"Global Cities and Global Classes: The Peripheralization of Labor in New York City"

from *Review* (1983)

Robert Ross and Kent Trachte

Editors' introduction

Robert Ross and Kent Trachte are among the pioneers of global cities research. During the late 1970s and early 1980s at Clark University, Massachusetts, Ross and Trachte began to investigate the degradation of labor conditions and the impoverishment of everyday life for many working people within some of the most globally integrated US metropolitan regions. Their work culminated in an important monograph, entitled *Global Capitalism: The New Leviathan* (1990), which provided a detailed critical examination of various theoretical approaches to the study of global capitalism and a sustained empirical analysis of various US industrial regions – including Detroit, New York City and Massachusetts – that were undergoing globally induced economic crises during the 1970s and early 1980s. In Reading 12, which is excerpted from an article derived from that book, Ross and Trachte focus on the case of New York City, examining, in particular, the shrinking of the manufacturing sector, the expansion of unemployment, the spread of sweatshops and informalized labor arrangements, and the decay of housing conditions for significant segments of the urban working class. According to Ross and Trachte, US workers by the 1980s had become increasingly vulnerable to capitalist exploitation due to the combined impact of internationalized production and declining union power. In this context, Ross and Trachte speak of the "peripheralization of the core" in order to underscore the ways in which the highly degraded conditions of work and social reproduction that were once found primarily in peripheral, "Third World" zones are now being imposed in many core industrial regions of the North. While the causal assumptions underpinning their arguments remain controversial (see Reading 13 by Fainstein), Ross and Trachte's analysis usefully illuminates the ways in which global city formation entails significant, often highly detrimental, transformations of everyday social, living and employment conditions for working people (see also Reading 28 by Buechler).

In the analysis of the global system of capitalism, a special place is reserved for those cities and regions in which are located the command centers of financial and corporate decision-making. Referred to as global cities, such places are the location of the institutional heights of worldwide resource allocation [. . .] From these headquarters radiate a web of electronic communications and a

travel corridors along which capital is deployed and redeployed, and through which the fundamental decisions about the structure of the world-economy are sent [. . .]

The concentration of the institutional forms of capital in banks, financial institutions, and global enterprises, and the centralization of their headquarters in global cities, are widely understood and noted in the political economy of global capitalism. What is not so widely acknowledged or understood is the paradox, that is, the contradictions, of the existence of such physical concentration of capital and control over it and the conditions of the working-class resident in such places [. . .] Developing an analysis of the class structure, and in particular of the working class, in a global city constitutes the project of this chapter. This must be done from a perspective that attends to the role of global cities within an economic system characterized by the global accumulation of capital. Determination of the conditions of the labor force in a global city cannot limit its conceptual horizons to the urban, regional, or national economies. Capital in these cities operates on a world scale, and therefore capital–labor relations in global cities must be analyzed from a perspective that conceives of capitalism as a global system.

A THEORY OF CAPITALISM AS A SYSTEM OF GLOBAL PRODUCTION

[. . .] We explicitly conceive of a capitalist social formation at a given point in time as the articulation of various forms of capitalism: competitive, monopoly, global. This articulation involves relations of dominance understood as flows of surplus value from subordinate forms of capitalist organization to more dominant ones. In particular, although the economy of a core state or a global city may be dominated by monopoly or global capital, this does not mean that its economy is composed of a homogenous monopoly sector of capital–labor relations. Rather, a competitive sector, in which the conditions of labor are typically and dramatically different than those depicted in images of core regions as a whole, has not disappeared despite its subordination. Labor in this competitive sector is neither well paid nor powerful. But, more than that, in the competitive sector, the existence of large pools of unemployed or underemployed workers acts as a depressant on wages and autonomous organization.

Also central to the contemporary era of capitalism are flows of capital that are creating a changed international structure of production. In the core countries a dominant firm in a given market can no longer casually accept wage demands that its monopoly power allows it to pass on to competitive sector capital and labor. The aggressive redeployment of productive capital on a world scale is both a cause and a symptom of structural change. Driven by foreign competition in price or quality terms, even the older nationally based monopolies find their markets invaded and their profitability threatened. They are forced to find ways to cut their costs, to deal with more aggressive foreign governments concerned with development or employment, and to maintain markets conceived in world terms. This has frequently meant the shifting of productive facilities to low-wage sites in the periphery or semiperiphery. In turn, this has had sharp impact on the employment and security of formerly more or less secure core, monopoly sector workers. Thus, [. . .] workers in some of the core countries, among them North America, find themselves in competition for access to capital and to buyers of their labor power across the world span. This competition provides a new tool for capital in its relation to labor, the threat to move.

capital new tool

Specifically, we consider that two related movements of capital are decisively altering the conditions of class struggle in the core. One of these circuits has been the redeployment of productive facilities from core areas to Third World and backward European sites. This first circuit may then reestablish the conditions for profitable accumulation in the older areas and thus a second moment in the circuit of investment. This second circuit favors economic sectors where the working class organization is underdeveloped or especially vulnerable. The entries of at least two kinds of capital, in the wake of the exit of some types of manufacturing capital, are of particular importance for global cities. The first type is attracted by the administrative specialization of the global city; office and janitorial workers, clerks and computer operators are employed in increasing numbers. A

1) 3rd world

2) unorganized labor

2 types of capital

1 type

second kind of capital finds niches in the manufacturing structure where low barriers to entry and a pool of cheap labor allow for high (peripheral) rates of exploitation. Both forms of capital employ women, minorities, and other vulnerable or unorganized workers in proportions larger than many of the jobs that have been lost. Together, these circuits represent aspects of capital flow and the emergence of global capitalism as a phase in the continuing evolution of the capitalist mode of production.

2) main exploitation

In the global phase of capitalism, capital has new instruments in its struggle with labor over the conditions of production. The employer now possesses the ability to disaggregate further the production process over space. Research and development can be located in one geographic region, skilled machining and fabrication in another region, administration and services still elsewhere, and semi-skilled assembly in yet another area. The shifting of production out of a geographic region leads to unemployment and the growth of a reserve army in that region. The threat to move to another production site where wages are lower becomes a viable mechanism for extracting concessions from the labor force.

distribution of production

The spatial mobility of capital also contributes to a worsening of the situation of workers in the sphere of reproduction. Regions experiencing capital outflow suffer an erosion of their tax bases and are forced to adopt austerity budgets that reduce the scope of government services and allow for the deterioration of the physical infrastructure of public transportation, roads, energy, etc. This deterioration then becomes exacerbated as these regions compete to retain capital investment and attract new investment through the extension of subsidies to investors. As a result, the public budget is further strained and revenues available to government for other functions are further reduced. Capital mobility also negatively affects the general living conditions of the resident labor force.

break down of public goods

Once a region has been the victim of capital outflows, the conditions for some kinds of profitable accumulation may be reestablished. First, the bargaining power of the resident labor force has been weakened. Secondly, the site often becomes the recipient of labor migration from the periphery. Both these segments of the labor force become vulnerable to offers of employment from new capital investing in sectors where the conditions of production are favorable to capital.

The internationalization of production under the current phase of capitalism, we contend, fosters a peripheralization of segments of the working class in global cities. A reserve army of labor not only continues to exist but is apparently expanding. The material conditions of laborers are not improving, but rather are stagnating or declining. Standards of reproduction of the working class may be high in comparison to that of the periphery, but the changing conditions of class conflict under global capitalism may erode that comparison. We expect that the acceleration of international capital flows away from the core regions and toward the peripheral and semiperipheral formations will erode the bargaining power and ultimately the level of living of formerly privileged labor in global cities.

This approach can be applied to an analysis of New York City. In particular, we contend that there is a local reserve army of labor in New York and that it is joined in a global reserve, any national or local fraction of which capital can choose to favor with investment. Further, the restructuring of New York as more specialized in global administrative functions has a negative impact on its numerous vulnerable workers [. . .] We anticipate a complex working class, sizeable fractions of which are vulnerable to recent structural changes in the deployment of global capital. These fractions suffer from low levels of wages and of reproduction and are also threatened by the insecurity implied by growing reserves of unemployed or marginalized labor. i.e. NYC

NEW YORK: THE EMPIRE CITY

Throughout this century New York has been the financial capital of the nation and, certainly by the end of the First World War, the world. Indeed, one of the intentions and triumphs of New York's financial leadership was the use of the mechanism of the Federal Reserve Bank System to maintain that position [. . .] New York specializes in corporations and banks at the centers of the international command and control network. Yet for large segments of New York's residents, New York as Empire City means New York as a place having within it all the variations in conditions of labor that can be observed on a world scale.

Along with its historic role as the centers of finance and corporate administration, New York was a major industrial location for manufacturing, particularly of non-durable goods [. . .] But the high prices of land, of some labor, and of services and housing, among other factors, first made other U.S. locations preferred, and now make off-shore locations even more desirable.

Operating a vast network of business services, retail and eating places, and the labor-intensive industries, New York has always been a stream of immigrants. Extremes of poverty and wealth are part of the city's history and culture. What is new in the current situation is that what might once have been an accepted standard of minimum reproduction, what Katznelson (1981) has called the "social democratic minimum," now appears to have collapsed.

CIRCUIT ONE CAPITAL MOBILITY AND THE VULNERABILITY OF LABOR IN NEW YORK CITY

We have argued that the first circuit of the global capitalist economy, the movement of capital from core regions and core cities to alternative sites, has altered the structure of power relations between core workers and core capital. Workers have become more vulnerable to the strategies, plans, and interests of globally mobile firms.

Workers in New York City have suffered an extraordinary loss of job opportunities in the manufacturing sector in the last several decades. More than one-half of all jobs in manufacturing, a total of approximately 545,000 employment opportunities, disappeared during 1950–81 [. . .] Overall, the capacity of capital to shift production to alternative sites has eliminated 52 per cent of all manufacturing jobs, and 59 per cent of legal apparel and textile jobs in the Empire City (U.S. Department of Labor 1979).

While jobs in the unionized, manufacturing sector have been decreasing, growth has been occurring in the less unionized, lower-wage competitive sector industries such as retail trade and services. Employment by general merchandise stores, financial insurance and real estate firms,

banks, hospitals, and governmental agencies has been rising. More and more of New York City's visible workers are bank tellers, file clerks, secretaries, janitors, sales clerks, and accountants, while fewer and fewer are skilled machinists, garment workers, and construction workers. A larger percentage of workers in the global city now labor for competitive sector employers. Therefore, they frequently lack protection afforded by unions, and/or they must accept lower wages and face competition from those who are unemployed and underemployed (U.S. Department of Labor 1979).

THE RESERVE ARMY IN NEW YORK CITY

The official unemployment rate in New York City rose from 4.8 per cent to 9.2 per cent over the period 1970–81. As a consequence, by 1980, more than 250,000 people in New York were on the unemployment rolls. Moreover, real unemployment and underemployment, which has been estimated at 50 per cent higher than recorded figures, would yield a reserve army of approximately 400,000 people [. . .]

Two factors account in large measure for the size and growth of the reserve army in New York. First, capital migration has led to the disemployment of many of the resident labor force. Second, immigration, both legal and illegal, has played an important role. 2 reason

Immigration has also increased the size of the reserve army in New York [. . .] As with the disemployed, not all of the immigrants enter the ranks of the unemployed. Many of the legal migrants obtain employment in the service sector. Businesses such as messenger services, hand laundries, restaurants, gourmet food stores, and repair and domestic services are examples of those that frequently employ legal migrants. Similarly, thousands of illegal migrants are absorbed by the illegal underground economy of sweatshops, gambling, and the like. Nevertheless, migrants, legal and illegal, have swelled the ranks of the reserve army in New York.

New York as a global city has then become a site of a reserve army of labor that is global in recruitment. The expansion of this reserve army, combined with the continuing threat of capital migration, a weakened municipal government, and declining conditions in the sphere of reproduction, alter the investment conditions in New York. Precisely because the working class has been rendered less powerful in relation to capital, and the municipal authorities more pliable, New York and its labor force become an attractive alternative for reemployment by certain fractions of capital. A working class that has been peripheralized now emerges as more acceptable to both globally mobile firms and local capital in competitive sector industries.

CIRCUIT TWO CAPITAL MOBILITY: THE PERIPHERY IN THE GLOBAL CITY

Global capitalism may thus lead to a deterioration of the conditions of the working class in the global cities of the core regions. In addition, we contend that the situation of New York supports the proposition that the periphery is reproduced within the global city. By the late 1970s in New York City, in the garment industry, more than 50,000 workers toiled for wages under conditions closely resembling those associated with the labor force in the periphery. Moreover, the existence, expansion, and fate of these workers can be linked directly to the circuits of capital mobility that have been outlined above.

The birthplace of the garment industry in North America was New York City. In the nineteenth and early twentieth centuries, the sweatshop was the typical site of production; and, as the name suggests, the relations of production were characterized by labor's extreme vulnerability to capital. By the 1930s, however, the situation had been altered as militancy, union organization and collective bargaining, and state regulation had eliminated many of the sweatshops, raised wages, and improved working conditions. Then, after the Second World War, the globalization of production in the garment industry began undermining the position of garment workers. Jobs in the legal garment industry were lost, and by the late seventies the number of workers employed in illegal sweatshops rose dramatically.

The appearance of sweatshop labor in New York responds to pressures originating in the structure of capital–labor relations on a world scale. Indeed, the existence of a vast surplus population in dependent economies serves as a magnet for labor-intensive stages of the production process [. . .] There exists within New York, the global city, a substantial growing segment of the labor force whose conditions of production resemble those of the labor force in the Third World. This segment cannot be considered a mere aberration [. . .] Sweatshop labor is a necessary condition of global competition. Sweatshops in New York are the logical consequence of the globalization of production in the garment industry and the consequent competition for jobs between segments of the global reserve of labor. – periphery now in core city

THE INCOME AND WAGE IMPLICATIONS OF NEW YORK'S STRUCTURAL SHIFT

The outflow of manufacturing capital from New York City has not been totally matched by job-creating investment in the various service sectors. From 1969 (its post-1950 employment peak) to 1980, New York lost almost 500,000 jobs (U.S. Department of Labor 1979). Even if the total number of jobs in the city had been maintained, however, the structural shift from manufacturing to service employment would be likely to result in lower wages and incomes because service sector jobs are generally paid less than manufacturing jobs. Furthermore, the city's cost of living is among the highest in the country and the cost of living in New York appears to be linked to factors other than the purchasing power of its workers. Thus, through the three mechanisms of job loss, structural shift, and a cost of living that, indeed, reflects New York's global status, relative purchasing power in the city has shrunk, especially for its working-class population.

From 1964 to 1977, the median annual income of New York renters fell by over 11 per cent. In 1967 constant dollars the city median income in 1964 was $5,900, while in 1977 it was $4,800. The range across the boroughs of the city was wide: Queens, experiencing racial and ethnic transition in formerly middle-income areas, experienced the largest loss, over 17 per cent, while Manhattan renters registered a 1.9 per cent gain in purchasing power over the 13-year period. It should be noted that about two-thirds of New York City's populace are renters; thus, these data capture

both large-scale realities of the income situation, and they also focus on those most apt to be working class.

THE SPHERE OF REPRODUCTION: HOUSING CONDITIONS

Living at the nerve centers of world capitalism, workers in New York City consume goods and services in a market structure that, at its top, serves the discretionary spending of the most affluent and discriminating consumers in the corporate world. New York's cost of living, perennially among the highest in the country – and in the world – reflects the pool of buying power concentrated in a high-density market. And this density also contributes to high land prices and high demand for housing.

Despite public subsidies and various degrees of rent control, and despite population decline, pressure on rental housing in the city is extremely high. This is reflected in relatively low vacancy rates and high rents, which claim increasing proportions of the income of the city's renters [. . .] – rent % paid

Rents in the era following the Second World War rose faster than the cost of living, and rents now consume higher proportions of renter income. By 1978, over 28 per cent of renters' aggregate income was going toward rents compared to 19 per cent in 1950. The distribution of this aggregate burden, however, is even more revealing; among the city's renters, 57 per cent now spend more than 25 per cent of their income on rent, the level conventionally used to measure "excessive" rent burdens. Though this is an arbitrary figure, its relative increase is consistent with other measures of a declining real level of living among New York's workers. Additionally, there has been an even more rapid increase in the number of renter households paying more than 35 per cent of their incomes in rent, doubling from 19 per cent in 1960 to 38 per cent in 1978. And in the Bronx and Brooklyn, the areas of the city with the lowest incomes, over a third of renter households pay over 40 per cent of their incomes for rent.

In summary, renters in the city are paying large and increasing proportions of income on housing, and for a significant fraction of renters this purchases substandard dwellings. For whatever it is worth as a subjective report, 44 per cent of renter households consider their neighborhoods fair or poor as distinct from good or excellent (Marcuse 1979).

SUMMARY AND REPRISE

In the core countries, certain cities emerge as the location of headquarters' functions for the worldwide system. Multinational corporations and financial institutions with far-flung activities induce growth in the advanced corporate service sector and other related service industries in such global cities.

We have addressed the following question: do the conditions of working-class life in the global cities of the core regions correspond to expectations that might be derived from structural analyses of core regions in general, or some other pattern? Predictions based on the perspective we call global capitalism focus on:

- capitalism as a global system of production;
- the existence in capitalist development of variants in the form of dominant capitalist organization and variation in the distribution of dominant forms across industrial sectors;
- the working class in global cities as part of a worldwide reserve of labor; and
- mobile capital (and thus investors) joined in a global allocation system permitting investors to induce competitive bargaining between workers located throughout the world.

Implied by our view of global capitalism are some expectations not tested here. For example, we would expect the general processes at work in New York to have negative impact on the formerly high wage, unionized workers in the monopoly sectors, and on their influence in community affairs as well. Were this shown to be true, then the structural analyses of world inequality would require, not just specification and disaggregation within core regions, but perhaps revision in their views of the relevance of new institutional forms of capital and capital mobility. In any case, in the global city, one finds jobs, wages, and levels of living reflecting the range of working-class life and work throughout the world, including the world's poor regions.

"São Paulo: Outsourcing and Downgrading of Labor in a Globalizing City"

28

Simone Buechler

Editors' introduction

In our final reading in Part Four, Simone Buechler develops an ethnographic analysis of working conditions in the squatter settlements of São Paulo, Brazil. A former PhD student of Saskia Sassen (see Readings 9 and 10) at Columbia University, Buechler is an expert on urban development in Brazil, where she spent several years engaged in fieldwork. She has worked as a consultant for the National Academy of Sciences on the informal sector in São Paulo and at the United Nations Development Fund for Women (UNIFEM). Buechler is currently Assistant Professor of Metropolitan Studies at New York University.

Buechler's contribution explores the ways in which economic globalization is transforming urban labor markets in São Paulo. Like Ross and Trachte (Reading 12), Buechler is concerned to investigate the effects of global city formation upon working conditions within low-income communities. As Buechler demonstrates, São Paulo is a significant global city "beyond the West" due to its role as a headquarters location for major transnational corporations operating in Latin America. However, Buechler focuses primarily upon São Paulo's industrial sector, which has been significantly restructured since the mid-1980s in the face of intensifying international competition. Buechler examines the massive expansion of informal labor conditions and the generalized downgrading of working conditions in São Paulo on a number of different levels. First, she summarizes the macroeconomic and spatial shifts that have led to the downgrading of urban labor markets in São Paulo. Second, she builds upon her interviews with workers in the squatter settlements of São Paulo in order to characterize the everyday experience of engaging in outsourced work. Buechler documents this experience in graphic terms. Her sweatshop interviewees describe their extremely difficult working conditions with reference to domineering and abusive bosses; a brutal work routine; long working hours; inadequate pay; chronic job insecurity; and a lack of employment benefits. Buechler's interview data thus provide us with a disturbingly direct impression of globalization "on the ground," a perspective that usefully complements the more theoretical and structural analyses presented in other contributions to Part Four.

INTRODUCTION

During my 1998 interview with participants in a union adult education program in the Metropolitan Region of São Paulo, "Nelba" exclaimed:

> I entered into a firm in 1979 and stayed 10 years and today . . . you do not stay a year, that is, if you enter [at all]. These days everything is contracted [out]. It is by contract through an agency – two months, three and goodbye! You have to leave.[1]

"Maria José" added,

> And today they are crushing us . . . The boss is crushing many of the employees, because there are many people who are unemployed. I am suffering a lot in my work . . . I am persisting because I have a small son . . . I am going through humiliation after humiliation and staying quiet. I am telling you the truth. It is because I need [the job]. It is not that I do not have skills. I know how to do many things. But [the situation] is so bad that if one goes out to sell clothing, one does not sell anymore and when one does sell, then one is not paid. They do not have money to pay. If you make snacks [people do not pay you]. [I know], because I already lived doing that. I made snacks to sell [on the street]. I already had a bar. I already did many things. I already worked eight years as a self-employed worker, but today it is impossible . . . The other day my boss said she would hit the employees in the face.

The response of a garment union leader to Maria José's story was:

> It is true. It is difficult. There is unemployment. There is change. But if she lowers her head and accepts everything in the way that she is accepting it, she will return to being a slave. And before, black people like myself were slaves. Today, the slaves are all those who depend upon employment.

An investment banker located in New York, but working with Brazil, reacted to the complaints of my informants in the slums by exclaiming, "The party is over." It seemed that he was also worrying whether the party was over for him and his investors.

Nelba, Maria José and the union president live and work in São Paulo, Brazil, the fourth most populated metropolitan region in the world, after Tokyo, Mumbai and Mexico City, encompassing an area of over 8,000 square kilometers with approximately 17.8 million inhabitants in 2000 (IBGE 2001). It is a city of stark contrasts. Avenida Paulista, a large modern avenue, boasts the latest communication towers, international financial institutions such as Citibank and BankBoston, and McDonald's on almost every block. And new parts of Avenidas Faria Lima and Berrini sprout new office buildings for the overflow. Meanwhile, one-third of the population of the municipality of Diadema, where Nelba and Maria José reside, live in squatter settlements (called *favelas* in Portuguese). Stores such as Lacoste, Yachting Gear and Au Bon Pain abound to service the global elites. Well-equipped residences surrounded by high gates for the businessmen, with names such as Park Avenue, are located a block away from the stores and office buildings. The citadel-type apartment buildings allow the global elites to more easily separate themselves from the poor majority. Communities such as "Favela Leste," one of the squatter settlements in which I did my fieldwork, house those who service, clean and guard those buildings and produce material goods for the multinationals. Favela Leste is located in Diadema, one of the hardest hit municipalities in terms of industrial closings and loss of industrial jobs in part a result of the opening of the market, considered a crucial step for Brazil's entrance into the global economy. These spaces are where, as Sassen (1998) argues, the work takes place of producing and reproducing the organization and management of a global production system and a global marketplace for finance. They are the interface between the local and global.

We generally take for granted that investment bankers and other corporate elites are global actors. However, most of us are less likely to consider working people such as Nelba and Maria José as global actors, simply because they do not have the power that we associate with those who are directly involved in the management of the global economy. Against such assumptions, I

FOUR

suggest that São Paulo's financial districts should not be seen as the only parts of the city that are connected to the global economy. Indeed, even though they may have little direct contact with individuals in other countries, the populations of low-income communities also form an integral part of globalizing cities. They are enmeshed in the global economy because they are impacted by it and because they sustain it through their work – for example, by producing cheap goods for the low-income service workers. At the same time, they also may be excluded spatially from the centers of power (although they may spend their days and nights working in exclusive apartments right off Avenida Paulista); often politically (although the current president was once a factory worker); and economically in the sense that they are excluded from the profits and wealth that they produce for the owners of capital and for the global economy. They are also often excluded from the formal labor market and the social benefits attached to it.

This chapter focuses on the deteriorating employment situation for low-income women workers in São Paulo. The degradation of work can be seen within both the so-called informal and formal sectors. Employment often is unstable, poorly remunerated, and without benefits. Increasingly, production has been outsourced to smaller firms, cooperatives in name only, sweatshops and homeworkers. With the rise of competition from other unemployed salaried workers and unemployed customers, small-scale commerce has also become more precarious.

The field data for this reading were gathered in the Metropolitan Region of São Paulo during research in 1996, 1998, 2000 and 2003. The research was conducted primarily in two squatter settlements and one other low-income neighborhood with plots of land illegally subdivided by real estate speculators. In addition to interviewing low-income women in these communities, I interviewed students in union-organized adult primary education classes for unemployed people, street vendors, Bolivian sweatshop workers and owners, union activists, managers in industries operating close to the communities, local and national government officials, and investment bankers working in New York. Many of these voices, particularly of women workers, are missing in much of the scholarship on economic globalization and the city.

GLOBALIZATION AND CITIES BEYOND THE WEST

São Paulo has been labeled by some global city theorists as a global city of the second order (Friedman 1986), a Beta global city (Taylor 2003), a city with global city functions or in the mid-range of the global hierarchy (Sassen 2002), a world city beyond the west (Gugler 2004) or as an emerging global city (Olds and Yeung 2004). Such designations are based on the fact that São Paulo houses 6 of the 20 largest foreign-owned companies in Latin America, the headquarters of 36 out of 40 of the largest commercial foreign banks in the country and 63 per cent of the headquarters of the largest 100 foreign companies in Brazil (Schiffer 2002: 217). From 1993 to 2000, foreign direct investment (FDI) inflows have increased substantially from US$1,294 million in 1993 to US$32,779 million in 2000, but then, with increasing economic instability, decreased to US$16,566 million in 2002. Most of the increase can be attributed to the privatization process and foreign capital acquisitions of domestic companies and banks. FDI outflows from Brazil (investment by firms headquartered in Brazil flowing to other countries) also increased substantially from US$1.7 billion in 1997 to US$2.482 billion in 2002 with a large increase in flows to other Mercosur countries (UNCTAD 1999, 2003).

I prefer to use the phrase "globalizing city" for São Paulo in order to focus on globalization as a process with many dimensions. In contrast, the term global city has been used more narrowly to focus on a city's placement in a hierarchy defined primarily by certain types of financial and service firm networks. Such a narrow focus unnecessarily limits comparisons with other so-called global cities in both developed and developing countries. In particular, it fails to address the spread of neoliberal ideology through institutions like the International Monetary Fund and the pressure to borrow more capital, leading to indebtedness and to an exploitative labor market. The global city literature also often fails to take into consideration that São Paulo is the focal point for the Mercosur regional bloc, the Southern Cone regional trade agreement, that has resulted in its becoming a recipient of major national investment in regional infrastructure for transportation and digital networks. This characteristic of São Paulo differentiates it from many other globalizing cities. However, there are similar patterns in terms of the degradation of labor in both global and globalizing cities.

São Paulo's economy is undergoing a type of restructuring that many global cities in advanced industrial countries have experienced and that many globalizing cities are currently experiencing. This restructuring pattern includes the decline of the industrial sector and growth of the service sector, large-scale unemployment at least in the early stages of transformation, and the weakening of labor with the casualization of work relations. Like New York, London and Tokyo, industrial employment has decreased considerably over the years, but São Paulo continues to have an important industrial sector directly employing 15.38 per cent in the Metropolitan Region of São Paulo (MRSP) in 2003 (Seade/Dieese PED 1985–2003). Since the 1950s, São Paulo's industrial sector has been strongly connected to international capital, but it was not until the beginning of the 1990s that President Collor opened Brazil's market (Alves 2004). However, unlike many of the other Third World cities that play a role in the global economy, São Paulo's role is not limited to acting as a cheap producer for multinational companies because of the large domestic market. From 1985 to 2003, a period when the population of economically active individuals increased by 40 per cent or by over 3.87 million people, there was a 23 per cent decrease (338,916) in the number of workers employed in the industrial sector (Seade/Dieese PED 1985–2003). In addition, within the industrial sector the percentage of unregistered salaried workers and self-employed working for themselves and for firms almost doubled in 10 years from 1988 to 1998 in the Municipality of São Paulo. Including all sectors, the informal sector grew from approximately 33 per cent of the employed population in 1988 to 42 per cent in 1998 (and almost 50 per cent if we include all domestic workers). This trend continued in the five-year period from 1998 to 2003. This increase was primarily in unregistered salaried workers in larger firms of six or more employees (Seade/Dieese PED 1985–2003). Many of the industrial firms that have stayed in São Paulo have engaged in subcontracting, lowering wages and benefits through hiring their workers illegally, and hiring temporary workers. As the numbers of unregistered workers have soared, so has the unemployment rate. The average annual rate of open and hidden unemployment increased from 18.2 per cent in 1998 to 19.3 per cent in 1999 and 19.9 per cent in 2003 in the MRSP.

The degradation of work in São Paulo is associated directly and indirectly with economic globalization. The opening of the markets creating the environment for an increase in foreign trade and investment and increasing global competition has helped produce an unstable labor market. Plants have closed because of global competition leading to unemployment. Unemployment has led to the increased vulnerability of labor to exploitation. Global competition has put downward pressure on prices leading at least to the perceived need and justification for outsourcing to reduce costs. In turn, the outsourcing of production can lead to sweatshop conditions with no benefits. The search for an even larger market has led to precariously employing residents of poorer neighborhoods as unregistered vendors of cosmetics, yogurt, and clothing in their communities. Precarization is not merely an effect of advanced capitalism, but an integral part of it. However, economic globalization cannot be seen as a completely uncontrollable external force. Rather, global forces are actively embraced, resisted, or transformed by national and local forces and actors.

THE DEGRADATION OF SALARIED WORK – OUTSOURCING PRODUCTION

There has been a resurgence of homework as a way to compete in the global market and gain higher profits. Although not yet a large part of the labor market, new kinds of homework seem to be surfacing such as threading strings through clothing tags, assembling parts of lipstick holders and pasting handles on shopping bags. The homework in all three communities studied had in common low remuneration per piece (or per thousand), instability and no benefits. In order to make any money, workers had to self-exploit. The factories transfer the insecurities of the market to the workers.

Although homeworkers often saw their work as exploitative, many of the women were happy for even these limited opportunities to earn money. "Márcia" and her daughters put 15,000 lipstick holders together a day, often working until midnight, but making only R$15 or approximately US$13 in 1998. A manager at the cosmetic packaging company, one of the suppliers for Avon, who outsourced part of its production to a small family firm which, in turn, outsourced production to women including Márcia, described the practice of outsourcing as the company's "social role" and as a way to deal with fluctuating demand.

"Josefa," an unemployed factory worker, was a homeworker in "Favela Sul" who for three months had been folding and/or gluing tags, putting strings through holes in the tags and tying the strings for beauty products, clothing and lingerie. She had a 15-month-old daughter at the time of the interview on 27 April 1998. With only an eighth grade education, but with hopes to continue when her child is older, Josefa struggles to earn a living. Her husband only occasionally brought in some income. She earned on average R$2 per thousand tags and less if they only had to be folded. Working more than eight hours, she was able to do approximately 1,000 to 1,500 tags a day depending upon her housework and the type. When her sister helped her, they could do 2,500 tickets together. She could therefore earn on average only R$10 a week or R$40 a month (or the equivalent of approximately US$35 before the steep devaluation of the currency a few months later). Josefa was on the fourth rung of a long production chain. The principal clients were multinationals such as Levi Strauss and Pierre Cardin. These companies hired graphics companies to produce clothing tags. The graphics companies outsourced part of the production to a woman, "Cica," who lived in a low-income neighborhood next door to Favela Sul. In turn, Cica outsourced part of the work to women like Josefa. Although Cica also put the strings through the tags herself, she usually had around 15 women working for her. The graphics firm paid a set rate per piece, but Cica took part of the money to compensate for her additional work retrieving the tags and string from the factory, counting the tags, putting them together, and returning them to the factory.

By 2000, most graphic companies had started using machines to do the work that Josefa was engaged in, and the particular graphics company that Cica and Josefa had been working for had closed. In 2001, Josefa moved to the interior of the state where her husband had found work. Factories have left the Metropolitan Region of São Paulo to avoid strong labor unions and search for cheaper labor.

There is a long association between homework and the garment industry, but according to the president of one of the unions, in the last few years the use of homeworkers has accelerated in the industry. The trade union leader argued that there would be 160,000 instead of the 83,000 workers registered if all the workers in the sector were registered. "Where are the rest?" she queried.

> [They are producing] in the manner I told you [working as outsourced workers]. And they are not only the Bolivians [sweatshop workers]. They include [workers for] large enterprises; let me make that clear: with a manager or courier carrying the sewing machine to their homes, so that they can work in that way.

In the center of São Paulo, unregistered Bolivian workers labor in garment sweatshops owned primarily by Koreans and more recently by other Bolivians. They work for long hours from 8:00 a.m to midnight during the week and half a day on Saturdays, earning often only little more than the minimum wage, but receiving lodging. Talking about a visit to a sweatshop, the president of the garment union commented:

> [O]ne exploits the other. It is a prison, understand? There is a place where the food is locked up and so is your passport. It is guarded ... It is a lie that they can leave ... It isn't the truth.

In 1993, there were reported to be 2,500 Korean commercial establishments in São Paulo, of which 90 per cent were garment workshops responsible for the production of a minimum of 7 million pieces per month. Fetching an average price of five dollars, they represented a movement of $30 million per month (*O Estado de São Paulo*, 9 August 1993). The Koreans went directly to Brazil in the 1960s as part of a group emigration process, and at least individually in the beginning of the 1970s but then started to go to Bolivia especially in the 1970s due to changes in immigration policies. With the economic crisis in Bolivia, especially in the 1980s, they moved to Brazil and started

contracting Bolivian workers directly or indirectly. In turn, some of the Bolivian workers have been able to save enough after a few years to open up their own workshops and hire their compatriots to work for them. Here we have a complex interconnection with economic globalization: the perceived need by both Korean and Bolivian workshop owners to produce garments in sweatshops because of global competition and various types of transnational migration as a result of economic crises in part stemming from the debt crisis and structural adjustment policies in the case of Bolivia and war in the case of South Korea in the 1960s.

Outsourcing of work is not limited to the production process, but extends to the retail trade. Employing women to sell cosmetics, lingerie and other clothing, yoghurt, and other items from door to door or out of their homes both cuts labor costs in the area of sales and opens new markets in peripheral communities. These women are forced to assume the risk when goods are ordered and not purchased, and at the same time denied the right to be registered as formal workers.

THE PRECARIZATION OF SELF-EMPLOYMENT

Occupations in the so-called informal sector that perhaps are only indirectly linked to "formal" firms, those in petty commerce such as street vending or the ownership of stores in the slums have also become precarized because of the high wage unemployment that has led to the lack of salaried income coming into the household to support the enterprise, the inability of clients to pay, growing competition among workers in the neighborhoods and streets, and detrimental government policies.

As González de la Rocha (1997) argues for Mexico and is also true for São Paulo, there has been an erosion not only of the ability of the poor to find wage employment, but also in "their capacity to participate in 'alternative' occupations and self-provisioning activities in a kind of perverse process of cumulative disadvantages." From the 1950s until the early 1990s there was both a diversity of income sources and of occupations in households. As was the case in urban households in Mexico, it seems that low-income households in São Paulo also relied on at least one person gaining wages in the formal labor market. This appeared to be true as late as 1996 when I began my fieldwork, when each family at least attempted to have one person in a "formal" job to receive a basket of basic food items negotiated as an integral part of compensation by some of the unions, bring in a steady income that could be used to support other activities as well, and gain access to health insurance. Today such a source of a steady income from a wage earner who can provide the necessary income to provide the startup capital and the continued support of the enterprise when needed is largely absent. Initial capital for micro enterprises and commerce has mainly come from an unemployment insurance fund called "Fundo de Garantia" which all registered waged workers contribute to while working. However, after this money runs out there often is little money left to "grow" the enterprise and support it during times of low sales.

The case of "Izabel" who runs a local store and bar is typical. She told me that she is unable to buy merchandise for her store/bar because her husband has not been able to earn much lately in construction and because there are many who are indebted to her. She is therefore unable to make a real profit. Similarly, "Sara" was not capable of buying material to make the bags that she sold in the market because her husband was unemployed. During this time all the money she earned from this and other small activities went into family expenses and therefore she could not use any of the earned income to put back into the enterprise even to keep the enterprise going.

As male and female factory workers lose their jobs, especially low-income women (unemployed factory workers or wives of unemployed factory workers), are opening up bars, bazaars, and grocery stores as well as providing services such as hair dressing, day care, catering, and dress-making out of their homes in the peripheral neighborhoods and squatter settlements. For example, in Favela Leste, with 3,000 families, there are approximately 66 bars and bars cum grocery stores. In 1996, there were only two grocery stores and two bars in Favela Sul, but by 1998 that number had increased to some seven grocery stores and bars selling food, one bakery, three hot dog stands, one store for ice cream and school supplies, and one used clothing store which also sells ice cream.

Discussing the growing competition, Lúcia, a grocery store owner, said:

> Before there was only me here . . . [N]ow, there are a lot. But it is like I said, everyone in the world wants to earn at your side, right? . . . Most of things that I sell, the others have also.

The number of street vendors has also increased dramatically. The estimates of how many street vendors exist in the Municipality of São Paulo in 1998 ranged from 20,000 to 70,000. As late as 1996, street vending was a fairly lucrative activity, but in 1998, with increasing competition and the new policy to rid certain areas of the city of street vendors, it had become more precarious. One of the vendors in Largo de Concordia responded to the complaint that street vendors made the city ugly and not modern:

> What about the poor children . . . that you pass sleeping on the sidewalk with everything (they have) at their side . . . Does none of this make the city ugly? Is only the street vendor ugly?

However, the harassment of street vendors because they are seen as nuisances and not "modern" is an old phenomenon, documented as early as the 1700s. I would therefore argue that while there has been a recent precarization of the work of the street vendors, it is a cyclical problem whereby when the rate of unemployment is particularly high, the measures against the street vendors take on a certain severity.

CONCLUSION

Globalizing cities do not consist of isolated islands of economic activity that are enmeshed in the global system within an unchanging sea of excluded workers. Josefa, the homeworker, is ultimately connected with Levi Strauss and Pierre Cardin, as she slaves away at putting strings through clothing tags. Márcia, the homeworker who puts together lipstick holders, is ultimately connected to Avon, another multinational corporation. And Nelba and Maria José are unemployed because of industrial closings due to strategies of capital seeking the cheapest labor. Korean and Bolivian garment sweatshop owners compete with Chinese imports, making it more advantageous for them to hire cheap Bolivian workers. Street vendors are both the unemployed and the conveyors for imported cheap goods. In conclusion, then, street vending, homework, and work in a multinational or international investment bank should not be viewed as activities that belong to different urban economic spheres, but as enmeshed~~, multi~~cultural components of a single global economy.

part of economy

NOTE

1 The names of my informants and communities studied have been changed in order to ensure anonymity.

REFERENCES FROM THE READING

Alves, M.H.M. (2004) São Paulo: the political and socioeconomic transformations wrought by the New Labor Movement in the city and beyond. In J. Gugler (ed.) *World Cities beyond the West*. Cambridge: Cambridge University Press, 299–327.

O Estado de São Paulo (1993) Select articles from August 9.

Friedmann, J. (1986) The world city hypothesis, *Development and Change*, 17, 1, 69–83.

González de la Rocha, M. (1997) The erosion of a survival model. Unpublished paper, Workshop Gender, Poverty and Well-being, United Nations Research Institute for Social Development, Trivandrum, Kerala, November 24–27, 1997.

Gugler, J. (2004) Introduction. In J. Gugler (ed.) *World Cities beyond the West*. Cambridge: Cambridge University Press, 1–24.

IBGE (Instituto Brasileiro de Geografia e Estatística) (2001) Census 2000 results.

Olds, K. and Yeung, H.W-C. (2004) Pathways to global city formation, *Review of International Political Economy*, 11, 3, 489–521.

Sassen, S. (1998) *Globalization and its Discontents*. New York: The New Press.

Sassen, S. (2002) Introduction: locating cities on global circuits. In S. Sassen (ed.) *Global Networks, Linked Cities*. New York and London: Routledge, 1–36.

Schiffer, S.R. (2002) São Paulo: articulating a cross-border region. In S. Sassen (ed.) *Global Networks, Linked Cities*. New York and London: Routledge, 209–236.

Seade/Dieese PED (Fundação Sistema Estadual de Análise de Dados – Departamento Intersindical de Estatísticas e Estudos Socioeconômicos) (1985–2003) *Pesquisa de Emprego e Desemprego na Região Metropolitana de SP-PED*.

Taylor, P.J. (2003) *World City Network: A Global Urban Analysis*. New York: Routledge.

UNCTAD (1999, 2003) *World Investment Report*. New York and Geneva: United Nations.

FOUR

47

"Immigration and the Global City Hypothesis: Towards an Alternative Research Agenda"

from *International Journal of Urban and Regional Research* (2002)

Michael Samers

Editors' introduction

Michael Samers is Senior Lecturer in Geography at the University of Nottingham, UK. His research has focused on various aspects of critical economic geography, including the study of labor markets, informal work and immigration. Many of Samers' publications focus upon French cities, but he has also examined broader, European trends and written a number of articles dealing with US–European comparisons. In this reading, Samers takes up one of the key themes of Saskia Sassen's early research on global cities (see Readings 9 and 10), namely the relationship between immigration flows and the globalization of urban space. As Samers indicates, Sassen's arguments regarding immigration flows have received less attention in the global cities literature than her claims regarding the industrial and technological foundations of global city economies. Nonetheless, Samers suggests that this aspect of Sassen's initial research agenda retains considerable relevance for contemporary urban studies. Accordingly, in this reading, Samers reviews, critically evaluates, and attempts to "renew" some of Sassen's main lines of argument. After concisely summarizing Sassen's key claims regarding the interplay between global city formation and immigration, Samers surveys various problems of documentation, evidence and explanation that have emerged from her analysis, and which have subsequently been debated at some length in the literature. However, rather than abandoning Sassen's intellectual framework, Samers proposes to renew it through the strategic reformulation of key propositions. To this end, he elaborates five strategies for the further development of Sassen's approach with reference to various themes at the intersection between migration studies and urban research. Samers' research agenda on migration and global city formation also resonates closely with Michael Peter Smith's emphasis (see Reading 46) on the role of transnational social networks in global cities. Samers' chapter can be understood in part as an attempt to develop a theoretically grounded yet empirically testable methodological framework through which the emergence and evolution of such networks might be explored more systematically.

INTRODUCTION

During the 1990s, urban studies from a critical perspective seemed to experience a strange polarization. At the same time that the analytical and normative strands of neo-Weberian and Marxist urban political economy were slowly eclipsed by cultural studies and a related gamut of "post-ist" critiques (postmodern, post-Marxist, poststructural, postcolonial and transnational), the more economistic "Global City" hypothesis (henceforth GCH) began to set a certain agenda for research. But if this economistic discourse focused initially on the links between capital and labor, and especially migrant labor (Sassen 1988), then it soon turned more conspicuously to the business and technological dimensions of the theory and less to the relationship between cities and low income/"low-skilled" immigration. For example, a now leading group of researchers in the United Kingdom (the Globalization and World Cities Network, or GaWC, to which Sassen has been a regular contributor) has been preoccupied with identifying how putatively global cities are networked in terms of law, accountancy, consultancy and other financial firms.

If the original theoretical and empirical focus of the GCH has been overshadowed by "post-ist" urban research and a new propensity to concentrate on business and technological processes, then what value does Sassen's initial research (as well as similar studies in the "global city vein") still hold? In responding to this general question, this chapter seeks to redress the lack of focus on the relationship between immigration and the GCH. It aims to evaluate critically the "global city hypothesis" in relation to immigration in primarily (but not exclusively) Europe's large metropolitan regions. I do this initially by discussing Sassen's thesis, and then follow with an exploration of the subsequent literature that has sprouted from her arguments. Indeed, much of the research inspired by the GCH during the 1990s has either deployed her theoretical and conceptual arguments for the purposes of empirical verification or has questioned her framework altogether. In any case, I maintain that such a critical analysis of Sassen's ongoing research project and the parallel work of others is useful insofar as the GCH can be modified to address issues of urban inequality. I call this a "renewal" of the "global city hypothesis." Finally, I offer an alternative research path (what I call a "reformulation" of the GCH) that combines the global city hypothesis with more recent debates around one element of the "post-ist" urban research – that is, transnationalism.

THE GLOBAL CITY HYPOTHESIS IN QUESTION

Saskia Sassen's (1988, 1991) arguments have felt the brunt of seemingly endless scrutiny. While it is not my intent to cover the broad spectrum of these criticisms, below I outline four reservations that have considerable gravity in terms of immigration.

Global cities and the expansion of labor migration?

The first reservation regarding Sassen's work is its apparent assumption that because of "globalization" (or at least a growth in FDI flows to third-world countries), global labor migration is expanding and therefore accompanying, if not necessarily driving, the growth of global cities. Yet, it should be pointed out that there is unreliable evidence regarding the massive expansion of "low-skilled" labor migration on a *global scale* since the 1970s (and by labor migration I mean migrating under the rubric of a formal job contract). This indeed may be happening, but again the international statistical evidence is difficult to assess (Ziotnick 1998). In Europe, low-skilled labor recruitment has certainly been reduced to a trickle with a few notable exceptions such as construction workers in Berlin, or temporary labor migration into French and Spanish agriculture, for example. Migration under the category of family reunification continues, and spouses and dependants may certainly search for work in these large metropolitan areas, but it too is limited in European countries. Thus, given the restrictions on labor recruitment, asylum and even family reunification, the linking of labor migration to the growth of global cities implies that much of the migration is undocumented. The anecdotal and patchy statistical evidence suggests that a significant proportion of migration to, or immigration within, Europe's largest cities is, in fact,

SEVEN

undocumented (see, e.g., Samers 2001). But, again, comparative data, especially across European countries, is problematic given the legal dynamics of immigration policy. In short, if social scientists draw a link between the expansion of migration and the growth of global cities, then it rests on a certain amount of "guesswork" concerning the former.

Increasing informal employment?

There seems to be an implicit assumption that globalization means a dangerous cocktail of deregulation and increasing global competition, and hence the growth of informal employment. Thus, there is a considerable literature (mostly in the US and *not* in the European Union) which argues that global cities, together with their respective immigrant/"ethnic minority" concentrations, account disproportionately for the dynamism of these activities. And so emerges a second question about the GCH. As Williams and Windebank (1998: 83) point out: "The inevitable result is that they [researchers in the global city vein] identify what they seek: that informal employment is closely associated with such groups [immigrants/ethnic minorities] and that these groups engage in organised forms of exploitative, low-paid, informal employment." Regardless of the merit of these studies, Williams and Windebank insist that informal employment is not necessarily increasing in the advanced economies (note that their arguments are not discussed uniquely in the context of global cities). They insist further that immigrants do not dominate this work, even though the majority of immigrants are concentrated in informal activity. If one is to believe in the generality of the anecdotal evidence, it would seem that in many cases, immigrant employment in informal economic activity has been falling rather than growing throughout the 1990s in Europe. Nonetheless, other studies point to widespread sexual trafficking/prostitution and a growth in the number of unrecorded (female) domestic workers. In this sense, the contribution of immigrants to informal economic activity should not be seen as exclusive to "global cities." Furthermore, there is little evidence to suggest that informal economic activity is confined to global cities. For example, building and maintenance work in the city of Liverpool (hardly, in anyone's imagination, a global city) functions with a veritable army of informally employed builders, plumbers, electricians and decorators. And El Paso, Texas, with its concentration of undocumented Mexican workers, constitutes the sixth largest garment district in the US (Spener and Capps 2001).

The growth of sweatshops?

A third and related reservation stems from the debate which surrounds the alleged growth since the 1970s of "sweatshops"/"downgraded manufacturing" in global cities. On the one hand, Waldinger and Lapp (1993) use an innovative methodology to show that there is little evidence of the growth of such "sweatshops" in the New York apparel industry, even if they acknowledge the presence of numerous garment contractors who violate a range of labor laws. Thus, the study of New York (by Waldinger and Lapp) and of the Randstad, Holland (by Kloosterman et al. 1998) conclude that in these cities, there is little change in their "post-Fordist economic structure." Rather, immigrants find employment in sectors where there are "vacancy chains" (as in bakeries in Amsterdam or Rotterdam) or in garment manufacturing (in New York or Los Angeles). In other words, in some sectors, high rates of forced shop closure and/or voluntary exit among natives are combined with lower rates of "start-up," thus offering a space for "third-world" migrants to literally set up shop. In short, this would imply out-migration of natives from certain economic activities and migrant in-migration without a necessary growth of sweatshop activity. On the other hand, Robert Ross' (2001) historical and contemporary study of sweatshops in the United States demonstrates that there has, in fact, been a steady increase in garment-related sweatshops since the 1970s in New York, Los Angeles/Southern California and San Francisco. This is the result, he argues, of a combination of processes associated with a new phase of global capitalism. These processes include "the declining capacity of the state to enforce labor laws, the increasing market power of retailers through concentration of sales; the competitive pressure brought about by massive imports from low-wage export platforms; and finally, the availability of a large pool of vulnerable immigrant labor" (ibid.: 28). Ross' thoughtful diachronic analysis seems more convincing than that of Waldinger and Lapp, but there is a glaring paucity of similar cross-national and interurban studies in the context of the European Union over the last decade. Thus, claims for the EU-wide growth of sweatshops since the 1970s require considerably more empirical demonstration.

The explanatory bias of the GCH

A fourth reservation is the exogenous explanatory bias within the GCH debate. That is, there is too much focus on economic globalization as *happening to* cities, and not enough on what might be considered endogenous processes – or, for example, how immigrants themselves structure the labor markets of large metropolises. In this sense, there is an enormous literature on "immigrant entrepreneurship," ethnic enclaves, immigrant/ethnic economies, migrant day laborers and so forth, which runs in parallel to the GCH, but which has not been the subject of any sustained synthesis. And notwithstanding some major world cities that do not have comparatively high levels of immigration, like Tokyo, it may in fact be the presence of such large-scale immigrant economic "communities" (with their attendant global financial remittances and their ability to incubate small business growth, rather than simply their complementarity to producer services employment) which partially distinguishes mega-cities from other more nationally oriented urban centers.

THE WEAKNESSES OF THE POLARIZATION DEBATE

While I do not intend to evaluate empirically the evidence for social polarization in large European cities, it may be useful to offer some critical comments on this literature. To this end, there are at least three glaring weaknesses that emerge from the polarization debate with respect to immigration. The first weakness is that the relevant studies do not or cannot capture statistically those immigrants who are deemed to be undocumented. In no subsequent discussion of Sassen's work have I noted any comprehensive recognition of the problems of statistical evaluation of income or occupational polarization in this regard. It is in fact Sassen herself who must be one of the few to point out this issue, especially in relation to informal labor markets (1991: 245). In short, if we can concede that many of the immigrants living in these putative global cities are undocumented, then using the available statistical data is not likely to be a very robust measure of inequality, whether occupational or income-based. Furthermore, the argument that European welfare states soften the hard edge of their market-oriented societies (at least relative to the United States) makes little sense for undocumented immigrants. In fact, evidence from London shows that undocumented immigrants are quite critical of the benefits system, and will do their utmost to avoid detection by not relying on social entitlements (Jordan 1999).

The second weakness, which follows from Peter Taylor's (1999) critique of the "evidential structure" of the world cities literature, is whether the evidence for, especially, income polarization is really sufficient given the transnational nature of economic activity among migrants. In other words, Taylor claims that the global city literature is based on nationally gathered statistics which are inadequate for assessing how cities are networked transnationally in the global economy. For example, in Chinese communities, many individuals and families rely on the *hui* (or the inter/intra-family pooling of money in the form of a savings bank) in order to facilitate business expansion, or just quotidian survival (White et al. 1987). As the *hui* and certainly other potentially transnational sources of income beyond employment exist, this is not easily captured by existing urban or national-level data. Needless to say, the implications here for urban policy are legion.

A third conceptual and methodological limitation is the lack of specificity about the timing (not to mention the spacing) of these "causal" (supply/demand) relationships as suggested by Sassen's original thesis. For example, Wacquant's (1999) otherwise wide-ranging overview of urban inequality seems to reference work from different moments of capital accumulation, job expansion and so on, without adequately addressing how the timing of these various studies might shape the relationship between cities, inequality and immigration. Indeed, as Gordon and Richardson note about urban income data: "The most important insight to be sought from income distribution data is this: What are the odds that any individual will remain at the bottom (or at the top or anywhere in between) and for how long? Social mobility is the real news" (1999: 577).

A RENEWAL OF THE GLOBAL CITIES LITERATURE THROUGH FIVE PROPOSITIONS

By marshalling together the criticisms of Sassen's GCH, as well as those of the polarization debate, we can move towards five propositions for a modified GCH. The theoretical and empirical results might translate into different and more appropriate urban policies. Indeed, a major difficulty with the GCH is its policy relevance. In other words, following Smith's (1998) intervention, we can ask why "global cities" should be an object of research? I would argue that the longevity of Sassen's approach rests on its ability to provide insights either into exposing inequalities, or ways of addressing these inequalities. Otherwise, I do not see the merit in pursuing this line of enquiry. We might ask more specifically, then, how Sassen's research and similar work contributes to urban policy? If Sassen is correct and the nature of immigration is related to just another round in the urbanization of global capitalist accumulation, what can or should be done about it? There are a number of axes in which urban governments can intervene. These include immigration policy, so-called "integration" policy and employment policy.

Reassess the relationship between international labor migration and urban labor markets

Comparative national-level data on migration is too incongruent and lacks sufficient disaggregation to draw a relationship between a growth in the labor supply and the expansion of global cities. And it is the ambiguity and hyperbole of statements about global labor migration that require us to relate the status of immigrants (undocumented, refugee/asylum-seeker, family member with or without the right to work, student, entrepreneur etc.), and their background (skills, education, financial and commercial resources, and so forth) to labor market entry and the structure of urban labor markets. And this in turn must be combined with sensitivity to the timing of these migrations. In other words, one must be attentive to the relationship between changes in immigration policy and the growth of global cities.

Reassess the relationship between informal employment and global cities

By its very nature, informal employment is exceedingly difficult to capture in a quantitative sense, not least because businesses and employment are so ephemeral. And here we need a more precise notion of what constitutes informal economic activity (is it the "drug economy," prostitution, domestic labor, or simply the illegal production of textiles?) (Samers 2001). For example, it may be female prostitution and domestic work in the EU, rather than an illegal garment industry, that marks the informal character of economic activity in European global cities at the beginning of the twenty-first century. Nonetheless, if there is a strong relationship between mega-cities, immigration and the growth of informal employment, then this must be demonstrated rather than simply asserted. And it must be shown why informal economic activity is relatively unique to these cities. Otherwise, informal economic activity as a defining characteristic of global cities cannot be assumed. Thus, anecdotal qualitative evidence (and not quantitative estimations) is likely to provide valuable insights into the processes at work, and therefore help to sustain dynamic and appropriate urban policies with respect to potential employment regulations, job training, language training and housing.

Evaluate critically the growth of sweatshops and downgraded manufacturing

Like many forms of informal employment, statistical evidence across large metropolitan regions with regard to sweatshops/downgraded manufacturing is likely to prove elusive. Yet, again, qualitative

case studies may offer a useful service in terms of public policy. They will not, on the other hand, help to assess whether these kinds of employment units are growing or declining, unless such studies are carried out *en masse*. And, as suggested in the previous proposition, there has been a tendency to focus disproportionately on garment manufacturing, and this may obscure the importance of other kinds of downgraded manufacturing. Again, the specific links between a growth in sweatshops/downgraded manufacturing (including how one might delineate such economic units) and how this is specific to global cities should be articulated.

Match exogenous and endogenous processes in global cities

There is a need to construct a sustained synthesis between processes of economic globalization (what I referred to earlier as exogenous processes) and the way in which these processes both provide the space for and constrain the economic activity of immigrants in urban labor markets (so-called endogenous processes). To this end, a dialogue between the GCH and the entire literature on "immigrant entrepreneurship," ethnic enclaves, immigrant/ethnic economies, day laboring and so forth, could prove enormously fruitful. Perhaps a combination of Kloosterman et al.'s (1999) concept of mixed embeddedness, an alternative conception of entrepreneurship based on day laborers as low-skilled entrepreneurs (Valenzuela 2001), and a sophisticated labor segmentation theory for understanding wage labor (see, e.g., Peck 1996) might prove to be one valuable path for research? Yet the point is not to substitute one discourse for another (i.e. endogenous processes for exogenous), but to show specifically how the world's largest cities may be distinguishable from other urban centers. In other words, how do the disproportionately large numbers of immigrants help to shape the urban labor markets of these largest cities, and what implications does this have for urban policy?

Rethink polarization and inequality

I have argued that the polarization debate suffers from a number of conceptual and empirical weaknesses that have significant implications for both the GCH debate and urban policy. These include the "fuzziness" of the terms polarization and inequality, the national bias of statistics, the inattention to undocumented immigration, and the lack of temporal specificity. Thus, with regard to addressing these issues simultaneously, a starting point is an estimation of undocumented immigration. Notwithstanding the potentially insidious political and ethical implications of gathering or applying such statistics, and regardless of how paradoxical such measurements may seem (because they appear to officialize the unofficial), they are likely to provide a more robust measure of at least occupational, if not income, polarization/inequality. Yet this assumes that social scientists become more creative and look elsewhere for the relevant statistical sources. In fact, some complex statistical procedures have been adopted by various countries to measure the number of undocumented immigrants and/or undocumented immigrants working informally (SOPEMI 1999). This data would have to be combined with more conventional occupational, income, employment and micro-census statistics, and less conventional (*transnational*) data such as measurements of remittances, capital flows, the intra-ethnic pooling of capital, and other financial activities between the largest cities and the countries of emigration. Finally, this would have to be analysed through the lens of changes in immigration policy over at least a census period (i.e. roughly 10 years) in order to tease out the temporal dynamics of inequality/polarization.

In sum, I have pointed to five ways in which we can "renew" the GCH and parallel studies. These propositions together represent a considerable challenge to social scientists working in this vein, but it is my argument that if these are not addressed, then future studies into global cities are likely to be inadequate assessments of urban inequalities in the world's largest cities.

CONCLUSIONS

The GCH debate, and particularly the research agenda of GaWC, has been preoccupied recently with the technological dimensions of so-called "global cities." This chapter has sought to recover the role of immigration in large urban economies. Using mainly observations from European metropolises, I argued first that the GCH requires significant revision insofar as it can be used as a tool for addressing issues of inequality, and offered five propositions for a renewal of the existing contours of the GCH. Second, beyond these revisions, I suggested a complete reformulation of the debate, and sought to link it with ideas emanating from the literature on transnationalism.

Despite the move by researchers (such as the GaWC) to transcend the emphasis on "hierarchies" and explore the question of global city networks, I argue that this emphasis is at best incomplete, at worst misplaced. Instead, I have a very different idea of the possibilities of a "network paradigm" for global cities – one that focuses rather on cities as the locus for a "transnational political mobilization from below" (rather than above). The "Urban League" in the United States or the ATMF (with its headquarters in Paris) are examples of the sorts of interurban networks that I have in mind. However, the possibilities for increased political mobilization within a single global city, or indeed a network of such cities, should not blind us to falling into the trap of what Drainville (1998) calls the "fetishism of global civil society," nor what Mahler (1998) identifies as the weaknesses of the "transnationalism from below" idea. Nonetheless, such a theoretical move seems a necessary task, lest our understanding of "global cities" be confined to simply ranking them, outlining business networks, or categorizing their characteristics.

REFERENCES FROM THE READING

Drainville, A.C. (1998) The fetishism of global civil society. In M.P. Smith and L.E. Guarnizo (eds) *Transnationalism from Below*. New Brunswick, NJ: Transaction.

Gordon, P. and Richardson, H.W. (1999) Review essay: Los Angeles, city of angels? No, city of angles, *Urban Studies*, 36, 3, 555–591.

Jordan, W.J.O. (1999) End of Award Report to ESRC on Project 000236838: Undocumented immigrant workers in London, September 21.

Kloosterman, R., van der Leun, J. and Rath, J. (1998) Across the border: immigrants, economic opportunities, social capital, and informal business activities, *Journal of Ethnic and Migration Studies*, 24, 2, 249–268.

Kloosterman, R., van der Leun, J. and Rath, J. (1999) Mixed embeddedness: (in)formal economic activities and immigrant businesses in the Netherlands, *International Journal of Urban and Regional Research*, 23, 2, 252–266.

Mahler, S. (1998) Theoretical and empirical contributions: toward a research agenda for transnationalism. In M.P. Smith and L.E. Guarnizo (eds) *Transnationalism from Below*. New Brunswick, NJ: Transaction.

Peck, J. (1996) *Workplace*. New York: Guilford.

Ross, R.J.S. (2001) The new sweatshops in the United States: how new, how real, how many, and why? In G. Gereffi, D. Spener and J. Bair (eds) *Globalization and Regionalism*. Philadelphia, PA: Temple University Press.

Samers, M. (2001) Here to work: undocumented immigration and informal employment in Europe and the United States, *SAIS Review*, Winter–Spring, 21, 1, 131–145.

Sassen, S. (1988) *The Mobility of Labor and Capital*. New York: Cambridge University Press.

Sassen, S. (1991) *The Global City: New York, London, Tokyo*. Princeton, NJ: Princeton University Press.

Smith, M.P. (1998) The global city – whose social construct is it anyway?, *Urban Affairs Review*, 33, 4, 482–488.

SOPEMI (1999) *Trends in International Migration*. Paris: OECD.

Spener, D. and Capps, R. (2001) North American free trade and changes in the nativity of the garment industry workforce in the United States, *International Journal of Urban and Regional Research*, 25, 2, 301–326.

Taylor, P. (1999) So-called "world cities": the evidential structure within a literature, *Environment and Planning A*, 31, 1901–1904.

Valenzuela, A. (2001) Day laborers as entrepreneurs?, *Journal of Ethnic and Migration Studies*, 27, 2, 335–352.

Wacquant, L. (1999) Urban marginality in the coming millennium, *Urban Studies*, 36, 10, 1639–1647.

Waldinger, R. and Lapp, M. (1993) Back to the sweatshop or ahead to the informal sector?, *International Journal of Urban and Regional Research*, 17, 1, 6–29.

White, P., Winchester, H. and Guillon, M. (1987) South-east Asian refugees in Paris: the evolution of a minority community, *Ethnic and Racial Studies*, 10, 1, 48–61.

Williams, C. and Windebank, J. (1998) *Informal Employment in the Advanced Economies*. London: Routledge.

Ziotnick, H. (1998) International migration 1965–96: an overview, *Population and Development Review*, 24, 3, 429–468.

SEVEN