chasing the Rainbow: Now that Marketers Realize People Come in Other Shades Besides White, Ethnic Background Is a Sizzling Commodity' (M. Halter, *San Francisco Chronicle*, 10 December 2000).
- 14 For example, a report on the Adams-Morgan neighbourhood, which is close to Mount Pleasant in Washington, DC, notes the importance of Spanish language in fast food restaurants (D. Fears, 'The Language of Money: Business Finds it Takes Spanish to Translate Chicken into Cash', *Washington Post*, 25 April 2000).
- 15 A survey of Latina business in Orange County, California shows that 'Few borrowed money from banks to start businesses, but the percentage of those with bank credit has grown' (J. Norman, 'Diverse Industries Covered in Latina Business Survey', *Orange County Register*, 26 September 2000). Boubakri (1999) shows the same for immigrant enterprise in France. Meanwhile, other reports point out the lack of access to bank credit for rapidly growing immigrant enterprises (see E. Aguilera, 'Minority Owned Firms Lack in Backing', *Orange County Register*, 25 September 2000). Cf. Fisman (2000).
- 16 *Hawal* banking is a financial infrastructure using informal networks among Muslims worldwide. Reports on hawal banking circuits in the Washington, DC area are by Noguchi (1999) and, in the Netherlands, van den Eerenbeemt (2000).
- 17 For example, according to a *New York Times* report (Sack, 2002), the Mexican owner of a grocery store in a small Tennessee town

became something of a fixer, a multipurpose intermediary between the Hispanic and Anglo communities. He helped white farmers and plant

managers find workers. He took Mexicans to used-car dealers and landlords and vouched for their reliability. He was an informal interpreter for the police and the courts.

He also provided illegal workers with counterfeit documents.

- 18 Oral information from Peter Chua (Santa Barbara, California).
- 19 Shack (1979) discusses varieties of incorporation of strangers in sub-Saharan Africa.
- 20 'They [the south Fujianese] were prepared to merge with the social and economic networks of the host city and in Shanghai, for example, many Fujianese were regarded as having "become local people", enabling them to penetrate local networks in most business circles' (Dobbin, 1996: 64–5).
- 21 Cf. Tambiah's (2000) fascinating account of the intergenerational Man lineage of the Chinese.
- 22 The ethnic enclave economy is a predecessor of the ethnic economy approach; cf. Light et al. (1993) and Werbner (2001).
- 23 Scanning some 500 articles in social science journals under the keyword 'interethnic', I find that articles primarily refer to either conflict or marriage, although employment and enterprise are also amply represented.
- 24 I deliberately refrain from defining 'culture' in this discussion. At a subtler level of analysis, the distinction between mono- and cross-cultural enterprise (and social capital) is up for discussion. Cultural differences run, of course, also among nationals, for example by region. Ethnomarketing and import and export trade are also cross-cultural – witness the literature on 'international manners' in business and on varieties of capitalism.
- 25 Note the charged choice of words of ethnically fragmented rather than ethnically diverse societies.
- 26 In my own work (Nederveen Pieterse, 2001b: Ch. 8), I ask 'Under what conditions do we get widening circles of social capital?', and I argue that government can play a facilitating role in the form of managed pluralism (cf. Gold and Light, 2000; Midgley, 1995).
- 27 This may be an explanation for recent reports that new immigrants in Canada and the US are not doing as well economically as previous waves; they may have less access to financial resources in the country of origin ('Today's Immigrants Worse Off', *Globe and Mail*, 22 March 2000). It might also explain why Indonesian immigrants in the US lag behind others (Antara News Agency, 1999).
- 28 In Britain, South Asians

Although they represent just under 3 per cent of the population, they provide about 16 per cent of the total number of GPs, nearly 20 per cent of hospital doctors, and about 12 per cent of pharmacists. They own just over 50 per cent of the 'cash and carry' shops and just over 55 per cent of the independent retail trade. (Parekh, 1997: 65)
- 29 The informal economy is generally 'a bastard sphere of social integration' (Rath, 1999), so this is not a high priority policy area.
- 30 See P. de Graaf, 'Zeventig druppels voor een PC' (*De Volkskrant*, 7 March 2000); E. van Wageningen, 'Voor een handvol druppels' (*Metro*, 25 July 2000).

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JAN NEDERVEEN PIETERSE is professor of sociology at the University of Illinois and specializes in transnational sociology, with a focus on globalization, development studies and intercultural studies. Among his many authored/co-edited books are *Development Theory: Deconstructions/Reconstructions* (Sage, 2001), *Globalization and Social Movements* (Palgrave, 2001) and *The Decolonization of Imagination* (Zed Books, 1995). He has taught in several countries, is co-editor of the *Review*

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of International Political Economy and associate editor of several journals.
Address: Department of Sociology, University of Illinois at Urbana-Champaign, 326 Lincoln Hall, 702 South Wright Street, Urbana, Illinois 61801, USA. [email: jnp@uiuc.edu]