

The Global City Hypothesis: Focusing on the New Labor, New Poverty, and Urban Bottom

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Abstract

The city in developing countries has been transformed under economic globalization (hereinafter ‘globalization’). On the one hand, its transformation has been interpreted in the context and image of the over-urbanized city; on the other hand, it has been interpreted in the context and image of the Western global city. This article aims to criticize these interpretations, to supplement them, and to propose an alternative framework for understanding the transformation of the city in developing countries. This article will call this framework the *new labor, new poverty, and urban bottom hypothesis*. It is composed of four propositions. First, the global city has emerged in developing countries under globalization. Second, the working conditions in the formal sector have been informalized. Third, the *informalization of labor* has given forth the new labor and laborer, and as a consequence the latter has created the new poverty and poor. Fourth, the new laborer and the new poor constitute the urban bottom (people). This article will consider the four propositions, propose a new conceptual framework, and assert the realistic compatibility of the new labor, new poverty, and urban bottom hypothesis.

Keywords: new labor/laborer, new poverty/poor, urban bottom

1 Conversion of Paradigm

The Western city has been transformed under globalization and many studies about it have accumulated. The city in developing countries has also been transformed, and considerable studies about it have appeared as well. However, the perspective and theory used to analyze and explain the transformation of the city in developing countries are not yet fully developed. On the one hand, the transformation of the city has been explained by the over-urbanization perspective; it regards urban poverty as something caused by rural poverty that has been transferred to the city. Therefore, it can-

not explain sufficiently the transformation of the city due to globalization. Transformation of the city in developing countries, on the other hand, has been explained by the global city perspective using the model in the Western city. For example, John Friedmann referred to the transformation of the city in developing countries in his *world city hypothesis* (Friedmann, 2008). Saskia Sassen also referred to it in her *global city hypothesis* (Sassen, 2001). However, they were not intended to analyze in detail the transformation of the city itself in developing countries. Under globalization, the urban structure in developing countries is becoming increasingly similar to that of the Western city. However, there are some specific circumstances in

the former, which cannot be easily reduced to the structure of the latter.

In addition, there are studies on the new intermediate and new middle class in developing countries (Koyano, Kitagawa, & Kano, 2000; Hattori, Funatsu, & Torii, 2002). In those studies, there was an expectation in common that the new intermediate and new middle class are the most accurate bellwether of economic take-off in developing countries. However, this expectation has been ruled out. Globalization has created the bipolarization of social class and created innumerable poor people at the bottom rank of the city in developing countries¹⁾.

“The interest of Sassen (in analyzing the global city) is not in how the spatial integration of the in-between global cities is achieved in accordance with the logic of capital, but in how people’s labor has supported what capital has wrought”... “The work of people with a high level of expertise is supported by the low-wage laborers several times in number, many of whom are foreign immigrants” (Iyotani, 2008: 453). Their low wages are caused by the *new poverty*.

There have been some scholars who have used the term ‘new poverty’ in their works so far. Pete Alcock defined the new poverty as the poverty of people who are excluded from the labor market by being labelled as ‘incompetent’ (Alcock, 1993: 26). Zygmund Bauman referred to it as the poverty of the underclass that cannot participate in the consumption competition and who are discarded from the society (Bauman, 1998). For Manuel Castells, the new poverty is the poverty of newcomer immigrants and the street people who occupy the public space of Western cities (Castells, 1999: 236). Deniz Altay argued that the homogeneous poor, in their ethnicity and the place of origin, have been dispersed and that the heterogeneous poor have emerged, calling the latter the ‘new poor’ (Altay, 2009: 354). All of them used the word ‘new poverty’ focusing on the transformation of urban poverty as a human consequence of globalization. This article focuses on labor and poverty of the urban bottom in developing countries based on the

same concern. However, this article will transcend these phenomenon descriptive concepts of new poverty by proposing a new conceptual framework to analyze transformation of urban poverty in developing countries. This article will call it the *new labor, new poverty, and urban bottom hypothesis*, and will apply it to the poorest people of Metro Manila (hereinafter ‘Manila’) in the Philippines. In order to verify the hypothesis, this article will discuss the global city in developing countries in the second section, the informalization of labor in the third section, the *new labor* and *new poverty* in the fourth section, and finally the *urban bottom* in the fifth section. Through all of these sections, this article will demonstrate the practical feasibility of the new labor, new poverty, and urban bottom hypothesis.

2 The Global City in Developing Countries

2.1 Invalidation of Over-Urbanization Theory

Until recently, the transformation of the city in developing countries has been thought of as the product of over-urbanization. Furthermore, over-urbanization has been explained as “a phenomenon involving migration from rural areas who are forced to engage in *miscellaneous jobs*²⁾ in the informal sector, because the number of migrants surpasses the number which can be accommodated by the formal sector” (Nagano, 2001: 49-50). Over-urbanization theory explains this phenomenon as follows: although the rural poor migrate to the city, they cannot get the decent jobs there due to limited industrial infrastructure. As a result, they become the urban poor staying in squatter areas (hereinafter ‘informal settlement’), supporting their livelihood by engaging in miscellaneous jobs readily available in the informal sector. This is why over-urbanization is also called the *urbanization without industrialization* or *pseudo-urbanization*. The over-urbanization theory is likened to the transfer of poverty to the city. It seeks to trace the roots of urban poverty to its rural counterpart. It is a city

theory that regards the city as “that of the developing country in the age of the import substitution industrialization in 1950s-60s as a model” (Kitahara & Takai, 1989: 56). Finally, it has a political implication that economic infrastructure must be modernized by social development policy, i.e. promoting the economic development and the formation of modern labor class and the new intermediate and middle class, which must be the result of the resolution of the poverty problem. The influence of such modernization theory is huge still today. The theories of the informal sector and informal settlement are traced to this lineage. However, this theory struggles to explain sufficiently the present transformation of the city in developing countries. With the emergence of the global city, the over-urbanization theory has lost its theoretical validity. Globalization has subsumed, reorganized, and controlled the whole city. The economic structure of the city has ridden on the palm of the world economy. All forms of labor and poverty cannot escape from the impact of globalization³⁾. Thus, the cause and character of urban poverty have transformed.

2.2 Scope of Global City Theory

How can a picture of the transformation of the city in developing countries be drawn? Sassen criticized Castells who emphasized the importance of global networks under globalization, highlighting the importance of the global city as a *place* in which such networks can function in her discussion on global city (Sassen, 2001: 349). Similarly, she cited David Harvey’s notion of *capital fixity* and argued that “capital even if dematerialized is not simply hypermobile”... “Trade and investment and information flows are not only about flows.” (Sassen, 2001: 350). And she emphasized the importance of the *place’ quality and state* in the capital’s flow. “The quality and state of a place in the global city is a crucial theoretical and methodological issue in my work” (Sassen, 2001: 350). According to her, the global city is a concrete *place* in which globalization goes on taking the various forms.

Sassen analyzed the global city on two axes. The first concerns the duality of economic activity.

“While a few major cities are the sites of production for the new global control capability, a large number of other major cities have lost their role as leading export centers for industrial manufacturing, as a result of the decentralization of this form of production” (Sassen, 2001: 7). The second is the polarization of the hierarchy of laborers into the high income earner engaging in the special service, and the low income earner giving services to the former (Sassen, 2001: 9). Furthermore, she conceptualized the global city as having the following characteristics: 1) as the place where services enable finance and global economic control is produced as a commodity, 2) as the place in which commodities are innovated technically, and 3) as the biggest market in which those commodities are traded on the one hand, and 4) as the place in which many immigrant workers are concentrated, and 5) as the place in which the enormous sweatshops and other informal economy develop by exploiting low-wage laborers including enormous numbers of migrants on the other hand (Iyotani, 1999: 197).

This article is interested in two issues that follow this discussion. First, it is interested in the measurement of the *degree of globality*, namely the extent to which the city is globalized. Sassen called three megacities - New York, London and Tokyo - the global cities and analyzed their quality and state of the place and their economic function (Sassen, 2001). Her choice of cities begs the question that there are any other global cities or not. This question brings about two issues regarding the definition of the globality of a city, and regarding the scale to measure the degree of globality of each city. Sassen understood globalization “not just as capital flows, but as the *work* of coordinating, managing and servicing these flows and the *work* of servicing the multiple activities of firms and markets operating in more than one country” (Italics added) (Sassen, 2001: 347). This is a functionalistic understanding of the global city. Furthermore, she argues that the firms that produce services are concentrated in global cities and that they “cover financial, legal, and general management matters,

innovation, development, design, administration, personnel, production technology, maintenance, transport, communication, wholesale distribution, advertising, cleaning services for firms, security, and storage.” (Sassen, 2001: 90).

Discussion of Sassen’s work recalls Friedmann’s world city hypothesis. Friedmann regarded a world city as “the most important center of capitalist accumulation” (Friedmann, 2008: 72) and proposed the indicators to determine a world city as the “major financial centre; headquarters for the transnational corporations (including regional headquarters); international institutions; rapid growth of business services sector; important manufacturing center; major transportation node; population size” (Friedmann, 2008: 72). He regarded a city as a world city if any among these indicators are satisfied. With these indicators, he classified cities all over the world as “the primary cities and the secondary cities of the core countries” and “the primary cities and the secondary cities of the semi-periphery countries” (Friedmann, 2008: 72). Furthermore, he located thirty cities in this classification and constituted a world city hierarchy. However, Sassen emphasized the function and the working process of the major financial and manufacturing centers and argued that the characteristics of the global city cannot be understood sufficiently by the substantive indicators as Friedmann set (Sassen, 2008: 349). However, Sassen’s criticism does not overturn completely Friedmann’s inclusive and substantive indicators. It is further confirmed here that there are many global cities in the world, which are ordered with respect to each other by the degree of their globality.

2.3 Global City in Developing Countries

The second issue is on the global city in developing countries. Friedmann counted many global cities in developing countries in his list of world cities, and designated Manila as one of the second global cities in the semi-periphery countries (Friedmann, 2008: 72). On the other hand, Sassen argued that “there is no fixed number of global cities” (Sassen, 2001: 348) and that “the extent to which

the developments posited for New York, London, and Tokyo are also replicated, perhaps in less accentuated form in smaller cities, and at lower levels of the urban hierarchy is an open but important question” (Sassen, 2001: 8). She did not list up the global cities by setting concrete indicators to measure the degree of the globality as Friedmann did. At the same time, she did not deny the presence of the global city in developing countries⁴⁾. Thus, it is confirmed here that there are global cities in developing countries.

There is one further issue to consider. In many cases, the secondary world cities in developing countries were the capitals and the primate cities of those countries. They were the products of colonialization by Western countries. Such relationship of domination and subordination can be observed between the global cities in developed countries and those in developing countries still today. “The global development of the multi-national company with the direct investment exactly has made the economic structure of developing country transform and given birth the huge pool of the wage laborer on the one hand. On the other hand, it has created the new demand for the unskilled labor force in the city in which the head office function of multi-national company is concentrated and caused the inflow of migrant laborer to the USA” (Iyotani, 1995: 1959). Capital flows from industrialized countries to developing countries, and the labor force flows in the opposite direction. Such unidirectional flow of capital and the labor force is a sign of the relationship of exploiting and being exploited. Namely, it expresses the domination of the former over the latter, and the subordination of the latter by the former. “At the heart of the global economic system lies an unequal structure of trade, production and credit which defines the role and position of developing countries where it is based” (Chossudovsky, 2003: 21).

The same thing can be pointed out for the city level. Sassen emphasized the division of roles among the global cities by arguing that “there is a division of functions among the major global cities rather than simply competition” (Sassen, 2001:

Table 1. Indicators of economic activity in Metro Manila (2012)

Indicator	Actual number	Percentage of national	Page reference
International economy through international airport*			
Number of aircraft arrivals and departures	325,782	50.4%	13.18
International flights included in the above		28.1%	13.18
Cargo volume / tons	276 million	72.1%	13.18
International flights included in the above		68.2%	13.18
Number of passenger / persons	2,089 million	58.6%	13.18
International flights included in the above		40.9%	13.18
Internal economy			
Gross domestic product		36.3%	3.28
Gross value added / average		41.9%	3.28
Manufacturing		17.5%	3.30
Construction		23.1%	3.32
Transportation		27.2%	3.34
Sales and repair		61.9%	3.34
Finance		53.9%	3.36
Real estate		55.7%	3.36
Freight shipped to local destinations by sea, flight / pesos	578 million	29.3%	7.10
Bankruptcy of companies / cases	1,455	70.3%	11.36
Worker who lost jobs / persons	793,000	63.4%	11.36
Labor unions / unions	9,841	59.5%	11.38
Labor union members / persons	793,000	57.1%	11.36
Tax amount collected / pesos	922 billion	87.0%	15.10
Government expenditure / pesos	554 billion	49.8%	3.43
Government employees / persons	413,000	29.3%	15.19

* Ninoy Aquino International Airport
Ratios by author's calculation (NSCB-NSO 2013)

348). However, the 'asymmetrical power relations' among the global cities cannot be understood by regarding the relations among them as a horizontal relation of roles or the international division of roles (Baum, 1998: 4). The landscape of the global city in developing countries is characterized by an enormous number of miscellaneous jobs and extreme poverty. Its reality means much more than the division of roles among the global cities. The world order has been reorganized to the 'winners' and the 'losers' in addition to the expansion of the North-South economic gap. Furthermore, the polarization of the economic hierarchy among people within the global city is linked to the polarization among global cities. Although verification is still needed, even now the perspective of former *dependency theory* and *peripheral capitalism theory* have not lost their persuasive power.

2.4 A Global City, Metro Manila

Manila, whose population was 11.9 million in 2010, functions as a part of the world economy, and at the same time leads the Philippines economy. Manila has two positions: the subordination in the world economy and the dominance over the internal economy. The global city in developing countries has two such faces; the high-rise buildings of multinational corporations bristle in Makati, the business district of Manila. The multinational corporations deal with Philippines companies, exploit the wealth from the latter, and transfer it to the world market.

How can we ascertain the degree of Manila's globality in terms of international and internal economies? Quantitative scales to measure Manila's globality are required, and this article has therefore selected key indicators regarding produc-

tion and the flow of logistics and human capital. They are utilized in Table 1 below to illustrate the degree of Manila's globality.

The first aspect to consider is the selected indicators of Manila's globality in terms of the international economy. In the international airport of Manila, the Ninoy Aquino International Airport, the number of arrivals and departures of aircraft is equivalent to 50.4% of the nationwide total. Among them are international flights, which account for 28.1% of the nationwide total. The cargo volume occupies 72.1% of the nationwide total, and among it is the international cargo volume, which is 68.2% of the nationwide total. The number of passengers translates to 58.6% of the nationwide total, within which number are the passengers of international flights, 40.9% of the nationwide total. From these figures, we can infer that Manila is indeed the Philippines window of logistics and human flow to the world.

The next aspect to consider is the degree of Manila's globality in terms of the internal economy. Manila occupied 36.3% of the gross domestic product and 41.9% of the gross value added of the economy, which indicates the degree of its economic activity. In terms of industry, it is rated is low in manufacturing but high in the sales/repair, finance and real estate. It is important in particular to point out that the proportion of the finance industry based in Manila is high. The proportion of freight shipped to local destinations from Manila by sea and domestic flights occupies 29.3% of the nationwide total.

The scale of Manila's economy is also observed in the situation of its businesses and labor. First, the number of bankrupted companies in Manila filled 70.3% of the nationwide total. These bankrupt companies represent the intensification of competition among companies. The number of laborers who lost their jobs due to company bankruptcies in Manila is 63.4% of the nationwide total. Next, worsening working conditions and the reduction of wages become causes of labor disputes. The number of labor unions in Manila is 59.5% of the

nationwide total, and the number of union members in Manila is 57.1% of the nationwide total.

The final indicator is the government's activity. The government supports industrial activity and is also supported by it. The government's spending in Manila is 49.8% of the national expenditure. The tax collected by Manila amounts to 87.0% of the national figure. These imply that the majority of the formal economy comprised of major companies is located in Manila. The number of government departments and agencies based in Manila is 29.3% of the nationwide total.

These facts suggest the primacy of Manila's role in the international and internal economic and administrative activities. The capital, information, and personnel that manage those activities are overwhelmingly concentrated in Manila. Thus, Manila can be regarded as a global city that opens the economic door to the world and at the same time dominates the Philippines economy.

3 Informalization of Labor

What factors have driven the significantly increased globality of Manila, changing it into the city as it is today? Keeping the subject of this article in mind, this session will discuss aspects of Manila's transformation, focusing on its population and labor. This discussion will show Manila in a different light to the image portrayed by overurbanization theory. However, the data used here will be kept to a minimum, because the main task of this section is to construct a new hypothesis.

3.1 Changes in Demographic Trends

Manila's demographic trends is changing this day. It can be summarized in three points. First, the number of migrants from rural areas moving to Manila has decreased in the last 10 years. As a result, Manila's population growth rate has been below the national average, compared to regional cities, which have grown rapidly. From 1990 to 2000, Manila's population growth rate was 2.02%,

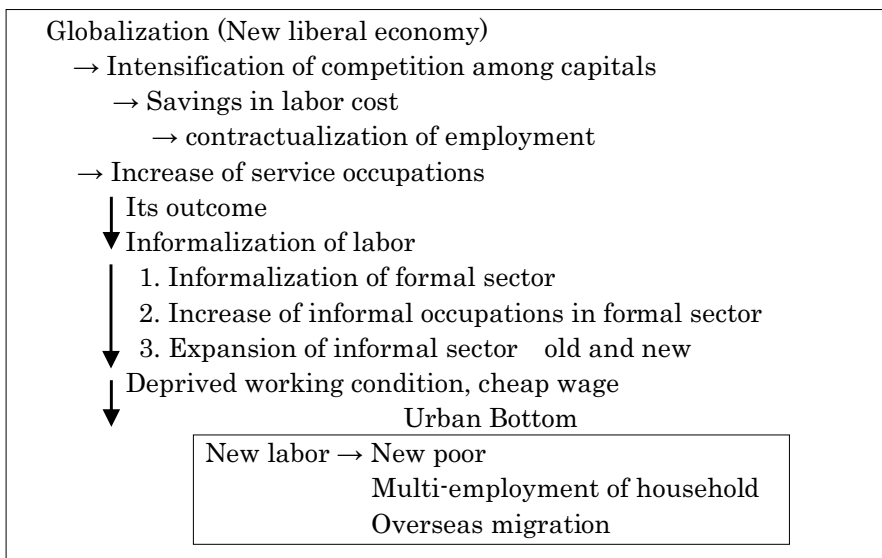
while the nationwide average was 2.12% (NSCB-NSO, 2013: 1-10). The factories operating in Manila have spread to the suburbs and regional cities. Manila's manufacturing value added was only 20.2% of the nationwide figure in 2009 and 17.5% in 2012 (NSCB-NSO, 2013: 3-30). That is, the annual rate was not high, *and* has in fact been decreasing. As a result, the poor living in rural areas have changed their migration patterns, as Manila has become less attractive than the regional cities. Even so, the population influx into Manila has continued to this day. Therefore, Manila's first generation of immigrants is not negligible in number. However, their residence in Manila has extended in spatial length. Moreover, the number of second- and third-generation immigrants born in Manila has increased. The main source of Manila's population growth has changed from external inflow to reproduction inside the city, as a result of social development and natural growth. That is, the population inflow into Manila has continued to advance due to the dual processes of over-urbanization and population reproduction inside the city. This situation can be called the *complex urbanization*⁵⁾, a concept attributed to Keiichi Yamazaki (Yamazaki, 1991: 36-42).

Second, most of the second- and third-genera-

tion immigrants have not been able to escape from their parents' poverty. On the one hand, the number of people belonging to the new intermediate and middle class have increased. On the other hand, the number of people of the low income class have increased. As a result, the occupational and income hierarchies have become polarized. The majority of the poor in Manila are no longer from the rural poor, but are composed of the impoverished second- and third-generations of immigrants. That is, they were born in Manila and have stayed at the bottom of Manila's society. This is now a coherent characteristic of the poor in Manila.

Third, the number of overseas Filipino worker (hereinafter 'OFW') coming from Manila has increased. This is a direct sign of globalization in the population. The proportion of the registered OFW in Manila occupied 16.0% of the nationwide statistics in 2007 (IBON, 2008: 8). Notably, 279,000 persons moved overseas from Manila. In addition, there have been many OFW applicants that had flowed to Manila. The overseas migration infrastructure such as the migration information, the migration government agencies of Philippine Overseas Employment Authority (POEA) etc., the migration industry, and others have been concentrated in Manila. There were 287 entertainer training

Figure 1. Globalization and Labor



schools in the Philippines in 2005 and all of them were in Manila (Asis, 2005: 25). There have been many OFWs that moved overseas as caregivers. There were 735 caregiver training schools certified by the POEA, and in 2005 most of them were in Manila. Furthermore, there were 147 medical facilities for the migrant's health check-up certified by the POEA, and most of them were also in Manila. In addition, other aspects of migrant infrastructure, such as the national testing centers for specific qualifications, travel agencies, and loan companies that lend travel funds etc. are concentrated in Manila. In recent years, recruiters have tended to lend all required expenses to the OFWs. Therefore, even the poor living in informal settlements have begun to go abroad. Thus, the hierarchy created among OFWs has spread downward⁶⁾.

3.2 Transformation of Labor

The labor situation in Manila has changed under globalization, and the main outcome of this change has been the demographic transformation. The transformation of labor has given birth to the *new urban bottom*. Its process is summarized in Figure 1.

Informalization of Labor

The competition among capitals has been intensified under globalization. Companies have aimed to reduce production costs, spread out their production bases spatially, reduce labor costs through layoffs⁷⁾, and promote *non-regularization* of employment. The reduction of labor costs has resulted in informalization of labor. Informalization of labor means worsening employment status, working conditions and wages, becoming the same as those in the informal sector. It is composed of three sub-processes. The first is *informalization of the formal sector*. Its main part is *contractualization of employment*. The contract workers work in deprived working conditions such as strenuous and risky jobs, irregular and long working hours, insufficient working compensation, unstable employment status and low wages paid in the forms of piecework payments and hourly wages⁸⁾. Furthermore, dispatched laborers always suffer from the kickbacks

made by the recruiters. Thus, the working conditions of contract employment becomes actually the same as in the informal sector even if the laborer is employed with a modern contract. The increase of non-regular employment⁹⁾ results in a decrease in the number of regular laborers, subsequently squeezing the employment, working conditions, and wages of the latter¹⁰⁾.

The second sub-process is *the emergence of new informal occupations in the formal sector*. Toshio Iyotani enumerated the new occupations that emerge in the labor market under globalization as follows: "1) the simple service job that supports head office functions from building management and security to data entry, 2) the service job that involves twenty four-hour work and that is demanded by the new urban lifestyle such as fine restaurants, boutique, and nail service, 3) the domestic job such as the babysitter and housekeeper, 4) the factory situations called 'sweatshops' with harsh working conditions that are observed typically in subcontracting of the fashion industry, and 5) the job that provides service such as the low-wage laborer at convenience stores and restaurants etc." (Iyotani, 1999: 195-196). These are the service jobs for the businesses and individuals whose working conditions and wages are almost the same as those in the informal sector. Koichi Niitsu called them the 'sector directly dependent on the formal sector' (Niitsu, 1989: 53-57). These service jobs are generated especially by the outsourcing and subcontracting of production by companies. In other words, the formal sector produces numerous informal jobs.

The third sub-process is how *the informal sector has expanded*. Many jobs in it overlap with the new service jobs as the informal occupations of the formal sector¹¹⁾. They are composed of 1) the small self-employed occupations that are traditional tough manual labor and which are low paid and unpaid, 2) service jobs for the individual such as the housekeeper, babysitter, driver etc., and 3) jobs of people working in the street such as the vendor, sweeper, and collector of recyclable materials. People that are engaged in these jobs are placed in the state of semi-unemployment, even though they are

working¹²⁾. As a result, their households become multi-employment households in which a number of household members have to work to make a living.

Informalization of labor is summarized as follows. It is the situation where the non-regular employment in the formal sector increases, thereby the new informal occupations emerge in the formal sector, further expanding the informal sector, and therefore jobs of the low hierarchy are increased and reorganized in the labor market¹³⁾.

Reorganization of the Informal Sector

The informalization of labor has rendered the fixed dichotomy between the formal and informal sectors useless. This formal sector is the job group whose working conditions are decent and with wages sufficient to support a livelihood. The informal sector is the job group whose working conditions are deprived of and with insufficient wages, as well as those whose employment contract is left to the arbitrariness of the employer or the self-employed¹⁴⁾. However, such fixed dichotomy between the formal and informal sectors has been nullified due to the following situation. First, as previously discussed, occupations in the formal sector have been informalized. As a result, some people in the formal sector transfer to the informal sector, taking with them the capital to run businesses. The other household members, especially women, transfer to the informal sector seeking sideline jobs. They work in both sectors as members of multi-employment households. Second, the informal sector is differentiated hierarchically. The people in the upper part of the hierarchy become entrepreneurs and receive the large income among the labor force. The number of such entrepreneurs actually increase in the informal sector. The people in the lower part are engaged in the traditional occupations whose income is equivalent to the survival level in the informal sector. Moreover, the entrants, especially men, transferring from the formal to the informal sector squeeze the laborers currently engaged in the upper jobs of the informal sector; and the latter, especially women, squeeze the laborers cur-

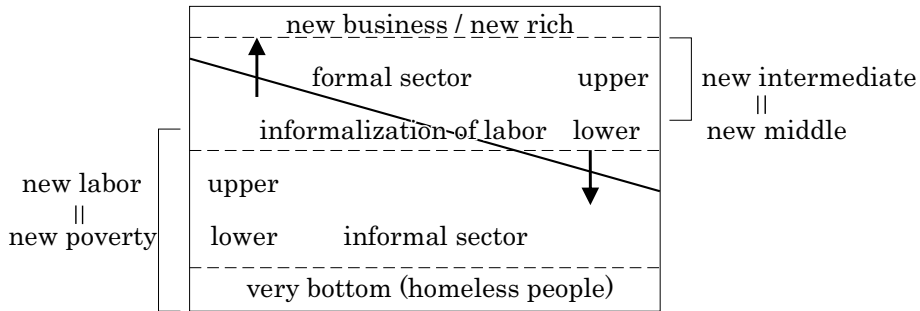
rently engaged in jobs at the lower hierarchy. As a result, the people in lower-ranking jobs are pushed out even from the informal sector. The increasing number of people begging on the streets is a salient sign of this phenomenon.

As previously discussed, hierarchical differentiation has been generated within both the formal and the informal sectors, and the boundary between them has disintegrated. Now, the informal sector not only plays a role as the 'receptacle' of the marginal labor force, but also strengthens the employment adjustment function for the entire labor market. The informal sector once was the 'informal sector of hope' as the platform at which the rural poor started their urban pathway. Now it has become the 'informal sector of despair' as the stage from which deprived people slip off under hierarchical downward pressure.

The fixed dichotomy between the formal and informal sectors is therefore set aside. There are many studies that have argued for the non-validity of the dichotomy between the formal and informal sectors (Rakowski, 1994) (Joshi, 1997) (Ikeno and Takeuchi, 1998) (Fujimaki, 2001) (Kawakubo, 2006) (Chaudhuri and Mukhopadhyay, 2010) and (Mtero, 2011). These authors have shown that the border of both sectors has become blurred, with the sectors connecting to each other. The argument has even been made that the categories of formal and informal sector have become meaningless. In this context, the argument of Yuko Matsuzono is illustrative (Matsuzono, 2006). Taking the example of Bangkok, Thailand, she detailed the reorganization of the informal sector using the same propositions as the author of this article's regarding the transfer from over-urbanization to globalization and the informalization of labor.

However, even bearing in mind the above-mentioned arguments, this article will still not abandon the concepts of 'formal' and 'informal'; it will use those words as terms to analyze flexibly the downward pressure on labor and the new segmentation and fluidization of the labor hierarchy. Furthermore, it will use the word 'informal' as a concept to describe the real state of labor in the lower hier-

Figure 2. Informalization of Labor



archy. The relationship between the formal sector and the informal one is illustrated in Figure 2. The next section will discuss the new labor and the new poverty. In this figure, informalization of labor refers to the process in which the oblique line becomes perpendicular. Therewith, the formal sector is hierarchically differentiated upwardly and some members of its upper layer become the new rich. The informal sector is differentiated downwardly and some members of its lower layer become the very bottom.

4 New Labor and New Poverty

New Labor

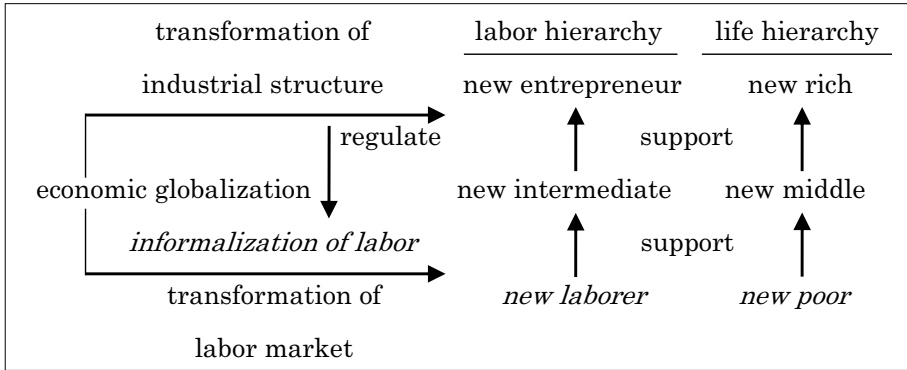
This section will define new concepts to analyze the transformation of labor in the cities of developing country, and propose a framework composed of such concepts (see Figure 3) as follows. Under globalization, the industrial structure has been transformed and the class structure has been polarized. That is to say, the new business and new rich class, and the new intermediate and new middle class have been created at one pole of the class structure. So far, the words 'new rich', 'new intermediate', and 'new middle' have been used interchangeably in urban studies of developing countries. This article will regard the new business and new intermediate as concepts concerning the labor hierarchy, and the new rich and new middle as the concepts concerning the life hierarchy. Many studies have been made about the new rich, new intermediate,

and new middle, so this article will not discuss those concepts.

At the other pole, the new labor and laborer have been created. The new laborer - *the group of people who are in the deprived state of labor* - are created by globalization. The term 'new laborer' had not yet emerged in previous urban studies. It includes three groups of laborers who have suffered from informalization of labor, namely, 1) the laborer who secures a job through the modern employment contract in the formal sector, 2) the laborer who secures a job through the traditional employment pattern in the informal sector, and 3) the laborer who is self-employed. In other words, the new laborer includes the laborers having wide range of occupations from the non-regular laborers of large factories to vendors and homeless people on the streets. The nominal employment form and status no longer correspond to the real working conditions and wage.

The study on the labor hierarchy in the global city is exclusively biased to the new middle class. However, it is deficient, both logically and empirically. The dynamic transformation of the labor market cannot be understood without the analysis of the new laborer supporting the new middle class. Sassen enumerated jobs in the service sector of New York State: maid, cleaner (light and heavy), janitor, porter, baggage porter, bellhop, kitchen helper, pantry watcher, sandwich/coffee maker, food service, room service attendant, ticket taker, stock clerk (stock room, warehouse storage yard), washer, machine washer, dry cleaner (hand), spotter (dry cleaning, washable materials), laundry

Figure 3. Conceptual Scheme on Labor and Hierarchy



presser, laundry folder, rug cleaner (hand and machine), shoes repairer, delivery and route worker, parking lot attendant, exterminator, and packager (Sassen 1988: 200). Most of these jobs are similar to the new unskilled and low-paid jobs found in Manila. All of them are jobs belonging to the new labor in this article.

New Poor

The new laborers support the intermediate class people, who cannot do their jobs without the former's support. The new labor, on the other hand, creates the *new poverty*. Furthermore, the intermediate class generates the *new poor*, who live in deprived conditions. As mentioned above, the new poverty in the previous urban studies was used to describe the whole characteristic of the poverty situation in the age of globalization. In this article, *the new poverty is used as the concept corresponding to the new labor; namely the concept to grasp the life process of the new laborer*. Additionally, the new poor are those who support the people in the new intermediate and middle class. The new poverty is a broader concept than that used in the previous urban studies. Poverty means the state by which a person cannot live with a decent life. Technically, it means the standard of living below the poverty line that is set by the government¹⁵⁾. The new poor covers a wide range of people, including not only the underclass such as the street homeless, but also the lower ranks of company employees and laborers who are engaged in informal jobs.

Therefore, the new poverty becomes a conceptual tool to assist in grasping the enormous and varied forms of poverty.

Role of New Concepts

Thus, the new labor and new laborer, and new poverty and new poor can be categorized as definite hierarchical concepts. Labor is grasped by the concept of the new labor, while poverty is grasped by the concept of the new poverty. They are the products of globalization in such a way that they are mutually connected to each other. Moreover, they are concepts that not only indicate the transforming labor and poverty, but also *re-interpret* the labor and poverty that were interpreted in the context of over-urbanization in previous urban studies. This new theoretical approach means that the new labor and the new poverty are not only added to the previous urban studies, but also the meanings of deprived working conditions and poverty have changed. The conversion from over-urbanization theory to global city theory includes the re-interpretation of traditional labor and poverty.

This article will discuss two further issues regarding the concept of new poverty. First, the new poverty is a concept to designate not only the objective and absolute aspects of poverty, but also its subjective and relative aspects, namely the poverty that is perceived by those suffering from it. This day, the aspects of poverty as the product of the person's definition of the situation have been intensified. As such, the new poverty has two aspects:

the real deprived state and its artificial meaning¹⁶⁾.

Next, there can be a case where a person belongs to the new laborer category but does not necessarily belong to the new poor as a household member and vice versa under the situation of the disorganization of household and the individualization of its members. The new laborer and new poor do not overlap in this case. However, in most cases the new laborer is a member of the new poor.

This article will add two more annotations concerning the new labor and new laborer, and the new poverty and new poor. First, labor and poverty have been transformed. However, the word 'transformed' may not accurately capture the changes that are occurring. Having said that, even if the over-urbanization paradigm is not suitable for understanding the present transformation of the city under globalization, the phenomenon of over-urbanization still continues in the city in developing countries. Notably, two processes are occurring simultaneously in the global city. Following the argument of Yamazaki discussed earlier, this article called the current developments complex urbanization. Similarly, the transformation of labor and poverty does not mean a complete transformation to the new labor and new poverty. They are transformed only in a gradual process.

Second, the transformation of labor and poverty has happened under globalization. Where the concepts of the new labor and new laborer, and the new poverty and new poor are valid, they become a framework to grasp transformation of labor and poverty in both developed and developing countries. On the other hand, the form and process of globalization are different from country to country. Furthermore, there is an asymmetric gap between developed and developing countries. Therefore, it is possible to interpret the new phenomena created by globalization by relating developed and developing countries together structurally, but not by comparing simply the differences of phenomena between them. Thus, the paradigm of the new labor and new poverty opens the door to international comparative study of the transforming lower labor and poverty¹⁷⁾ in the world.

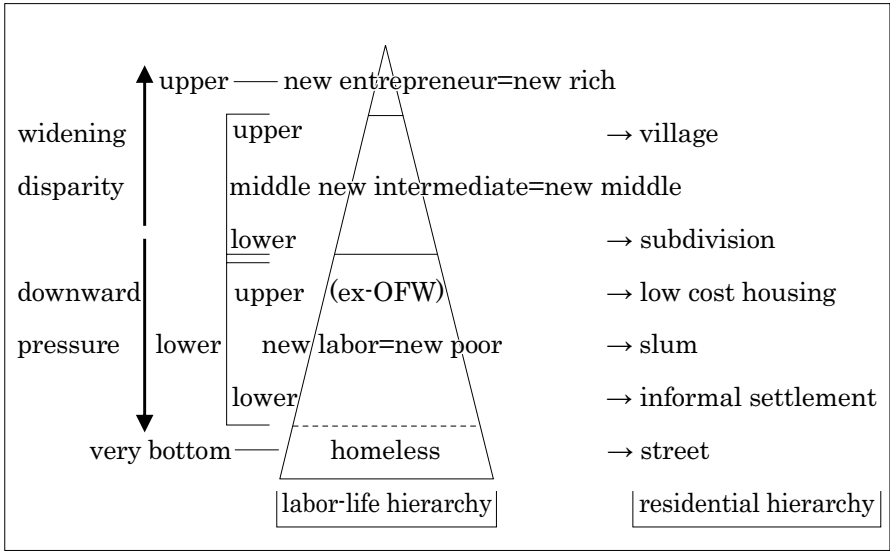
5 Emergence of Urban Bottom

Urban Bottom

This article calls the new laborer and new poor the *urban bottom*. There are three reasons why the deprived laborer and poor are not called the *urban poor* as in the previous urban studies in developing countries, but instead the urban bottom. First, the urban poor has been a key concept of studies of over-urbanization and informal settlement. The premise of the argument of this article is different from the ones of those theories. Second, the urban bottom includes a broader range of the deprived people, much more so than the urban poor. The urban poor exclusively has indicated people who are engaged in the informal sector and live in informal settlements. The urban bottom, on the other hand, indicates the whole group of people who are engaged in informalized jobs, including people who work in deprived working conditions in the formal sector. Third, the word 'urban poor' has been used as a concept including both the state of deprived labor *and* life conditions. But it was originally used to indicate a deprived life. The urban bottom, on the other hand, is the hierarchical concept including the state of deprived labor *and* life.

Moreover, the urban bottom is not only a concept regarding labor and life, but also residence. Figure 4 is a model of the labor, life, and residential hierarchy in Manila. It was constructed using the information and materials that the author has collected. The urban bottom corresponds to part of the new laborer and new poor. Referring to the residential hierarchy, people who live in low-cost housing, slums, informal settlements, and on the streets belong to the urban bottom. However, the status of lower labor and life does not always result in lower residential status, because (as previously explained) residence has special circumstances that cannot be reduced to only aspects of labor and income. The people who can afford to live sometimes live in the informal settlements. There is a problem concerning the housing policy there. The author has discussed the residential hierarchy of

Figure 4. A Model of Labor, Life and Residential Hierarchy



Manila in detail in previous works (Aoki, 2013: chapters 5 & 6).

6 Conclusion

The argument in this article is summarized by four propositions:

First, the global city has emerged in developing countries under globalization.

Second, globalization has expanded the service industry on the one hand and accelerated informalization of labor on the other hand.

Third, informalization of labor has generated the new labor and new laborer, and the latter has generated the new poverty and new poor.

Fourth, the new laborer and new poor constitute the urban bottom.

These propositions become the sub-hypotheses of the main hypothesis, namely the new labor, new poverty, and urban bottom hypothesis. The article has discussed some theoretical issues regarding this hypothesis. To what extent is it compatible with the reality of the global city in developing countries under globalization? More research is needed to verify these sub-hypotheses by studying

Manila as an example. Moreover, comparison of Manila and cities in developed countries is needed. By doing so, the commonalities and differences between the global city in developed and in developing countries can be clarified. While this article did not discuss such commonalities and differences between the urban bottom in Manila and its global forms, it is a priority topic for future research and discussion.

Notes

1. Globalization has created the *hourglass type of economic structure* whose central part becomes constricted and thin and both of its upper and lower layers are inflated (Kawakubo, 2006: 105).
2. Mikio Sumiya named jobs in the modern industrial city before the pre-industrial revolution the ‘urban miscellaneous jobs’ (Sumiya, 1967: 63-66). Interestingly, many miscellaneous jobs overlap the informal jobs of the contemporary city in developing countries. Both are jobs that emerge at the stage of immature labor composition in which the modern labor class is not yet formed. The economic function of miscellaneous jobs in the contempo-

rary city in developing countries is different from that in the modern city. However, the former are often also called urban miscellaneous jobs in Japan.

3. Asuman Turkun contrasted the over-urbanized city in developing countries with the global city, taking as an example Istanbul in Turkey (Turkun, 2009: 58-60). Ranvinder, S. Sandhu and others analyzed the transformation of the city in developing countries (Sandhu, et. al., 2009: Introduction). However, their recognition of the conversion from the over-urbanized city to the global city is incomplete. For example, they used such expressions as “globalization has *exacerbated* the existing inequalities and has *generated* new inequalities” (Italics added) (Sandhu, et. al. 2009: 5). They did not reinterpret the existing inequalities in the context of globalization sufficiently.
4. Toshio Tasaka criticized the over-urbanization hypothesis and expanded the world city hypothesis by analyzing the transformation of Bangkok, Thailand already in the 1990s (Tasaka, 1998: 1-41).
5. Yamazaki wrote that the central city in developing countries has a history in which three processes overlap; the process of over-urbanization, of industrialization and formation of the modern labor class, and of formation of the global city. The manufacturing industry has developed and the migrant workers from the farming and fishing industries have engaged in it in Bangkok (Tasaka, 1989: 14). However, in Manila the formation of industrialization has been immature. Without clear industrial development in Manila, factories have spread out to the suburbs and the service industry has expanded. The proportion of industrial laborers in the labor force structure is still small. Such economic development without industrialization can be seen not only in Manila but also in any other city of the country where there is no experience of sufficient economic takeoff.
6. The proportion of occupation of OFW before going overseas, as seen among this group of OFWs (1,747,000 persons), was 14.3% for shop assistants, 13.4% for factory workers, 13.8% for sales workers, and 35.0% for unskilled workers (IBON, 2008: 8). The proportion of people who belong to the middle and lower parts of middle class occupied 76.5% of the all OFW. This trend seems to have continued since 2008.
7. According to the research agency Social Weather Station, among 141 job seekers 45% of those interviewed were in a state of dismissal and layoff (SWS, 2008: 7). It was 38% in the case of 528 job seekers nationwide. The employment situation is getting more difficult in Manila compared to other areas nationwide.
8. In many cases, the wages of the workers do not reach even the minimum wage. Moreover, the minimum wage level that the government sets is too low. In 2012, the minimum wage in Manila was 456 pesos per day and the minimum cost of living for the average family of six members was 1,033 pesos (Balangue, 2013: 7). The living expenses appropriation proportion of wages was only 44.1%, and therefore multi-employment households have become inevitable.
9. There are various forms of non-regular employment; the contract, probationary, casual, project-based, daily, weekly, seasonally, and apprentice forms of employment. The working conditions are deprived and low wages or no wages are rampant in all of them. The main component of non-regular employment is contractual employment. The proportion of non-regular employment was 38.7% in the Philippines in 2013 (IBON, 2014: 4). The proportion in large retailers such as department stores, for example Shoe Mart, is more than 90%.
10. The author analyzed the deprived working conditions of regular and non-regular factory workers in Manila (Aoki, 2013: chap.3). It became clear that the factories were sweat-

shops, as even the wages of the regular workers in foreign-owned companies were only slightly above the minimum wage.

11. According to the survey cited above (refer to Note 7), among 171 workers of private companies and self-employed individuals, 38% of the laborers were 'unregistered' (SWS, 2008: 8). It was 45% in the nationwide survey. These were the informal occupations.
12. Semi-unemployment is the state in which working people desire more work and more income. It is divided into two types: the 'visible semi-unemployment where people work less than 40 hours in a week and the invisible semi-unemployment where people work more than 40 hours in a week' (Balangue, 2013: 2-3). The latter people also are situated in the state of the semi-unemployment because of low wages, even though they work for a longer time. They are called the 'working poor' in Japan.
13. The International Labour Organization applies the name 'informal economy' the whole range of informal production and employment relationships that cross both the formal and informal sectors (ILO, 2003). Informalization of labor corresponds to its part of this labor.
14. In 1972, the ILO identified seven key features of informal sector activity as follows. "1) low entry costs, and general ease of entry, 2) unregulated and competitive markets, 3) reliance on indigenous resources, 4) family ownership of enterprises, 5) small-scale operation, 6) labor intensive and simple technology, and 7) skills acquired outside the formal schooling system" (Mtero, 2011: 10). Starting with the criticism of this definition, the discussion of the informal sector has continued up to the present (Mtero, 2011: chap.2). This article does not involve itself in this discussion.
15. The poverty incidence, namely the proportion of households whose income is below the poverty line, in Manila was 3.8% in 2012

(NSCB-NSO, 2013: 2-26). There is a criticism that the setting of the poverty line by the government is too low and does not fit the real cost-of-living. The proportion of people below the poverty line actually seems to be much higher than the official proportion.

16. According to the survey cited above (refer to Note 7), 44% of respondents among 300 persons living in Manila answered "I am poor" and 23% answered "I am almost poor" (SWS, 2008: 13). For 1,200 respondents of the nationwide survey it was 50% and 24% respectively. The poverty awareness in Manila was still high even if its proportion was smaller than the nationwide proportions.
17. Comparing Asian cities such as Tokyo and Seoul and Western cities such as New York and London, Richard Hill and June Kim argued that it is necessary to use a different world city concept from the latter in order to study the former (Hill and Kim, 2000). The next step to be studied is to compare the city and urban bottom of developed countries to their counterparts in developing countries whose economic takeoff was delayed. The author has previously discussed the methodology of international comparisons, the commonalities and differences among the cities, and the construction of typology of the urban bottom especially focusing on homelessness (Aoki, 2012).

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