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**The Chinese Diaspora in Italy:
An Economic Sociology Approach to Transcend the Ethnic Enclave**

paper by

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INTRODUCTION

This paper is intended as an outlook on Chinese migrants' participation into socio-economic networks in Italy, grounded in a new economic sociology approach focussing on intergroup links and an interpretation of *social embeddedness of economic action* (Granovetter 1985) not limited to in-group relationships.

The main hypothesis is that the economic role and the supposed social closure of Chinese migrant groups cannot be analysed separately from socio-economic features of destination areas. They do not provide only a "window of opportunity", but they are involved in a co-evolution process with reciprocal consequence caused by and following the intergroup networking process.

This argument is mainly based on a specific path of Chinese migrants' socio-economic participation, i.e. the role they play in the cluster economy of Italian local production systems, internationally well-known as Industrial Districts (IDs) (Pyke, Becattini & Sengenberger 1990).

Chinese migrants' participation in IDs is interesting for different reasons:

- on the one hand, there's a lively rhetoric on the "exceptionalism" of Italian IDs, based on traditions and community networks that make them a place-specific cluster protected by external influence;
- on the other hand we can identify similarities between two types of "ethnoindustrialization" (Piore 1990), the IDs themselves and the ethnic economies.

Hence, the usual focus available in the literature on their "closure" and in-group communitarian bounds doesn't fit to our case, in which an ID and an "ethnic economy" are matched. Thus, it is hypothesized here that a "structural turn" is needed to better understand closures usually analysed only from a culturalist point of view.

After a theoretical overview of main concepts and theories at stake to interpret the studied object, there will be an account of empirical findings coming from field research on different IDs, with a special focus on the case of Carpi clothing district.

1. BACKGROUND

The interpretation of the above-mentioned object takes into account multifaceted aspects, and requires clarifications of different concepts and theories. On the one hand, we have pieces of literature on immigrants' and minorities' economic participation, underlining the role of in-group ("ethnic") resources. Within this branch, a special part is dedicated to immigrant entrepreneurship. On the other hand, we have that part of literature dedicated to local production systems, in particular IDs.

To work out the hypothesis presented here, it is necessary to shortly assess these two bodies of literature and some criticisms

1.1. ETHNIC ECONOMY AND IMMIGRANT ENTREPRENEURSHIP

In the last thirty years, immigrant entrepreneurship gained momentum in different social sciences, so that already 5 years ago there was a huge number of research products (over 1700) on this subject (Kloosterman & Rath 2003).

Main theories focussing on immigration and minority business usually refer to a couple of basic points (Engelen 2001):

- the role, so to say, of the "ethnic specificity" and of cultural factors;
- the importance of supply-side in the structuring of a market for immigrant entrepreneurs.

Actually, it is maintained (Waldinger 1986) that people belonging to specific immigrant groups have cultural features and behaviours helping self-employment, or (with wider success) that members of an "ethnic group" can access collective resource supporting their entrepreneurial choice.

Reference to a so-called "ethnic economy" is focal in this study trend, and it is mainly based on the account of cultural specificities turning a group toward particular sectors and business choices, thanks to human (employees, helpers) and relational (information, contracting, connections, etc.) resources to be found within the supposed ethnic community itself.

First theories by Portes ("ethnic enclave") and Waldinger ("ethnic niche") usually consider the above-mentioned variables as discriminant, since structural, "class" features helping business choice are maintained to be more or less the same everywhere, based on bourgeois values not so interesting as a study object, since they are considered as invariable facts (Wilson & Portes 1980, Light 1984, Waldinger 1994).

These approaches, having a culturalist bias, show explanatory weaknesses in the identification of general traits helping different groups in accessing entrepreneurship and/or of specific traits building up ethnic advantages.¹

Thus, from the 1990s onwards, previous studies were increasingly challenged by more dynamic interpretations, analysing evolutionary patterns of "ethnic niches", including structural and negative effects, such as the limitation of free choice and members' autonomy and the risk of downward assimilation tied with ethnic specialization (Portes 1995)

So, Waldinger formulates his "interactive model" theory (Waldinger, Aldrich & Ward 1990), taking into account the "opportunity structure", while Portes, getting into new economic sociology debates, studies relational and structural embeddedness (Portes & Sensenbrenner 1993).

These approaches draw a bigger attention on structural factors, but set them consequently

1 What is more, a static idea of culture, as applied to the concept of "ethnic group", shows further weaknesses:

- in-group relationships are taken for granted instead of being empirically proved in their existence and extension (Baumann 1999);
- inter-group relationships and structural factors framing action and affecting in- and intergroup interaction and their transformation are undervalued (Engelen 2001, Rath 2001, Werbner 2001).

with previous interest for cultural variables, i.e. analysing mainly supply-side factors, whereas context in which entrepreneurial actions are embedded is considered just as a background: Waldinger's "structure of opportunity" is just a resource pattern which given ethnic "predisposing factors" take more or less advantage of; similarly, Portes' structural embeddedness is a "fait accompli" less interesting than mainly in-group relational embeddedness (Portes & Borocz 1989, Waldinger 1989).²

Also some strongly structuralist approaches developed, both in economics and sociology: they use to focus on macro-dimensions (the political and institutional frame ruling economy and immigration policies; changes in the mode of production; economic circumstances): this allows an attention on space- and time-framing of opportunities, but it also lose touch with micro-perspectives focussing on actors. Dual markets, secondary sector, blocked mobility, shelter firm theories (Piore 1979, Sassen 1991), even the interesting essay by Engelen (2001) on the economic factors making an immigrant enterprise successful, underestimate individual and relational resources able to affect the impact of macro-variables, so that also in this case context is mainly a static concept.

Thus, we can see a structuralist determinism facing the culturalist one.

Critical issues.

In Granovetter's (1985) terms, we can notice that sometimes studies on immigrant entrepreneurship risk to be oversocialized (i.e. maintaining human action as overwhelmingly determined by "systems of norms and values, internalized through socialization"); actually, social actors are often portrayed as settled on ascribed belonging: the ways in which migration networks set relationships with the locale and become (or not) a sort of niche within it, or the way in which some immigrant businesspeople differentiate their position from their co-ethnic group, are neglected.

More recently, inspiring approaches explain suitably such limits: we are talking about Uzzi (1996, 1997) on apparel industry, Werbner (2001), and, overall, works on mixed embeddedness (Kloosterman & Rath 2001).

Anyway, the simple juxtaposition of demand- and supply-centred approaches, grounding the latter studies, is not yet a guarantee against related problems, first of all the usual hypostatic representation of action and structure. As a matter of fact, a major problem affecting main approaches to immigrant entrepreneurship seems to be the narrow analysis of local contexts just from an institutional point of view and of immigration issues just from an in-group community point of view.

Hence, it is maintained here that the main problem is the asymmetry in the study of agency and structure: usually agency being taken into account only as an in-group fact, and the structure as an out-group issue; in other words, agency is given just to studied minorities, while other relevant actors in the locale, affecting also immigrant entrepreneurs' networks, are neglected. On the other hand, also structuration role of migrants and their ability to etch existing institutions is undervalued.

It is considered here that this is a prejudiced view, labelling non-mainstream cases with 'special' categories. Immigrant or minority networks and their mobilization are studied and labelled with special definitions such as "ethnic niche" or "ethnic enclave", while poor attention is given to the building, transformation and sharing of networks linking minorities / migrants and mainstream social actors, so that we can say that an encompassing theory of society is lacking.

Thus, it is worth approaching both sides (autochthonous we-group and immigrant they-group) with similar tools and methods, so to prevent essentialism and an asymmetric understanding of

² Within this model, Chinese immigration has been a theoretically relevant and much studied case, due to its strong self-employment rate consistent with the idea of a self-referent community and of its social closure (Rath 2002).

social bonds: kinship networks are not just immigrants' and can be cross-identity, while institutional settings are not exclusively defined by destination countries and mainstream people and institutions in it.

1.2. LOCAL PRODUCTION SYSTEMS

The local production system as a place-based collective actor including territorial relationships is an object for many social disciplines; rather, it took advantage of an interdisciplinary attention leading to relevant results - e.g. in the definition and study of IDs (Becattini 2004; Crouch *et al.* 2001) .

Early studies on small-scale industrialization (Becattini 1990, Brusco 1982, Bagnasco & Trigilia 1990) paved the way to a vast literature on Italian local production systems having a successful position in international markets thanks to typical "Made in Italy" products.

IDs has been usually defined as systems characterized by highly localized inter-firm linkages. From the point of view of the organization of production, they were closed system, whose the only "openness" was related to the commercialization of the final products in foreign markets, while their strength was derived from a specific division of labour, and a competitive-cooperative climate derived by a class structure based on artisans and a protected working class.³

For more than a decade now, there has been a debate on changes affecting these local systems, and scholars wonder if there is a transformation leading to new scenarios or just a decline (Garofoli 2003). A sharp look over these changes should start from the evolution of both the internal and international context: besides export there are other relevant internationalization processes involving industrial local economies, i.e. the outsourcing of most labour-intensive production activities, foreign multinationals' buyout of district firms, and the growing role of immigrant labour, both ans employees and self-employed.

In particular, the settlement of migrants challenges interpretations based on endogenous advantages, and asks for a deeper interest in change paths characterizing district societies and economies in the last years, and showing not only the harsh effects of a supposed "consumption of aboriginal social capital", but also the following re-embedding processes that on the one side keep continuity with historical district configuration, and on the other side engender new and undervalued development paths.

1.3. A COMMON ETHNOINDUSTRIALIZATION. PUTTING TOGETHER IDs AND ETHNIC ECONOMIES

In a way, we can see a common weakness in theories about IDs and ethnic economies. A static idea of local and migrant communities focussed more on cultural bounds, shared pasts and in-group closure than on their ability to manage internal and external relations.

Thus, it is appropriate to re-frame these two major scientific backgrounds with a common and consistent approach. It is maintained here that a deeper concern for New Economic Sociology and the social embeddedness of economic action (Polanyi 1957; Granovetter 1985; Granovetter & Swedberg 2001) can help overcoming these interpretative problems.

In the field of interest relevant here (immigration and immigrant entrepreneurship), there are

3 Main studies on Italian IDs identify the following reasons for their success (Bagnasco 1981; Trigilia 1986; Bagnasco & Trigilia 1993):

- a) Spread infrastructuration and urban fabric, with the diffusion and marketization of economic traditions
- b) The sharecropping system in agriculture, allowing small business and capital accumulation
- c) The development of a non-standard demand of goods in mature capitalism, with a revival of SMEs and industrialized craftsmanship
- d) Technological development supporting the efficiency of SMEs (e.g. CNC machines)
- e) A supportive local politics articulated in territorial subcultures.

some pieces of literature making reference to embeddedness (Portes & Sensenbrenner 1993): in the last decade, it has been enhanced by the "mixed embeddedness" theory (Kloosterman & Rath 2001), underlining that characteristics of immigrant enterprises are grounded both in normative and institutional opportunity windows and in personal and group resources.

Therefore, there's an attention for the working and structuring of markets, to be seen as sets of rules and social relations in which immigrant entrepreneurs need to be embedded (Rath 2002). It is an approach gaining interest in the European literature, not so keen with US approach, that is usually considered to neglect regulation issues.

As a further contribution to this approach, it is maintained here that the social construction of markets, with an attention on the making/changing of structures themselves (as cause and consequence of immigrant entrepreneurial participation) needs to be seen through the analysis of place-based inter-group relationships (underlining the agency of local and immigrant actors in building up their social and economic participation) (Barberis 2008).⁴

Thus, the focus will be on inter-group relations and relative positioning in the local system, not considering in-group closure as taken for granted: the existence of both the majority and the minority "community" and their bounded solidarity should be verified (Baumann 1999).

Studying agency in a cross-group perspective, beyond hypostatic ethnic categorizations, allows the use of research tools, approaches and analyses highlighting undervalued ties. The embeddedness of immigrant firms should be placed within a wider context, including also majority and mainstream bonds, since trust, networks, and their role in engaging staff or setting inter-firm ties, the sharing of an "industrial atmosphere" reducing transaction costs, the density of cooperative-competitive relations within a large number of small firms in a single locale are not issues just related to immigrant business or to district economies, but transversal to them.

Hence, foreign entrepreneurs should be seen as tied with several actors (individuals and institutions, autochthonous and migrants), framed in a single network (though frayed and differently dense) made up by local-based economic and social bonds, allowing and intermingling with the economic and social actions of immigrant entrepreneurs themselves.

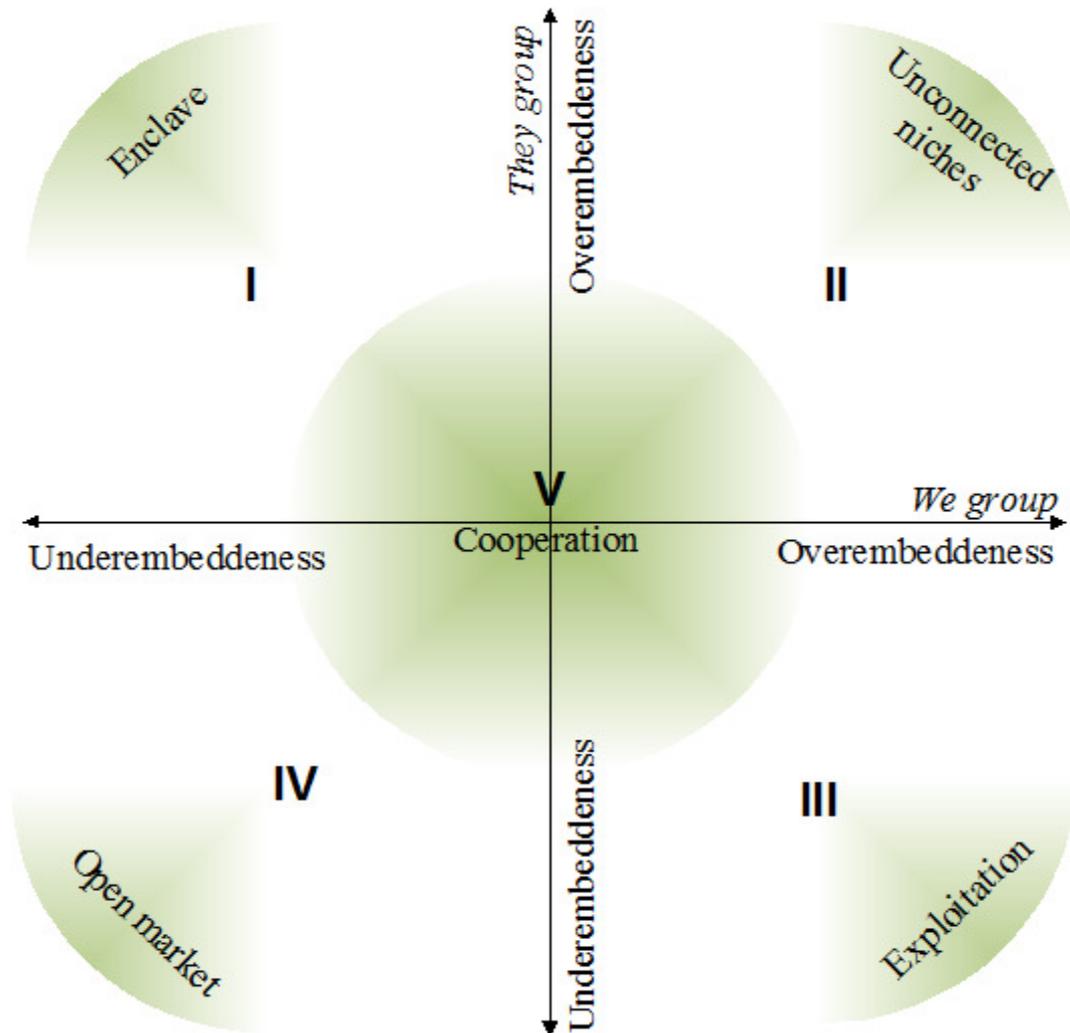
To simplify, we can imagine just two reference groups in a socioeconomic local context, both characterized by different degrees of embeddedness (Burt 1992, Grabher 1993, Uzzi 1996, 1997): i.e., every group can have networks more or less overembedded (when inter-firm ties happen almost exclusively within a tight kinship clique), more or less underembedded (when ties are mainly spot and market-based, with a poor role of in-group bonds). The inclusion of two groups within the same socio-economic context produce embeddedness patterns based also on the mutual relationship setting, changing developments and paths. In short, the embeddedness of group A is interwoven with and co-dependent from the embeddedness of group B, according to the role played by the kind and features of relationships between A and B (as far as density, homogeneity, redundancy, power configurations, etc. are concerned).

In our case, one group is given by immigrants (especially that subgroup accessing entrepreneurship) and the other by autochthonous dwellers.⁵ According to this intersection between embeddedness paths, we can theoretically draw up a set of potential configurations "freezing" related processes.

4 Even though the asymmetry in the co-evolution shouldn't be neglected, since actors have different power relations and available resources.

5 We will call the first "they-group", and the second "we-group".

Fig. 1. Inter-group relationship and embeddedness model



In short we can identify the following configurations:

- II: Overembedded we-group / Overembedded they-group. In this case, two groups insist formally on the same territory, but having poor socio-economic exchanges, so that a balance is kept by segregation – a kind of war economy and war society (ISRAELIANI)
- IV: Underembedded we-group / Underembedded they-group. In this case in-group bounded solidarity is weak for both the groups (even, they can hardly be defined “groups”), and everyone is similarly exposed to free market forces.
- III: Overembedded we-group / Underembedded they-group. The we-group is locked-in and can hardly produce innovation to answer to external stimula; thus risks are handed off to the they-group, to reduce in-group conflicts. Flexibility and adaptation is granted by asymmetry between two distinct social bodies. Low density of links between We- and They-groups allows also exploitation and systematic violations of agreements, because negative behaviours toward They-group have no immediate return effect on We-group membership. Furthermore, the They-group can hardly resist, since it is weakly organized and widely exposed to external forces (underembeddedness). Anyway, this configuration erodes the trust in the system as a whole: there's poor trust in such an asymmetric configuration, and it fades fast. Inclusion in the *core* and social mobility are hindered by the strong closure of the more powerful group, so that the in-group itself becomes weaker due to lack of transformation and adaptability skills.

- I: Underembedded we-group / overembedded they-group. This is the configuration better describing the ethnic niche economy, where a minority group can find its place in a socio-economic fabric. Advantages are given by bounded solidarity acting as a last resort network, but there are also disadvantages tied with lock-in risks.
- V: Embedded we-group / embedded they-group. “Ideal” configuration where the two groups are structurally coupled and interdependent on an equal footing (no group has a gain in opting out), with reciprocal advantages and externalities.

3. CHINESE MIGRANTS IN ITALIAN IDs

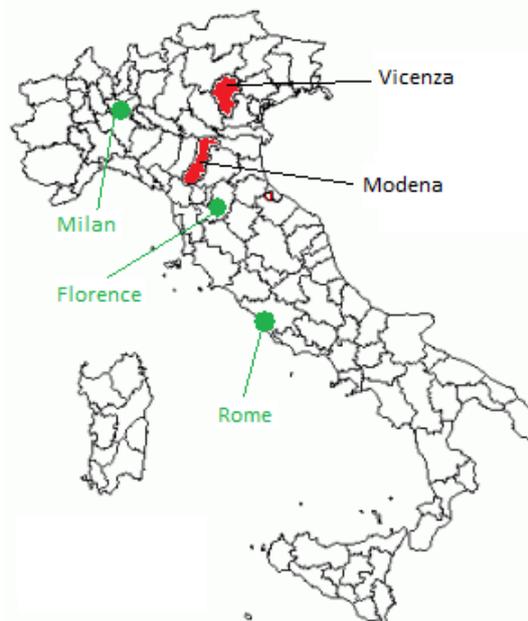
3.1. A SHORT OVERVIEW ON THE RESEARCH

Empirical data, both quantitative and qualitative, reported here are the outcome of a Ph.D. research project carried out between 2005 and 2007.

The study included⁶:

- a context analysis of 18 local production systems (based on commuting areas, as defined by the Italian Institute of Statistics – ISTAT) in two Italian provinces (Vicenza and Modena, located in North-Eastern regions of the country, see map) characterized by a strong SME vocation and high immigration rates⁷
- data processing and analysis of immigrants' business positions (12.443) and firms (11.059) in those two provinces and their local production systems
- 60 interviews with key informants (immigrant entrepreneurs; local stakeholders; business associations' experts and leaders; politicians; civil servants...)

Fig. 2. Contextualization of research field areas.



⁶ Information and interpretations reported here are just the ones concerning Chinese migrants and IDs in which they play an important role.

⁷ In 2007 (last data available) in the Province of Vicenza there were 82.000 foreign nationals (9,7% of resident population), 1.900 from China. In the Province of Modena, they were 67.000 (9,9% of resident population), 3.700 from China.

3.2. CONTEXT: CHINESE NATIONALS IN ITALIAN IDS⁸

Chinese nationals abroad are usually considered one of the migrant / minority communities characterized by a high degree of social closure and self-referential communitarization, largely relying on in-group relationships, reciprocity and bounded solidarity.

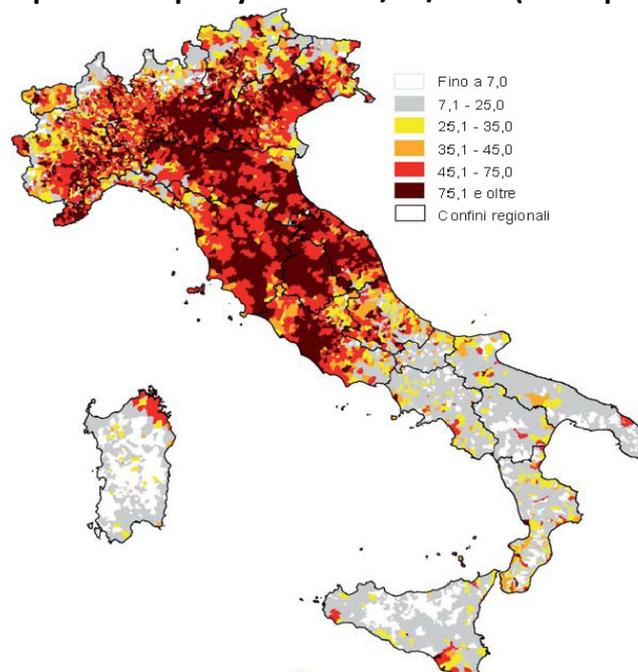
I would like to focus here how Chinese insertion in local economies and society is:

- not only linked to in-group identification, but also to out-group categorization;
- not only to in-group links, but also to the inter-group and out-group ones and to related negotiations.

Settlement patterns of Chinese nationals in Italy is quite peculiar, as the maps below show.

In general terms, we can observe that migration in Italy is widespread in central and Northern Italy and – due to the polycentrism of the Italian urban system, quite scattered also in medium- and small-sized towns (even though the two urban areas of Rome and Milan sum up almost 20% of migrants and 13% of the whole population).

Fig. 3. Foreign citizens per municipality – data 01/01/2008 (share per 1000 residents)



Source: ISTAT 2009

Compared to the biggest foreign national group like Romanians, Moroccans and Albanians, Chinese migration is much more centred in few areas; and compared to other Asian migrations (e.g. from Bangladesh, Pakistan, India, Philippines), it is less centred in large cities.

Actually, Chinese firms are strongly linked with district areas manufacturing classic “made in Italy” products (light industrialization in mature markets with labour-intensive production processes), mainly in the sectors of leather goods, footwear, textile and clothing, as it is possible to see in the map below.

These data show that Chinese socio-economic participation is quite unique – a challenge for a socio-economic approach. As a consequence, the focus on Chinese migrants is theoretically meaningful, in order to understand social closure processes, but also the participation into major Italian local economies (including IDs), in the frame of wider socio-economic changes (Carchedi &

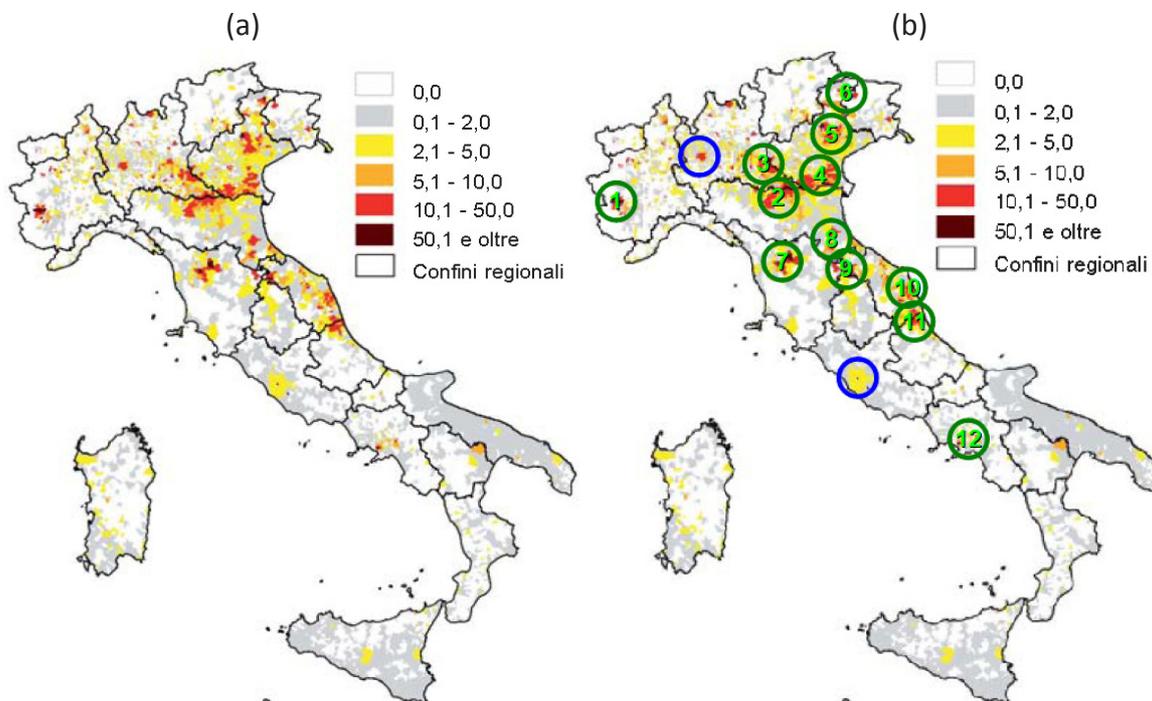
⁸ A general overview on Chinese in Italy is provided in appendix. Here it is underlined only their role in local cluster economies.

Ferri 1998; Cologna 2005; Pieke *et al.* 2004).

Expectedly enough, Chinese nationals have a high entrepreneurship rate. Though, in a context where SMEs are focal in local economic systems, Chinese firms don't just replace disappearing street-corner shops, but enter also in a competitive-cooperative game with Italian firms: not by chance, settlement patterns of Chinese in Italy widely involve some of the most traditional and well-known industrial districts and wholesaling centres of the country (Ceccagno 2003).

So, it is possible to see a wide range of specializations and micro-specializations, usually connected with textile, clothing and leather goods production. Though, it is important to notice that not all the Chinese working in the manufacturing sector are employed there (e.g. some can be found in biomedical, metal-work, tile and furniture districts), while – on the other hand – Chinese firms and workers don't get into every textile, clothing and leather goods district. There's a selectivity to be analysed, in terms of constraints and opportunities, entry barriers and facilities.

Fig. 4. Chinese citizens per municipality – data 01/01/2008 (share per 1000 residents) (a) and reference local production systems (b)⁹

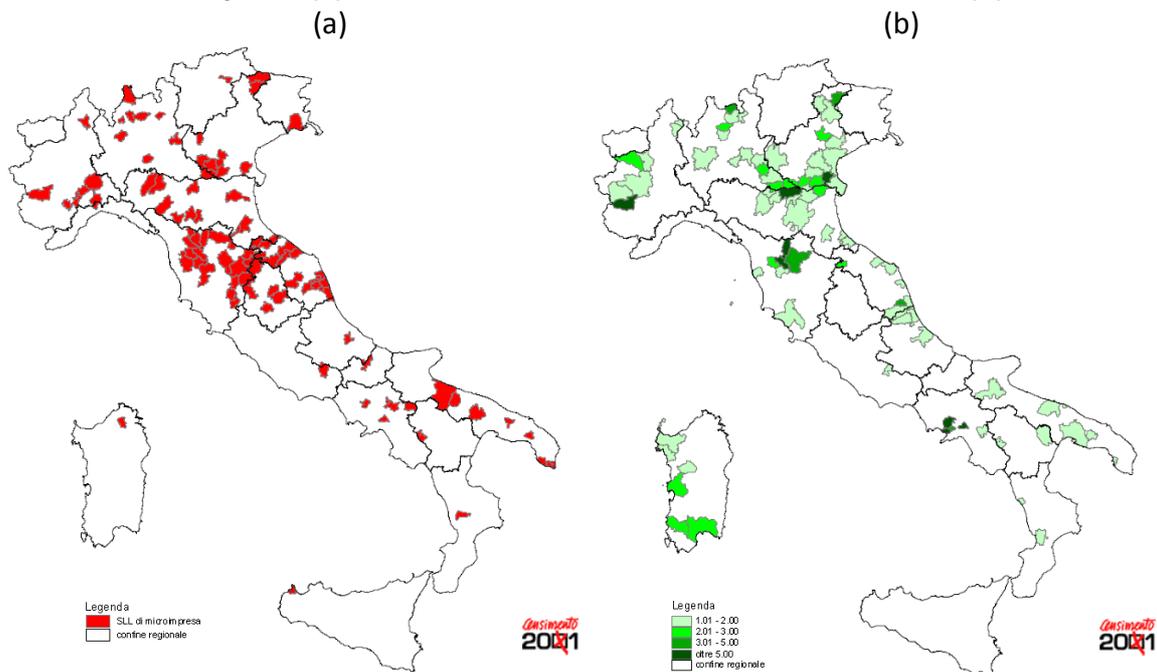


Source: processing on ISTAT data (ISTAT 2009)

- 1) Barge (stone industry)
- 2) Carpi (textile and clothing – knitwear / ladies' wear)
- 3) Mantua (textile and clothing – hosiery)
- 4) Rovigo (textile and clothing)
- 5) Montebelluna (footwear – sportswear / technical apparel)
- 6) Belluno (eyewear)
- 7) Prato-Firenze (textile / leather goods)
- 8) Forlì (furniture – couches and armchairs)
- 9) Casentino / Sant'Angelo in Vado (textile and clothing – wool / denim)
- 10) Fermo / Monte San Giusto (footwear)
- 11) Ascoli Piceno / Teramo (textile and clothing; leather goods and footwear – subcontracting)
- 12) San Giuseppe Vesuviano / Solafra (textile and clothing; leather goods)

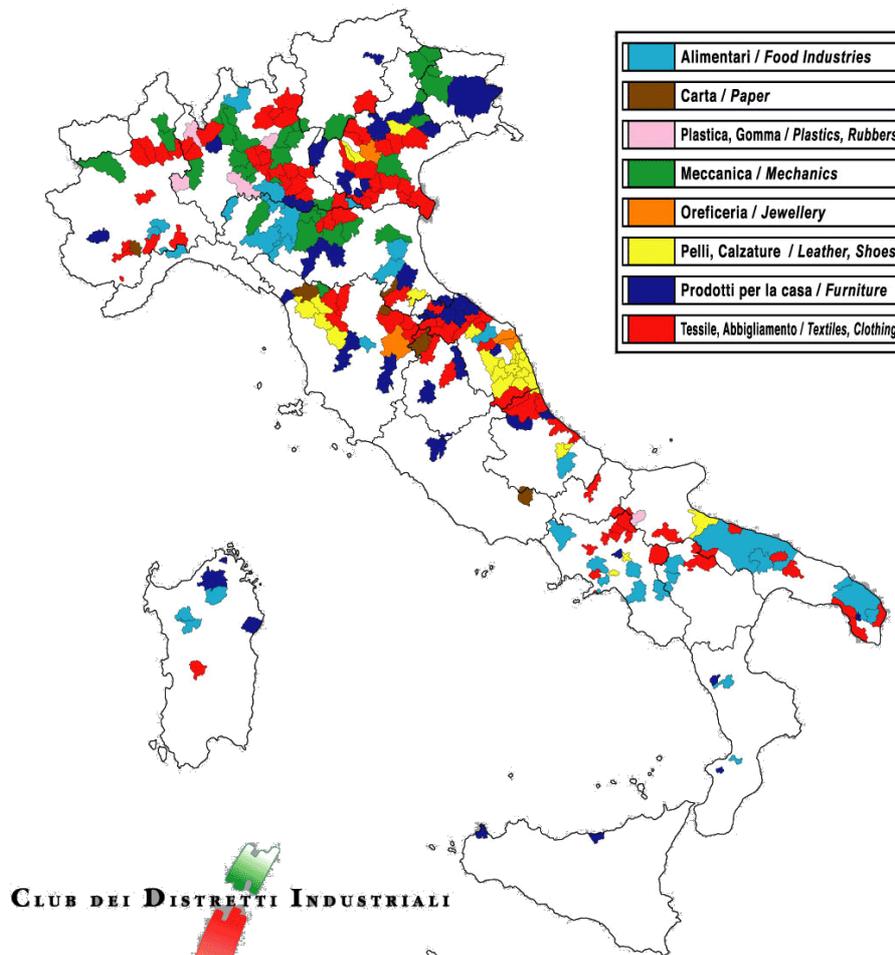
⁹ It is worth noting that I realized the same map just three years ago (data 2005), published in Barberis (2008). Areas 4) and 10) had a much more limited share of Chinese, while area 8) was almost invisible.

Fig. 5. Local production systems (year 2001). Manufacturing systems characterized by small enterprises (a), and concentration index of Chinese residents (b)



Source: ISTAT, Census data¹⁰

Fig. 6. Map of Italian industrial districts per sector (2001)



Source: ISTAT in www.clubdistretti.it

¹⁰ http://www.istat.it/salastampa/comunicati/non_calendario/20050721_00/

3.3. CHINESE NATIONALS IN MODENA AND VICENZA IDs

Territorial and niche specializations can be seen as potential proxy of local interaction, that cannot be explained just by in-group resources. Some IDs have a relevant role in structuring Chinese nationals' settlement patterns and labour insertion, in co-evolution: IDs change and include migrants; migrants' insertion is influenced by ID change; IDs change further as a consequence of migrants' insertion, and so on.

Tab. 1. Foreign entrepreneurs in Modena and Vicenza (2004)

		Entrepreneurs		Residents		Entrepreneurship rate
		N	%	N	%	
Modena	Chinese	573	19,6	2955	6,3	19,4
	Foreigners - total	2921	100	46821	100	6,2
	Hazard Ratio		140,6			
	Share in the manufacturing sector (2006)		76,8			
	Share of registered as artisan		54,5			
Vicenza	Chinese	808	10,2	1899	2,3	21,7
	Foreigners - total	2966	100	61961	100	4,8
	Hazard Ratio		160,4			
	Share in the manufacturing sector (2006)		56,6			
	Share of registered as artisan		43,4			

Source: own processing on Infocamere data / Chamber of Commerce of Vicenza

Tab. 2. Distribution of total and foreign firms per sector (Modena 2003; Vicenza 2004)

Sector	All firms		Immigrants' firms ¹¹		% of immigrants' firms	
	Modena	Vicenza	Modena	Vicenza	Modena	Vicenza
Agriculture	16,4	13,2	0,9	0,4	0,2	0,1
Manufacture	18,7	21,3	29,1	13,1	5,0	1,9
Building ind.	14,9	13,0	28,9	42,5	6,2	10,1
Trade	22,5	24,8	22,0	26,6	3,1	3,3
Hotels and restaurants	3,7	4,6	4,5	3,4	3,8	2,3
Transports	4,8	3,7	8,4	8,6	5,7	7,2
Finance	2,0	2,4	0,1	0,3	0,2	0,4
Real estate, rentals, ICT	11,9	12,2	3,8	4,2	1,0	1,1
Education	0,2	0,3	0,0	0,0	0,7	0,3
Health and social assistance	0,3	0,4	0,2	0,0	2,2	0,3
Other services	4,1	3,8	2,0	0,8	1,6	0,6
Other	0,5	0,4	0,0	0,0	0,0	0,0
Total	100,0	100,0	100,0	100,0	3,2	3,1

Source: own processing on Infocamere data / Chamber of Commerce of Vicenza and Unioncamere

¹¹ Selected national groups.

Comparing our two cases, we can see that ascribed features are attenuated by local context: even though textile and clothing industry is a field with a strong Chinese role that can lean toward an idea of ethnic economy, we can see differentiated paths.

Modena is more supportive for immigrant entrepreneurship than Vicenza, for different reasons tied with:

- the average dimension of firms, Italians' entrepreneurship rate, entry barriers and economic stage in main local IDs;
- the different political culture;
- the different structuring of local network and the space it leaves for the outsiders

In 2005, Chinese firms in textile and clothing sector were 417 in the province of Modena and 142 in the province of Vicenza. They accounted for 2/3 of Chinese firms in Modena, and half in Vicenza, and in both areas 9 firms out of 10 led by foreign nationals in the sector were Chinese. This is a first indicator of concentration, that needs to be specified: actually, IDs are usually smaller than a province, so it is interesting to check how much Chinese firms are in ID cores or in their outskirts.

A more detailed mapping shows a strong ID settlement. As for Carpi¹² (the core town of the textile and clothing district in the province of Modena), 58% of Chinese apparel firms lie some 20 km. far from the core town, just behind the boundaries of the district (as designed by commuting catching areas), while 23% are in the core area itself. Thus, more than 80% of Chinese apparel firms and 75% of all Chinese firms are tied with Carpi ID, even though somehow in its peripheral area. Thus, there's a district effect mixed with a kinship effect.

A peripheral participation?

By subcontracting to the Chinese workshops, Italian garment firms – especially those not positioned in the middle-to-high end markets – have been able to remain competitive: whereas before they had been relying on subcontractors located elsewhere (especially in the south of Italy) the Chinese labor presence has made it possible to rely on subcontractors located within the district; moreover, Chinese labor also compensates for the lack of intergenerational continuity caused by young Italians' unwillingness to work as subcontractors (Ceccagno, 2007: 6).

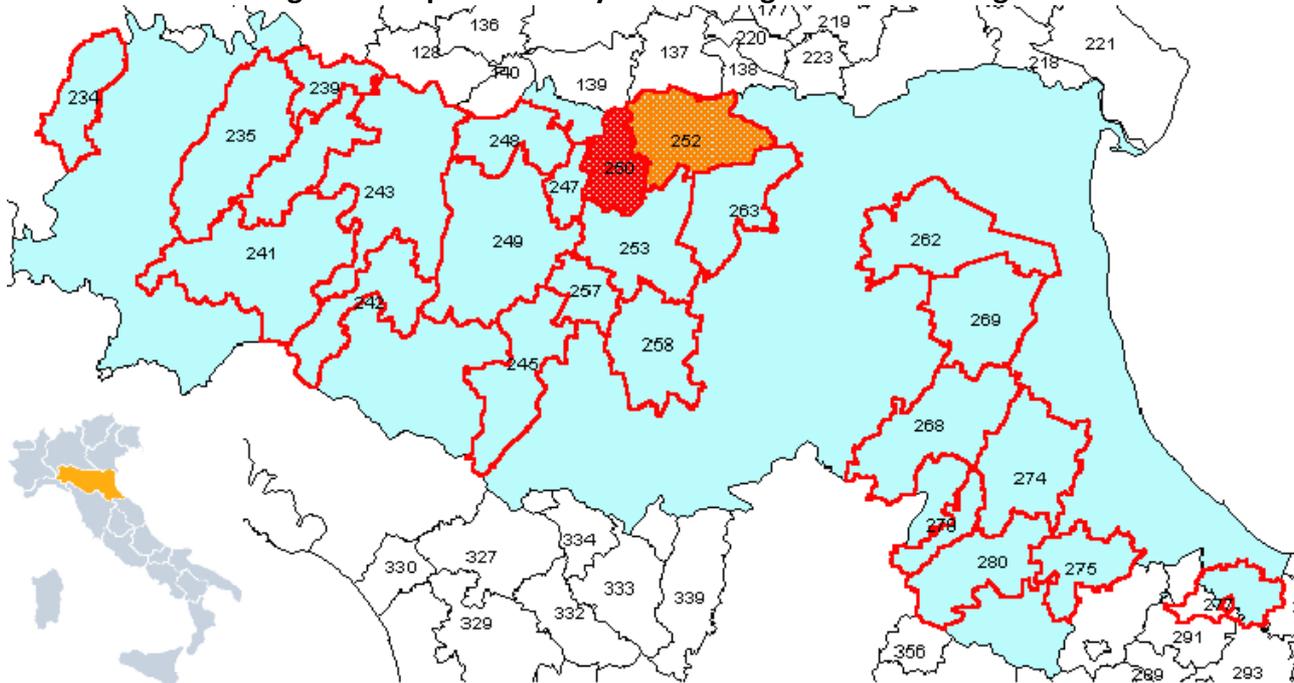
We have just mentioned above that a large part of Chinese apparel firms are not in the very core of the district, but in a nearby area, a local production system centred in the small town of Mirandola (see Fig. 7), whose economic specialization is metalwork production and not the garment industry. Though, in that district 55% of foreign nationals' business is active in the manufacturing sector vs. less than 20% of Italian nationals: more than 1 out of 8 firms is owned by a non-Italian citizen.

Furthermore, there's a strong specialization: among the 300 manufacturing firms run by foreign nationals, more than 60% are in the tailoring industry, and a good part of the remaining 40% is active in connected productions, e.g. knitwear or apparel and textile finishing. Furthermore, productions are very multifaceted and cover almost every niche in the sector and related works: weaving; making of pullovers, cardigan sweaters, hosiery; stitching and basting, till the production

12 Carpi knitwear ID has some 2.000 firms and 11.000 employees. Around 34% of the whole active population is involved in the ID activities. ID turnover is around 1.100 millions Euro (1.600 millions USD) – 4% of Italian turnover in this sector – and the export accounts for 36% of the total. Among the famous brands based in Carpi, we can list Champion, Fujiko, Gaudi, Blumarine, Denny Rose. Furthermore, Carpi contractors and subcontractors work for other famous "Made in Italy" brands.

of clothes boxes and the repair of knitwear machines.

Fig. 7. Local production systems in Region Emilia-Romagna



Source: elaboration on www.unioncamere.it

250: local production system of Carpi

252: local production system of Mirandola

This specialization is also ethnicized: Chinese nationals are almost 100% of non Italian entrepreneurs in the sector – a share much higher than in the core area of the Carpi ID. So, at a first glance it can seem an ethnic enclave with a full production chain. Though a deeper analysis of data from the Chamber of Commerce and from key informants show a different picture. Chinese firms are mainly subcontractors (and subcontracting is declared to be the sole activity by some half of them), often working in very simple and labour-intensive processes, so that often they are the last (and often the weakest) link in the subcontracting chain.¹³

So, we have here a special kind of district effect: these firms are minority in the economic specialization of Mirandola local production system, but at the same time they are strongly linked with the nearby Carpi ID. Thus, immigrant business find room “avoiding” the core ID area, and reproducing its mechanism just some kilometers away. This creates a new mix of dependency by Carpi buyers and autonomy of an ethnicized market out of sight from district formal and informal rules. Total autonomy is rare, but this area makes room for subcontracting chains among Chinese (poor sub-subcontracts), which is instead more infrequent in the Carpi core.

This is their room in the district outskirts. What about their role in the core area of the Carpi ID? The share of foreign nationals' entrepreneurship is growing there, too – especially in the last five years (not by chance, in this time span immigrants' apparel firms in Mirandola slowed down their growth pace).

In Carpi, the share of immigrants' firms is lower than in the rest of the Province, with the

¹³ This is one of the biggest differences with Prato – the famous Italian textile ID involving a huge number of Chinese nationals, making up the second biggest Chinese community in Europe. In Carpi and surroundings Chinese firms do not (yet?) build up their own “Made in Italy” with a more extensively ethnicized production chain, for many reasons including: the different duration and size of the Chinese community; the different specialization of the district (Prato is more textile, Carpi more knitwear) needing different expertise; the different economic stage of the two districts as for duration, buy-out and externalization processes, size of leading enterprises...

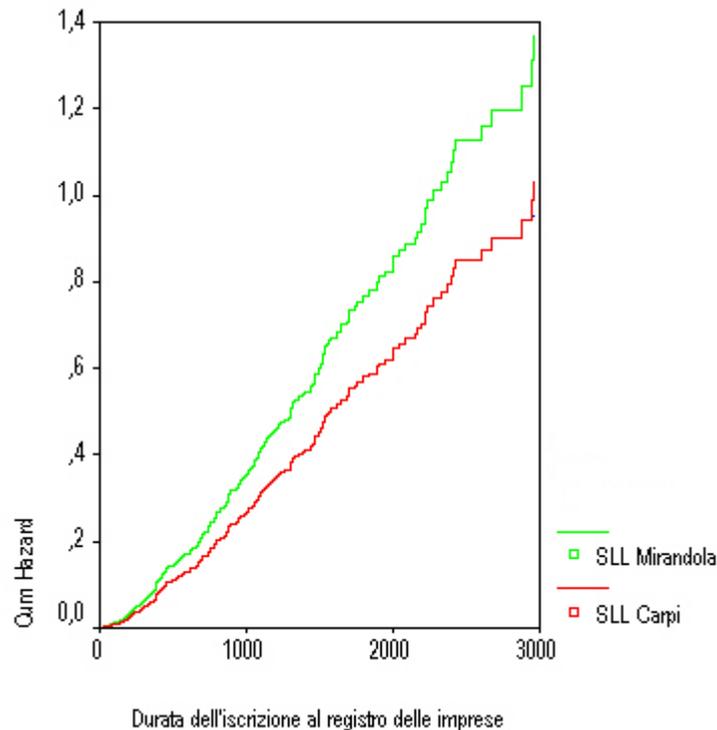
exception of those working in the manufacturing sector. Also in this case, we can see a relevant number of textile and clothing business, with a difference with Mirandola: the interdependency is here much more evident, with a largest share of firms in finishing services (application of buttons, pins and sequins; labelling; ironing and packaging) and subcontractors (subcontracting is declared to be the most part of production activities by 3 immigrants' apparel firms out of 4).¹⁴ Furthermore, the distribution by citizenship is a bit more complex, since Chinese (large majority) are side by side with other Asians (especially Pakistanis) and Eastern Europeans.

The joint analysis of Mirandola and Carpi local production systems weakens the idea of an ethnicized “parallel district”, and reinforces the district effect given by a Marshallian “industrial atmosphere”. Intra-district inter-group networks are important to gatekeep the access to the district core, both in terms of inclusion and exclusion requirements.

Thus, settlement patterns of foreign nationals' enterprises is affected, and just some are able to get into the district core: the most organized, established and networked. On the other side, the weakest, poorest, most marginal (also as far as legal requirements are concerned) and isolated are stuck in the periphery of the district.

This engenders a difference in the survival rate (Hazard ratio – Cox Regression) of foreign nationals' firms. On average, in Carpi they have a closing-down risk lower than in Mirandola, and even lower than in the rest of the Province. Comparing just the garment ones, the difference in the closing-down risk is very large (see fig. 8)

Fig. 7. Hazard function of foreign nationals' firms (selected citizenships) in textile and clothing sector, local production systems of Mirandola and Carpi.



Source: own processing on Infocamere / Chamber of Commerce of Vicenza data

It is now time to understand the reasons of this insertion and their meaning in the district and ethnicized networks from a socio-economic point of view.

¹⁴ In this local production system there's also a small share of foreign nationals owning firms in the field of import-export of textile and clothing, brokers and business agents.

On the one hand, we see some features common to many Chinese diasporas, based on the so-called *Wenzhou model*: a high entrepreneurship rate that characterizes the migration project from its very origins and a relevant social closure and in-group self-referentiality (Pieke & Mallee 1999). Though, we see these features coupled with Italian IDs and their own social closure and in-group self-referentiality. Thus, there should be something in the bilateral relationship – in the immigration policy, in the entrepreneurial model, in the productive culture and values, in the socio-economic fabric, that allows a contact between two *ethnoindustrialization* models.

We can suggest here that the inclusion of kinship ties within subcontracting chains is one of the ways to cut off transaction costs often used in the ID models: the use of an “imported” kinship network can be seen as a functional equivalent that become available as a consequence of IDs' endogenous and exogenous transformations and producing further change.

Though, before focussing on the Carpi case, it is interesting to understand why Vicenza is so different. Actually, in the province of Vicenza the district effect is affecting much less migrants' firms, and the number of Chinese garment entrepreneurs is limited – even in comparison with surrounding areas in the same region. This fact has to be contextualized: even though there are some very important textile and clothing IDs and producers in this province,¹⁵ territorial bounds are less visible than in Modena, due to an advanced process of unmaking of the district, strongly hit by outsourcing, internationalization, buy-outs that weakened the ties with the local economy.

ID territorial bound was lost much before in that area, due to a peculiar subcontracting system less integrated and more based on medium-large sized buyers. As a consequence top contractors had quite asymmetric relations with local subcontractors, and were able to strongly redesign their territorial bound.

Actually, business groups from the province of Vicenza were among the first in Italy to relocate production branches abroad (also thanks to nearby Eastern European countries with lower labour costs and more flexible legal standards). As a consequence, internationalization has been a substitute for precarious immigrants' subcontracting, and the decrease of employees and firms in Vicenza garment industry was very sharp (Corò & Volpe 2006).

Just to give an example, the Marzotto group strongly reduced territorial bounds by moving its HQ from Valdagno to Milan, and outsourcing different branches (not only the lower tiers of production, but also some of the R&D and capital intensive activities) in foreign countries, with no room for a local district “revival”.

Thus, Chinese entrepreneurs tried to gain room in the Vicenza garment sector, but the saturation of the market has been very fast: after a growth of foreign nationals' firms in the late Nineties, their number levelled off and – differently from other areas – they have very high hazard ratios. International outsourcing closed local opportunity windows very soon, and also immigrants living in the area that I interviewed do not consider that sector as viable and profitable.

3.4. FEATURES OF CHINESE FIRMS IN CARPI ID

With their small workshops active in the simplest and most labour-intensive works of garment subcontracting chains (that can be fragmented in basic operations with low technical and capital content), immigrant entrepreneurs – and especially the Chinese ones – reproduced some of the most common and traditional features of Italian IDs. In a way, this fact was also a contribution to the weakening of a heroic rhetoric on the origins and success of “made in Italy”: price

15 Valdagno, Thiene, Schio and other towns in the surroundings of Vicenza are the birthplace of brands like Diesel Jeans and Marzotto (heading a group including Lanerossi, Bassetti, Hugo Boss and Valentino Fashion Group). In the nearby provinces of Verona and Treviso there are other important brands like Benetton, Stefanel, Lotto, Diadora... A separate ID in the area of Vicenza is the leather district of Arzignano, producing 57% of Italian leather products, and exporting almost 60% of its production value (total turnover is 2.900 millions Euro – 4.300 millions USD).

competitiveness, fast production and a self-exploitation implicit in social mobility patterns based on external careers and self-employment are now much more acknowledged than the myth of the Italian fashion system (Hadjimichalis 2006).

Carpi based its development on average quality productions and a balanced marketization including both internal and international markets. The usual way to face competition in the last decades has been externalization: first to “cottage industry” (tied with a migration from the countryside), second to poorer nearby regions (Veneto, Marche), third to southern regions (tied with a south-north migration, especially from Naples and surroundings), fourth to international subcontractors (in Eastern Europe and Asia, tied with a migration that not by chance comes from that areas).

The progressive weakening of competitive advantage of Italian productions has been often faced with the same tool used by the competitors, i.e. cost and time competition, poor investments (including R&D). Though, this answer is not so effective, especially with the increased role of “ready-to-wear” fashion and the huge pluralization of cheap competitors in developing countries. As a consequence local SMEs, especially the subcontracting ones, started passing a hard time.

Anyway, this strategy has been the most viable because this ID (as many others) is strongly based on SMEs, with poor chances to steer the market and poor human and financial resources to innovate. Thus, tentative transformations included: development of top-range niches and short chains; buy-outs and mergers with branding strategies, where marketing, management, R&D split from production, and the latter is usually outsourced at international level; last, the transformation of subcontracting chains, in which supplier SMEs have weaker and more spot relations with buyers in a opener market competition – sometimes with extreme reduction of prices and times.

New competition strategies have something in common: they are difficult to achieve without making recourse to offhand arrangements (as for contracts, structures, taxes...) that cannot be used extensively, because of external controls (by state authorities) and internal controls (in the cooperation-competition system and in the local culture, that sees legal arrangements and a certain quality of life as a long-term achievement of the local development model): thus, one of the few possibilities to keep the production in the core district area is given by immigrant employees and self-employees. In a way we can consider it as a “delocalization on the spot”, a functional equivalent viable for SMEs that find difficult to go abroad.

Actually, immigrant labour gather that exploitation and self-exploitation features difficult to achieve via autochthonous labour force. It allows to keep a share of production in the district core, and to keep (temporarily) untouched the socio-economic structure of the local network.

The Carpi case shows that the socio-economic production network is still and somehow there, even though there's a change in the “who” and “what” of inter-firm relations. Foreign nationals' firms find room in interdependent networks based on cooperation and competition, and meet needs of buyers that have to face the crisis (and the rage) of local subcontractors unable to fit to new market circumstances.

So, buyers more and more turned to Chinese workshops thanks to three competition levers: prices, production speed, flexibility in the production capacity. The fall of subcontracting prices is a “good reason” for informal arrangements and triggers Chinese firms' to “go underground”. Subcontractors' low cost secures (at least in the short run) buyers' competitiveness.

In this sense, we can see minority business as an ethnicization process tied with wider local socio-economic transformations. Ethnicization of socio-economic links, the selective use of in-group or out-group bounded solidarity is related both to immigrants' insertion strategies and IDs' organization and survival strategies.

District organization supports the ethnic economy, that is somehow an exogenous resource

well placed in endogenous production networks. Thus, after a first stage in which local subcontractors decrease and production is relocalized in Southern Italy and/or abroad, there's a second stage in which local subcontractors still decrease (faster), and immigrant firms in the district core partly compensates them (also with back-relocation of productions).¹⁶

To sum up, Chinese subcontractors allowed a certain stability in the knitwear district, supporting its competitiveness in the change of global markets, assuming district business risks and socialising them within ethnicized networks. Thus, Chinese migrants' self-referentiality is inconsistent from a socio-economic point of view.

More, ethnicization of socio-economic relations has a structural and interactive dimension, not (only) a cultural one. It can be seen analysing another fact: ethnicization processes happen again and again quite independently from involved nationals. In Carpi, we can see it in the growing role of Pakistani migrants' firms operating in the core area of the knitwear ID, especially for ironing and packaging activities, the lowest tier of the production chain where competition is cut-throat. Pakistanis gain room both for structural and cultural reasons: on the one hand, prices in some branches are becoming too low even for Chinese firms and they opt out; especially the most established ones suffer from the increasing number of cheap competitors and alternatives (also at international level) and relocate; on the other hand – as a survey among Italian buyers and subcontractors show (Comune di Carpi 2004), Chinese entrepreneurs are seen as a problem by many, so there's an unfavourable climate around them (we will focus this issue later on).

3.5. AN ANALYSIS OF THE ROLE OF CHINESE FIRMS IN CARPI ID.

The participation into subcontracting chains means a structured role in the local economy, since the relationship between the buyer and the subcontractor is not just a spot market deed, but implies a collaboration: indeed, the buyer supplies the subcontractor with models, materials and/or semi-finished goods, and the subcontractor includes his/her work in a complex final product. In the case analysed here competitive-cooperative relations more and more move toward a “marketized” subcontracting, with less established networks and less shared know-how.

This means also a weakening of the networks involved, both the ethnicized one and de ID one. Actually, this configuration engenders a set of intra-group and inter-group conflicts and competitive attitudes:

- on the one hand, Chinese manufacturer are in a cut-throat competition, just looking for orders with no real awareness of global effects on the co-nationals. In the case of Carpi it is difficult to identify something we can define a Chinese community, or even a Wenzhou community. There are some kinship strong ties among small groups, but no shared collective action. For example, there's no agreement to set a minimum “survival” price, an issue that in the past has been the first step of a collective action and claim.¹⁷

16 In 2003, the district core had 1500 garment firms, whose 77% were subcontractors – 100 less than the previous year. Among them, around 10% were run by immigrants, a share that reaches 25% in most labour-intensive subcontracted activities (Comune di Carpi 2004).

17 There are also other conflicts that grossly we can define as Chinese in-group clashes, i.e. the conflict between manufacturers and importers, and the conflict between manufacturers in Italy and manufacturers in China. Paradoxically, the world-wide success of “Made in China” is a competitive disadvantage for Chinese involved in the “Made in Italy” (Ceccagno, 2007):

- on the one hand, “made in China” is a competition difficult to cope with. As many interviewees (both Chinese and Italians) repeated us: “Denim trousers for less than 5 euro each cannot be produced in Italy, whether the manufacturer is Chinese or Italian”

- on the other hand, China is a complex set of risks and opportunities, that usually (especially in the aftermaths of the end of the Multi Fibre Arrangement) has been seen by Italian manufacturing SMEs as an unfair competitor, so that the image of the Chinese abroad can be damaged.

- on the other hand, Italian subcontractors clash with Italian buyers, since they hire Chinese subcontractors, and this is perceived as a dumping strategy in a more and more asymmetric network where small firms undergo bad time and cost labour conditions;
- finally, Italian subcontractors do clash with Chinese subcontractors, perceived as “job thieves” and unfair competitors.

Thus, all the actors of the ID network are involved. True, Chinese subcontractors reproduce some features of a typical ID development, but the relations between buyers and subcontractors and between subcontractors are quite different from the ideal-typical competitive cooperation model. As “outsiders”, foreign nationals' entrepreneurs lack territorialized support networks, the institutionalization of trust is weak. As a consequence, intra- and inter-group competition is utmost, both from a social and from an economic point of view, producing serious problems of local regulation.

The role of Chinese subcontractors allowed to match advantages of international outsourcing with direct control (e.g. allowed to have Chinese labour conditions without going China, cfr. Ceccagno 2003), and in the short time it allowed also to keep a sort of fictional gather-all network. Though, it grounds also the inconsistency of such a network and a dualization of the local system. Chinese subcontractors undergo extreme and counterproductive risk conditions, especially when they are in the territorial and productive periphery of the district. Their number and fragmentation eases the creation of a working poor deregulated underclass affected by socio-economic instability.¹⁸

There's a not so marginal share of Chinese entrepreneurship made up by:

- very small and recently established artisan firms
- working on a seasonal basis
- mainly in the ready-to-wear segment
- with a very limited number of reference buyers
- placed far from the district core
- making recourse to a heavy individual and family (self-)exploitation

This share is hit hard by flexible, precarious loose ties with buyers and employees; by tax assessors, police action and labour inspections; by failures, frauds and extortions; by more or less reasonable disputes set by (co-national and Italian) buyers. All this makes their income unpredictable.¹⁹

Such a dualization is troublesome when autochthonous and immigrants compete in the same segment: actually, in the production chains in Carpi $\frac{3}{4}$ of subcontractors are Italians, that have to face what they consider an unfair competition (if not a threat for the local identity). Conflict goes beyond the economic sphere, and turns into a militant particularism challenging the position of migrants in a local society that consider city rights as their own achievement.

The difference among interest configuration is more and more visible, and the traditional way of settling conflicts (through politically committed subcultural ties and transversal networks) seems ineffective. Though, in-group conflict within ID network becomes visible quite late, since the immigrant scapegoat is quite easy to create and manage: the identification and creation of the “Chinese problem” (both as an internal and an international problem) is functional to keep a balance in the autochthonous in-group.

¹⁸ For similar processes in other contexts, see Light 2006; Rath 2002.

¹⁹ Subcontracting to weak firms is done because of their weakness: violation of reciprocal obligations face to so peripheral actors has no serious impact on the core network, if compared to violations involving firms strongly connected in mainstream links. A network configuration with a high density in the core and a low density in the periphery encourages the creation of cliques acting in opportunist ways face to peripheral actors, since the latter have poor bargaining power, poor chances to form a coalition and poor access to information and reputation (Portes 1995; Bagnasco 2004).

Anyway, the weakening of local subcontractors is a long-lasting phenomenon, and Chinese entrepreneurs just an intervening variable opening a new cleavage on an active fault. More, a sensible cleavage, since time and price competition, probably for the first time, is directly visible in the district core, and also its ambivalence becomes more and more evident. On the one side, it provides for local disembedding of Italian firms (somehow reproducing the traditional subcontracting chains), on the other side contributing to the disembedding itself, increasing the weakness of the survived autochthonous subcontractors.²⁰

3.6. MANAGEMENT AND CONSEQUENCE OF ID CONFLICT

These ambivalence find an interesting battlefield in the business associations: they are usually oriented to low conflict bargaining strategies, that is not so effective to cope the actual segmentation of interests. Indeed, their members are made up by a good number of Chinese entrepreneurs, buyers working with them, and Italian subcontractors in competition with Chinese ones.

Thus, this new setting is a challenge for the local governance, and stakeholders are more and more aware that such an unbalanced structure is based on a double standard that cannot be long-term without jeopardizing local welfare. Actually, a change in the production networks affects also the social stability, considered a local asset.

This is not the first time that Carpi knitwear district faces the immigration question: it faced a sharp urbanization process between the 1950s and the 1970s, and an internal migration between 1960s and 1980s. Though, the district changed a lot in the meanwhile, a change that we can read as a disembedding, a kind of separation between local economy and local society. The industrial core is less and less focal, especially for the youngest; the usual socialization agencies (parties, trade unions, business associations...) have lost grasp and are less and less interconnected. Some of the traditional labour values went lost in favour of a consumer ethic, matched with the obsession for legality and security – a functional substitute of the fading trust (Sztompka 1999).

Not by chance, the commonest response to the Chinese question has been a selective application of legal standards, shifting the blame to the immigrant scapegoat without any reference to market conditions and opportunities and the inter-firm power structure.²¹

Thus, the district bounded solidarity looses: on the one hand, the autochthonous network – somehow grounded on the ideology of a peaceful growth “without fractures” (Fuà 1988) - is weakened by conflicts between Italian subcontractors and buyers; on the other hand, its (cultural, “ethnic” and socio-economic) homogeneity is fragmented by the insertion of a minority quite integrated from an economic point of view, but poorly included from a social point of view.

In order to stop the clock, district collective actors and stakeholders try different therapies. The most interesting has been a project concerning the regularization of undocumented and irregular labour and business, that allowed tens of Chinese firms to enter the legal market, and a part of the immigrant network to strengthen inter-group ties with district actors.

20 I insist again on the myth-breaking question. It is interesting that district society values, part of the mythic description of the origins and developments of the ID, become negative when applied to Chinese. Thus, family exploitation is seen as an excessive use of strong ties meaning an unwillingness to integrate; the self-exploitation and the overlapping of places of reproduction and places of production are seen as unfair competition and a breach of the law.

21 The security strategy turns out to be counter-effective, since it harms that economic freedoms soaked with informality so typical in ID economies. It engenders an excess of formalism in inter-firm relations, and favours their disembedding. A part of the territorial stretching of the district – that we observed in the expansion of Chinese firms outside the district core – is paradoxically due to police actions and the efforts to escape them. The claim for more controls causes difficulties in controlling a more and more stretched district.

Though, knitwear industry is one of that mature economic branches very sensitive to labour cost variations, in which the cut of costs is still basic and mobility (of workers and productions) is widely used as a mean to keep a steady socio-technic configuration (Hudson 2002).

Thus, the improvement of Chinese firms can reduced their market profitability and utility. The “controlled risk” achieved by decentralizing selectively some labour-intensive activities and including weak partners in the subcontracting chain, allowed some buyers to focus on design, marketing and branding (i.e. that activities less dependent on labour cost). In other words, gains derived by underpaid subcontractors have been (sometimes) used for innovation.

Thus, from the point of view of top-hand buyers, immigrant employees and self-employees are buffer allowing greater flexibility.²² As a consequence, the “districtualization” of Chinese workshops could engender a rise of subcontracting prices, so that buyers could more and more opt for functional alternatives places outside the district and the country.

In the end, the attempt to separate Chinese workers from Chinese labour condition is not necessarily successful from an economic point of view,²³ without clashing with the actual, ambiguous production model, where conditions of short-term survival can also be condition for long-term failure.

Thus the settlement of an economic active Chinese minority and its specific subordinated ethnicization we have seen there is a price advantage, but a risk for the socio-cultural structure of the ID, its informal relations and its enforceable trust.

3.7. LONG TERM CONSEQUENCES

We have here to go back to our inter-group relationship and embeddedness model (fig. 1), to imagine what can happen in the future. The structuration of an asymmetric network in which risks deriving from the district position in the international division of labour and district competitive cooperation are handed off to weaker actors in a position of half-belonging, can help core mainstream firms to:

- survive a bit more in an agony just centred on price competition;
- hand off labour intensive productions to focus on design, marketing and knowledge economic contents.

Both strategies have middle-term consequences: the economic advantage of “internal international outsourcing” seems lower than in some functional alternatives, since some costs cannot be cut too much in Italy (and cannot be obviously lower than costs of social reproduction): a price competition cannot be pursued for ever.²⁴

Most important in our analysis, this strategy has relevant structural effects on district networks, producing socio-economic conflicts and disembedding local economy from local society. Some economists (Murat & Paba 2004) underline that the pursuit of a mere price competition is blind, since weakens relational resources and hinders innovation. From a sociological point of view, another issue can be stressed showing the blindness of the above-mentioned strategy.

22 Obviously, this doesn't make so happy local subcontractors, suffering consequences of this minimum cost strategy.

23 By the way, this is a further indicator of the disembedding of the ID: what is good from an economic point of view is less and less good from a social point of view, and vice versa.

24 Considering also other experiences (not least the case of Prato, with a Chinese business participation older and more structural than the Carpi one), we can imagine the following future trends:

- replacement: Chinese networks almost substitute autochthonous ones, fully ethnicizing the market segment;
- integration: Chinese networks complement local ones. The question here is how it can happen, via a subordinated participation (as the actual one) or a penetration on an equal footing in main production processes or ethnicization of a single branch within the local production system?
- Destructuring: both networks disappear, and the inclusion of Chinese just delayed for a while the irreversible crisis of the local production system.

In the past, price competition and consequent hardship was accepted in the name of a postponed reward in terms of place-based social mobility and welfare. This is no longer clear and viable neither for young Italians nor for migrants.

Following this point, a last note dedicated to youngest generation. As for the Italian ones, we can see the effects of disembedding processes: young autochthonous persons more and more obtain university degrees (a change tied with the success of the district itself, with parents using money for education and to support their children for years in case they do not find a job fitting their desires), and find less and less room in a district economy still needing unskilled labour or medium-level technicians. This affects also intergenerational continuity of local firms, that often close down when the owner retires.²⁵

Part of this mismatch has been covered by internal and international migration, but there's another open question: what about next generations "*issues de l'immigration*", as French sociologists would define them? Some hints suggest that also Chinese families and their youngest members adopt a diversion strategy, with poor continuity in manufacturing activities (Ceccagno 2007).

For the future of district economies, it is important to see the working of social rewards and the matching of young generations' expectations. As for second generation migrants, we can see positive trends (in these areas, there's a quite meaningful local integration path), but also negative ones (e.g. in school careers).

The point of social rewards is crucial, since the inclusion of migrants in fading local production systems lays – again – foundations for a further ambivalence: the inclusion of newcomers in a club where the ancient members opt out. On the one hand, migrants' inclusion in subcontracting chains, re-localization processes and the evolution of top-tier business show that the local economic core is shifting toward a knowledge economy. On the other hand, we still have a local society (e.g. stakeholders and collective actors) strongly identifying itself with the traditional ID production and organization, as a mythopoetic success story of enrichment, social conquests, international protagonism.

As a consequence, foreign nationals' businesspeople are seen inconsistently, sometimes as intruders (the internal foreigner that can become a scapegoat in a context under change, as in the classic account by Simmel 1950), sometimes as new members (to be) assimilated, whose social legitimation comes from their economic participation to local traditional economy and from their entrepreneurial status.

²⁵ Overstating, it can be said that immigrants are more economically integrated than local youngsters, but much less socially integrated.

APPENDIX. Some facts on Chinese immigration to Italy

Unexpectedly for many, Chinese nationals build up one of the biggest foreign residents' groups in Italy: with more than 156.000 legal residents in Italy, they account for 4,6% of foreigners in Italy (one of the biggest shares in Europe), as table A.1. shows. Chinese are steadily the fourth foreign group in Italy (and the first outside Euro-Mediterranean origins, since it is preceded by Albanians, Moroccans and Romanians, and followed by Ukrainians), and fast growing in the last decade (residents doubled in the last 5 years).

Though, the first core migration to Italy dates back to the 20s, mainly engendered by a second migration from other European countries (mainly France) of people (paddlers and craftsmen) looking for new markets.²⁶

The contemporary flow moved from the opening of China in the 1980s: a relevant turning-point has been the 1985 commercial agreement Italy – P.R.C., that came into force in 1987. It turned to be a competitive advantage for Chinese entrepreneurs, because overcame some legal limits that hindered foreigners to open business in Italy.²⁷

Furthermore, a new “second immigration” flow started, tied also with visa-shopping efforts, since – with its recurrent mass regularizations (in 1990, 1995, 1998, 2002 and 2006) – Italy was seen as an easy place where to become documented. This is an issue that becomes more and more important after EU directive 2003/109/CE, that allows freedom of movement within the whole Union with a special long-lasting permit available after 6 years of regular stay in a European country.²⁸

We can identify some major migration networks between China and Italy, partly tied with the oldest migration flows. Chinese in Italy mainly come from Zhejiang province, and especially from its southern areas:

- in Rome there's a prevalence of people coming from Qingtian
- in Prato / Florence there's a prevalence of people from Wencheng, Wenzhou and Rui'an
- in Milan there's a prevalence of people from Wencheng (especially from the town of Yuhu) and Qingtian

There are also much smaller groups of people coming from Guangdong, Shanghai, but in last years the new fact has been the start up of arrivals from Fujian (matched with a slowing down of fluxes from southern Zhejiang). This is the origin of a further fractionalization and asymmetry among Chinese immigrants, with recent Fujian migrants having much weaker *guanxi*, and sometimes subject to strong exploitation (sex work, care work, unskilled works within workshops).

26 For a rich and detailed account, see Cologna (2005).

27 Similar agreements were signed also with Egyptian and Moroccan governments. Limits were further reduced for all foreign nationals with the 1998 immigration law.

28 Anyway, visa-shopping should not be overrated: the long-term permit in Italy is harder to obtain than in many other European countries. Furthermore in Italy it is very difficult to achieve the best status to move freely from/to and within Europe, i.e. citizenship. Actually, Italy applies quite rigid *ius sanguinis* criteria. As a consequence, a non-EU foreigner can become Italian:

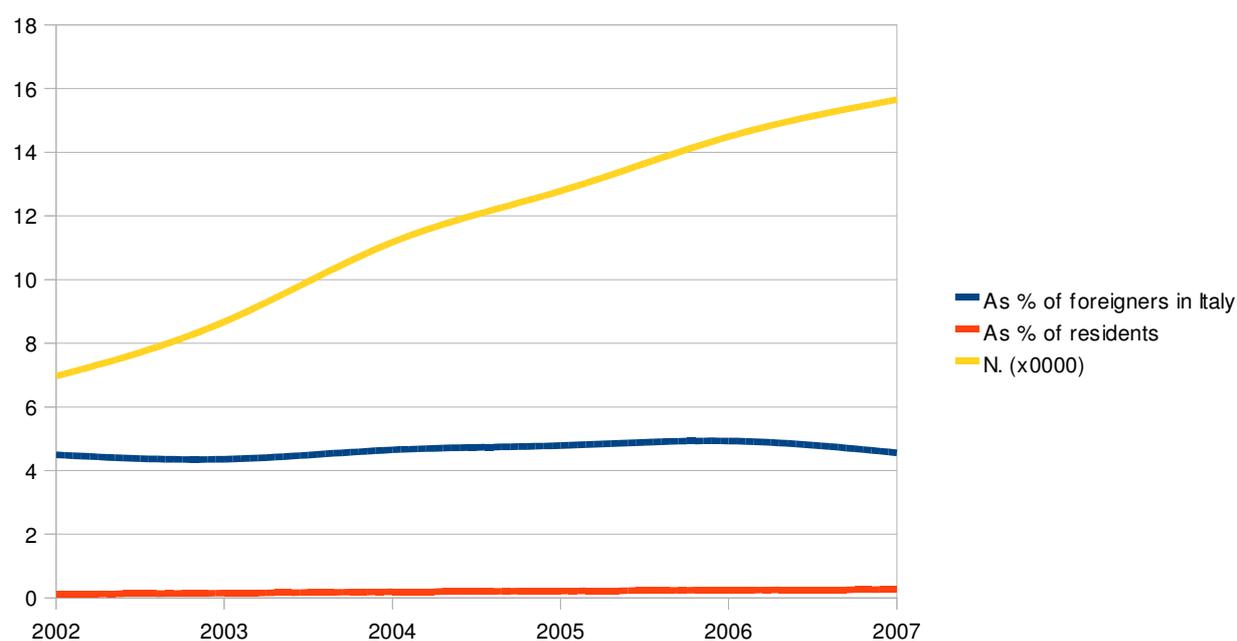
- after 10 years of continuous stay in the country
- if born in Italy, on request when 18.

Tab. A.1. Chinese migrants per European country (EU-25). Year 2004²⁹

Country	Chinese	Tot. Foreigners	%	Country	Chinese	Tot. Foreigners	%
Italy	111712	2402157	4,7	Czech Rep.	3462	254294	1,3
Spain	79164	3371394	2,3	Finland	2625	108346	2,4
Germany	71639	7267980	1,0	Luxemburg	1070	162285	0,7
UK	67930	2941400	2,3	Cyprus	782	64810	1,2
France	27826	3263186	0,9	Slovakia	375	22251	1,7
Netherlands	14662	699351	2,1	Slovenia	361	44285	0,8
Portugal	9200	449200	2	Poland	179	700329	0,0
Austria	7666	765303	1	Lithuania	136	32327	0,4
Ungary	6863	143774	4,8	Latvia	50	514966	0,0
Sweden	6171	481141	1,3	Estonia	18	274495	0,0
Denmark	5866	267604	2,2	Greece	-	762191	-
Eire	5842	224261	2,6	Malta	-	11000	-
Belgium	3845	861685	0,4	UE-25	427408	26110015	1,6

Source: Caritas/Migrantes (2006) calculation on OECD, Eurostat and Council of Europe data.

Fig. A.1. Share of Chinese migrants In Italy. Years 2002-2007



Source: personal processing on ISTAT data (demo.istat.it)

Chinese nationals' as a collective unit are both rooted and in evolution: about 30% of Chinese people with a regular permit of stay have been in Italy for more than 10 years, while almost 25% arrived in the last three years. The single year with the largest amount of "arrivals" is 2002 (when 34.000 Chinese persons were regularized in the last mass pardon) (ISTAT 2008a; 2008b). In recent years, Chinese citizens in Italy had a growth rate more or less equal to 10% per year.

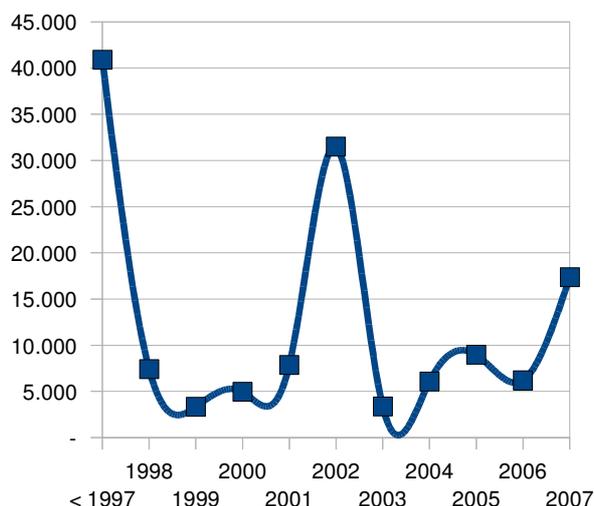
²⁹ Shares would be quite different if also citizens with Chinese origin were counted: especially in UK, France and the Netherlands, having long-lasting migrations flows with Far East and a *ius soli* tradition, a relevant part of Chinese migration is no longer visible in data on foreign residents.

Given the high number of undocumented migrants in Italy, it is not so easy to understand the dimension of the problem, even though some data and some researches can help in this. For example, we can see the huge increase of Chinese nationals after mass regularization in 2002 and the “open door” measure in 2006. People having a regular permit of stay in 2008, had it released in more than 35% of cases after these two measures. Given also previous regularizations, we can say that more than half of regular Chinese stayers in Italy experienced a condition of irregularity (illegal entry or overstaying), and then were able to regularize it.³⁰

Differently from the large part of other migrants, in the case of Chinese this happened mainly through co-nationals granting them a job and housing (and sometimes with false declarations and exploitation). This is due to the peculiarity of this national group in the labour market, with the high rate of enterprises, e.g. of people able to provide work contracts for co-nationals.³¹

This helped in their stabilization, since just 16,3% of regularized fell into irregularity again by 2007, compared to 21,9% of all regularized migrants (ISTAT 2009). So given the number of 2002 regularization, we can say that before that year some 33% of Chinese in Italy were invisible

Fig. A.2. Permits of stay at 01/01/2008 per first release year



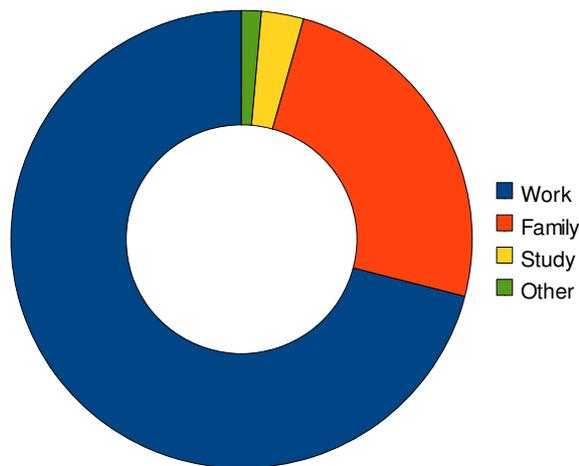
Source: personal processing on ISTAT data (demo.istat.it)

30 The difference between permits of stay (138.000, data released by the Ministry of Interiors) and residents (156.000, data released by ISTAT according to municipal registries) is due to different reasons:

- many minors have not an individual permit of stay, but they are registered on parents' permit, so that they are not accounted by the Ministry of Interiors;
- municipal registries can provide an overestimation due to the lack of information about cancellations (people leaving the municipality / the country);
- in few cases, especially after regularizations, permits of stay have not yet been released for bureaucratic reasons, but foreigners registered to municipal offices.

31 In 2002, 28.000 Chinese were regularized as employees in firms, while 5.600 as employees in families. The large part of other national groups had a more balanced share.

Fig. A.3. Permits of stay at 01/01/2008 per reason of entry

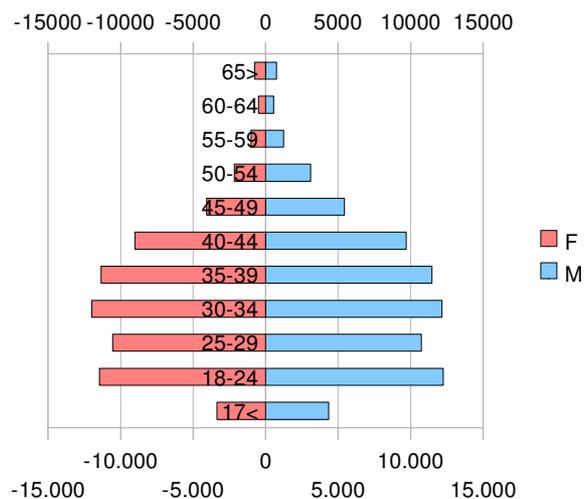


Source: personal processing on ISTAT data (demo.istat.it)

All in all, we can say that there's a kind of dualization among the Chinese nationals in Italy, between long-term residents and new arrived. On the one side, we have a stabilization of families: women account for some 48% of total Chinese residents, in the last 5 years there has been a steady growth of babies born by Chinese couples: from 2.500 in 2003 to 4.800 in 2007; newborn accounted for 14,5% of the growth of the Chinese residents in 2003, and 41% in 2007. In that year, minors were more than 30% of Chinese nationals in Italy, that is some 48.000.

Chinese newborn account for 8% of foreign babies born in Italy, and weddings among Chinese for 11,5% of marriages among foreigners. In the last school year there were 28.000 Chinese pupils in Italian schools (14,5% of all foreign pupils), whose 5.000 in kindergartens, that means a trend toward increasing relationships with local education institutions.

Fig. A.4. Age pyramid (permits of stay 01/01/2008)³²



Source: personal processing on ISTAT data (demo.istat.it)

As already mentioned in the text, if compared with other foreign residents in Italy, Chinese have also a peculiar territorial distribution and labour participation. They gather together

³² As mentioned in the previous footnote, permits of stay heavily underestimate minors.

according to two models (ISTAT 2008a):³³

- an urban centrality model, with special reference to Milan (about 20.000 residents) and Rome (about 9.000),³⁴
- an urban sprawl model, with an over-representation in regions like Tuscany, Veneto, Emilia-Romagna and Marche. The first region has a concentration between Florence and Prato (more than 22.000 residents in the two provinces), while the other show a greater fragmentation, significantly overlapping with the geography of SME local production systems active in "Made in Italy" industries.

Compared with other important immigrant groups in Italy, Chinese are very concentrated in few areas: 1/3 of new overseas arrivals every year are directed toward the five provinces with largest Chinese communities (Prato and Milano overall).

Actually, this makes also up the labour specificity of Chinese migrants in Italy, matched with a strong entrepreneurial vocation: according to ISTAT data (year 2006) on labour force, 60% of Chinese workers were self-employed or household co-workers of self-employed people (ISTAT 2008b), whose 60% work in the service sector, 40% in the industrial sector.

Chinese nationals have also a very high activity rate (demeaned in the last years due to the growth of minors), that reached 80% around 2002/2003. At that time (last year with detailed data from the social security agency) 37% were employed in the apparel industry, 23% in trading (retail and wholesale), 5% in caring jobs.

33 According to ISTAT (2009) 47,5% of Chinese leave in chief towns, while 52,5% in smaller towns.

34 Data at provincial level.

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