



# Global Cities and Social Polarization?

A Literature Review

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## Executive Summary

This literature review begins by introducing the global city in the context of theory of globalization of economics. It, then, after defining the concept of 'social polarization' as one of the hypotheses in Saskia Sassen's global city hypothesis explores chronological evolution of it from early 1980s to the present day. The chronological evolution of the hypothesis entails several themes and nuances contributed by many academics. These themes emphasize the importance of large number of factors like immigration, policies of welfare states, gender roles, spatial segregation, educational credentials of the populations and some definitional issues in arriving at outcomes that can be termed as 'social polarisation'. The manuscript concludes by arguing context specific application of the thesis rather than a universally generalizable phenomenon, as envisaged by the original proponent of the thesis. The review concludes by making recommendations for further study based on the spatial effects of the phenomenon as against the causal linkages emphasized so far.

## Introduction

The twilight of the 20th century, precisely the last two decades, and the dawn of the 21st century have seen preponderance of theories explaining international interactions in the light of the phenomenon of globalization. Globalisation has been enabled by a combination of the ascendant information technology, retrenchment of the role of nation state in the shape of decentralization, deregulation, and privatization initiatives. These enabling conditions to have transformed spatial organization of social relations and transactions which we call globalisation. Whereas the definitions of the globalization are domain specific, we are concerned with the theory of economic globalization. The globalization of the economic activity has made economic activity geographically dispersed, across borders of nation states, yet centralized through intense communication networks. The cities that are the lynchpin of coordination and control of this intense economic activity across nation states, through a network of global service firms, are 'global cities', according to Sassen, (1984,1986,1991,2006). The global city theory situates the global city in a network of intensely interconnected network of world cities and ascribes key functions to these cities in the spatial organization of capitalism. Though debate around the idea was already evident such as 'world city' of Hall, (1966) and Friedman & Wolf (1986), it was Sassen, (1991) who gave concrete shape to the idea of 'global city' with the help of her seven hypotheses around the idea. One of the hypotheses explaining the characteristics of 'global city' is 'social polarisation' thesis which has been a subject of intense academic debate since its first coining by Saskia Sassen in her writings starting from 1984. This manuscript tends to explore the progression of academic debates around the 'social polarisation' hypothesis of Sassen, (1991) and reports whether the thesis has universal applicability? Given the breadth of the literature on the phenomenon, only major themes around polarization debate have been alluded to, without delving deep into nuances of the phenomenon.

## Is social polarization a reality?

Sassen's (1991) global city is at the apex of global urban hierarchy and is characterized by loss of its manufacturing base and growth of business and financial services which house themselves in the global cities to reap benefits of the agglomeration of economies. Sassen, (1991) argues that the rise of business and financial service firms and loss of manufacturing firms, due to their migration to developing countries to reap the benefits of cheap labour, leads to social polarization in the global cities. The thesis is premised on the assumption that the rise of the advanced service firms, chiefly staffed by transnational elite, leads to a growth in professional and managerial jobs and low-income jobs, mainly serving the top elite, with an attendant decrease in skilled and semi-skilled jobs due to loss of the manufacturing base. This anomalous setting leads to a growth of jobs at the top and bottom of the income/occupational distribution at the expense of the middle-income group which is gradually withered away from the income/occupation spectrum in global cities. In a nutshell, the deindustrialization and subsequent rise of services sector in global cities, according to Sassen, (1984,1986,1991) results in a changed organization of work in global cities which results in high income gentrification at one end and growth of low-income jobs at the other end with an almost hollowed out middle income jobs.

Seen historically, Saskia's thesis seems to confirm Bluestone & Harrison, (1982) and Friedman, (1986) thesis who had separately opined that the "deindustrialization had led to a polarized social and occupational structure with shrinking middle class and increasing inequality". Friedman, (1986) gave his thesis in the context of 'world cities' and described 'ecology of job' at high wage professional ends and low wage consumer and personal services with an attendant loss of the middle-income jobs. Sassen's thesis also finds alignment with Marcuse, (1989), Mollenkopf & Castells, (1991) who talk in terms of 'dual city' to connote 'social polarization. Marcuse, (1989) likens the 'dual city' to an hourglass in which the two ends of an hourglass represent the upper and lower class while the middle-squeezed part represents the shrunken middle class. However, Sassen, (1991) seems to run counter to Bell, (1973) who had opined that that the deindustrialized service society will have large and affluent middle class in the shape of large number of managerial, professional, and technical occupations.

A scathing critique of Sassen's thesis came from Hamnett, (1994), who questioned the generalizability of social polarization thesis beyond peculiar context of New York. He questioned the vagueness attached to the term polarization and asked whether it is absolute polarization or relative polarization or both. Hamnet, (1994) pointed Sassen's disregard of a wide body of literature in European context that pointed that the deindustrialization and subsequent rise of the service sector has led to a net rise of professional and managerial jobs. Hamnet, (1994) termed the overall rise of the professional and managerial jobs as "professionalization". He, based on his empirical studies conducted in the Randstad and London, showed that the "professionalization" rather than "polarization" was the key trend in these regions. He also

showed through analysis of census data that 'London experienced an increase in the proportion of professional and managerial workers in the 1961-81 (Hamnet, 1976,1986,1998). He argued that Sassen's polarization thesis can hold true in New York or any other city which have a large immigrant population and where the state is less generous in welfare policies. Hamnet, (1994), based on his studies in Randstad and London, concluded that polarization occurs where state is 'less restrictive of immigration' and 'less generous welfare' otherwise 'professionalization' is the outcome. Hamnet's, (1994) views resonate with Feinstein et al (1992) who had warned taking the social polarization thesis for granted and termed it a prelude to empirical analysis rather than a conclusion. Hamnet, (1994) also reinforced his 'professionalisation' thesis by citing work of Ley, (1992) and Esping, (1993). Ley, (1992) showed through empirical evidence in Canadian context that there has been considerable rise in the number of middle class professional and managerial jobs in the major metropolitan areas in the 1970s. Similarly, Esping, (1993) argued that the difference in polarization and professionalisation in US and European countries is due to contrast between their welfare state regimes and the extent of the state employment in these countries. The work of Esping (1993) brings home the specificity of institutional arrangements of the countries/cities into the debate of economic and labour restructuring. Esping, (1990) categorize three typologies of welfare states, the liberal, social democratic and the corporatist and compare labour markets in them in his book 'changing classes'.

Responding to Hamnet's critique of Sassen, Burgers, (1996) argues that Hamnet's analyses of social polarization in Dutch cities is highly biased as he did not include the number of unemployed in his analysis of the labour market. He further argued that if the number of unemployed is included in the analysis, the picture of the labour market is totally changed. He concluded that Dutch cities are undergoing a change which is characterized by 'growing professionalization and unemployment' and the unemployment is highly pronounced in case of ethnic minorities. He termed it 'double polarisation' and suggested that the Dutch case suggests that Sassen's thesis is 'specified rather falsified'. Adding another dimension to the debate, Burgess, (1996) suggest that any debate of the social polarization research should essentially consider three factors into consideration. First of these factors is the nature of global processes, second is the influence of the local institutional factors and the third is the local economic, demographic, and social factors.

In later years, Sassen's work found favourable echo in the works of Mustard, (1994), Baum, (1997), and Child, Hill & Kim, (2000) who reinforced Sassen's thesis with some caveats while Huang, (2000) and Bauman, (1998) have been more forthcoming in their support for the thesis. Mustard, (1994) warns of rise of social polarization due to rescaling of welfare regimes in the European countries and forewarns of a 'rising European underclass' due to imminent 'withdrawal' of the state in European block. Baum, (1997) tests the validity of the social polarization thesis in the context of Sydney and concludes that though polarization is evident in Sydney, the phenomenon itself is a 'multi-causal and not, uni-causal'. Baum, (1997) stresses the inclusion of unemployment, gendered structure of employment and migration into any calculation of labour reorganization resulting due to globalization. Child Hill & Kim, (2000)



emphasized the role of the state in directing social transformation as they argue that social polarization takes different forms under different regulatory regimes of different cities. However, Bauman, (1998) quipped that 'rather than homogenizing human condition, the technological annulment of temporal/spatial distance tends to polarize it' (p. 18). Similarly, Hung, (2000) mentions rapid marginalization of labour in Hong Kong after de-industrialization of it in late 1980s. Hung, (2000) recounts the travails of displaced workers who were once employed in the manufacturing sector but now find it difficult to find jobs in service industry, hence, labour is being marginalized at rapid pace. Hung, (2000) establishes that the resultant reorganized pattern due to de-industrialization is that of polarization and marginalization for the low skilled workforce of the former manufacturing sector.

Mollenkopf, Swanstrom, and Drier, (2001) add an interesting dimension to the polarization debate in their book named 'Place matters'. The authors make a compelling case for factoring in the place where one lives in understanding the phenomenon of polarization. Drier, Mollenkopf, & Swanstrom, (2001) argue that 'unequal places would undermine equal opportunity' and the place is an important causal factor in the process of social polarization. They suggest that 'evidence suggests that places are becoming more unequal' (Drier, Mollenkopf, & Swanstrom, 2001, p.1). The centrality of place in bringing socio-economic outcomes has also been confirmed by Reichl, (2007). Reichel, (2007) compared data of the low-, middle- and high-income neighbourhoods of the New York city and concluded that 'there is striking contrast between the spectacular gains of core areas and the widespread stagnation and decline across low-, middle-, and high-income neighbourhoods outside the core' (p.1). In a related study, Burgers & Musterd, (2002) emphasize using a model in understanding polarization which considers the 'local' while understanding the 'global'. They recount the subcultural differences among ethnic groups, the institutional differences mediating between the global restructuring and the local consequences and thirdly the particular social and economic history of the cities in which the reorganization is taking place. They note that the cities which had momentum in industrial revolution have been hit hard by the deindustrialization process. They conclude that 'more differentiated the economy of the city, the less social upheaval and crises will be caused by economic restructuring' (Drier, Mollenkopf, & Swanstrom, 2001).

The turn of the 21<sup>st</sup> century seen yet another intense debate around the social polarization thesis. Nørgaard, (2003) derided Sassen's thesis on roughly similar grounds that Hamnet had mentioned. Norgaard, (2003) raised ambiguity around the thesis and termed it 'misleading' and attached competing empirical evidence around the thesis mainly due to ambiguous nature of the thesis. He argued that the changes in the employment patterns (industry to service sector) was not restricted to New York rather it affected whole of the USA. He concludes that though there have been inequalities in income during 1970-1990, they have been 'due to large increase in the wages of the upper wage group rather than a decrease in the wages of the bottom group and dominant categories of wages upper, middle, and lower can be identified in most of service industries and occupations' (Norgaard, 2003). In contrast to the findings of Norgaard, Chiu & Lui, (2004) report

positive association between de-industrialisation, rise of service sector, withdrawal of welfare state, influx of female migrants, and the emergence of social polarization in the context of Hong Kong. Similarly, Tai, (2006) compares the data on employment, occupation, household income in Singapore, Hong Kong and Taipei and once again comes with the findings earlier enunciated by Esping, (1993). Tai, (2006) concludes that 'urban regimes and social policies instigated by developmental states play a decisive role in the formation of social inequality and marginal urban populations' (p.1). Similarly, Pre'tecille, (2006) ascribes the 'professionalisation' of intermediate social groups due to state employment which has 'reduced spatial segregation and counteracted occupational polarization'. In yet another contrasting stance, Buroway, (2007) suggests that 'since 1970s the economic growth has led to concentration of wealth at one pole of the society and poverty at another' (p.503). This has also been confirmed by Lee, Wong, & Law, (2007) in the context of Hong Kong who conclude that the data shows an increasing gap of incomes for the lower class and there is widespread spatial and economic segregation towards migrant groups due to rise of the service sector and decline of the manufacturing base.

Borel-Saladin & Crankshaw, (2009), Timberlake et al., (2012), and Monaghan & Ikeler, (2014) in their separate studies in different contexts add vital dimensions to the polarization debate. In a study conducted in the context of Cape Town Borel-Saladin & Crankshaw, (2009) argue that the researchers of the polarization debate have made the mistake of categorizing the service sector jobs as either high or low income. They challenge the rationale of grouping dishwasher and clerk in the same low occupation category. They argue there should be a third category which should include a category having wage levels equivalent to the wage levels of the former manufacturing sector. They contend that such a recategorization falsifies the polarization thesis as shown by them in the context of Cape Town. Timberlake et al., (2012) studied the correlation between global centrality and the social polarization in 57 large US cities in a bid to test the veracity of 'polarization' or 'professionalization' thesis. They conclude that there is positive association of the 'global centrality' and social polarization only in those cities which have large immigrant populations. They also conclude that there is no evidence that a city's centrality affects its occupational polarization. Yet another facet to the discussion debate was provided by Monaghan & Ikeler, (2014) who studied Gini index of household income inequality in the globalized US cities across a large sample of US metropolitan areas in 2008. They conclude that the global status of the city is associated with the high inequality in income, but the causal pathway suggested by Sassen or Hamnet may not be correct. They rather, suggest an alternate hypothesis which relates 'global city status to the distribution of educational credentialing' (Monaghan & Ikeler, 2014, p.1). They essentially claim that the unequal cities are crowded with large population of educated immigrant youth having bachelor's degrees which is a by-product of the globalization process and may be a driver and sustaining the inequality. They emphasize the need for a theory correlating the presence of large number of educated youths in the global cities and the impact they have on driving the outcomes of income inequality.

## Conclusion

Drawing from the above, it seems plausible to conclude that Saskia's hypothesis has generated considerable research into the phenomenon which survives even to this day and Saskia's thoughts around the phenomenon have found resonance in several works of scholarship. However, at the same time, it is also argued that thesis of social polarization is moderated by many factors in different socio-political contexts. Academics have argued for factoring in importance of immigration, role of the welfare state, place specific histories of cities, gender compositions of the societies and educational credentials of the population in bringing about varied strains of results in different global city contexts. The correlation of the immigrant population and social polarization seems well established in almost all the studies that have been cited here. It can also be argued that claims around universal application of the thesis requires a homogenized context which is not possible given the context specific histories in different global cities. The literature cited here alludes to another factor that, in almost all the studies cited here, causal linkages have been established based on the income distribution across the population in the subject cities. It would be interesting to suggest that further research into the phenomenon is centred round the themes such as the effects of polarization as expressed in the spatial layout of the cities and the housing types and forms therein. This facet of further research may give a theoretical justification of the informal settlements that sprang out even in some of the developed economies.



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