

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

The city in developing country has been transformed under economic globalization (globalization hereinafter). On the one hand, its transformation has been interpreted in the context of the over-urbanized city image. It, on the other hand, has been interpreted in the context of the western global city image. This article aims to criticize these interpretation, to supplement them and to propose an alternative framework for understanding transformation of the city in developing country. I will call this framework the *new labor, new poverty and urban bottom hypothesis*. It is composed of four propositions. First, there has emerged the global city in developing country under globalization. Second, in the global city the working condition has been transformed in the formal sector. Third, *informalization of labor* has given forth the *new labor and laborer*. The new labor and laborer have given forth the *new poverty and poor*. Fourth, the new laborer and new poor constitute the *urban bottom* (people). This article will consider these four propositions, propose a new conceptual framework and assert the reality 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 the study of western city has been accumulated. The city in developing country also has been transformed. There are many studies on it. However, the perspective and theory to analyze and explain transformation of the city in developing country are still immature. On the one hand, transformation of the city has been explained by the over-urbanization perspective. The over-urbanization theory regards the urban poverty as the rural poverty that has been transferred to the city. Therefore, it cannot explain sufficiently transformation of the city due to globalization.

Transformation of the city in developing country, on the other hand, has been explained by the global city perspective modeled by the western city. For example, John Friedmann referred to transformation of the city in developing country 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 transformation of the city in developing country in detail. Under globalization, the urban structure in developing country has been converged to that of the western city. However, there are the specific circumstances in there, which cannot be easily reduced to the western city.

In addition, there are studies on the new intermediate and new middle class in developing country (Koyano, Kitagawa & Kano, 2000; Hattroi, Funatsu & Torii, 2002). In those studies there was an expectation that the new intermediate and new middle class precisely is a bellwether of economic take-off of the developing country. However, the expectation has been out. Globalization has urged the bipolarization of social class and given forth the innumerable poor people in the bottom of the city in developing country¹).

“The interest of Sassen that analyzed the global city is not in how the spatial integration of the in-between global cities is achieved in accordance with the logic of the capital, but in how the people’s labor is supported such intention of capital. …snip… The people having a high level of expertise are supported by the low-wage laborers of several times in number. And many of them are the foreign immigrants” (Iyotani, 2008: 453). Their low-wage is caused of the *new poverty*.

There are some scholars who used the word of new poverty in their books so far. Alock Pete called the new poverty the poverty of people who are excluded from the labor market by being labelled as an ‘incompetent’ (Alock, 1993: 26). Zygmund Bauman called the new poverty the poverty of the underclass that cannot participate in the consumption competition and who are discarded from the society (Bauman, 1998). Manuel Castells called the new poverty the poverty of the newcomer immigrants and of the street people that occupy the public space of western cities (Castells, 1999: 236). Deniz Altay insisted that the homogeneous poor in the ethnicity and the place of origin have been dispersed and instead, that the heterogeneous poor have emerged (Altay, 2009: 354). And he called the poverty of the latter the new poverty. All of them used the word of new poverty focusing on transformation of the urban poverty as a human consequence of globalization. This is just the same reason why this article focuses on the labor and poverty of the urban bottom in developing country. And this article tries to

transcend these phenomenon descriptive concept of new poverty and propose a conceptual framework to analyze transformation of the urban poverty in developing country. I will call it the *new labor, new poverty and urban bottom hypothesis* and tries to apply it to the bottom people of Metro Manila (Manila hereinafter) in the Philippines. In order to verify the hypothesis, I will discuss the global city in developing country in Section 2nd, on informalization of labor in Section 3rd, on the new labor and new poverty in Section 4th and finally on the urban bottom in Section 5th. With all of them this article will insist on the reality compatibility of the new labor, new poverty and urban bottom hypothesis.

2. Global City in Developing Country

1) Demise of Over-Urbanization Theory

So far, transformation of the city in developing country has been thought the product of over-urbanization. And over-urbanization has been explained as “a phenomenon that the unemployed migrants from the rural areas engage in the *miscellaneous jobs*²⁾ in the informal sector, because the number of job for the migrants surpasses one of job which they can work in the formal sector” (Nagano, 2001: 49-50). The over-urbanization theory explains its phenomenon as follows. Although the rural poor people migrate to the city, they cannot get the decent jobs in the city whose industrial infrastructure is immature. As a result, they become the urban poor staying at the squatter (informal settlement hereinafter) and support their livelihood by engaging in the miscellaneous jobs in the informal sector. That is why over-urbanization is called the *urbanization without industrialization* or *pseudo-urbanization*. The over-urbanization theory is one of the city transfer of poverty. It seeks the root of the urban poverty to the rural one. It is a city theory that “regards the city of developing country in the age of the import substitution industrialization in 1950s-60s as a model” (Kitahara & Takai, 1989: 56). It has a political implication that the economic infrastructure must be modernized by the social development policy, that its policy will promote the economic development and the formation of modern labor class and the new intermediate and middle class and that all of them will result in the resolution of the poverty problem. The influence of such modernization theory is large still now. The theory of the informal sector and the informal settlement are in this lineage. However, it is hard for them to explain sufficiently the present transformation of the city in developing country. 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 rode in the palm of the world economy. All of form of the labor and poverty cannot escape from the impact of globalization³⁾. The cause and character of the urban poverty have transformed.

2) Range of Global City Theory

How can the picture of transformation of the city in developing country be drawn? Sassen criticized Castells that emphasized the importance of the global network under globalization in her discussion on global city and emphasized the importance of global city as a place in which such network is functioned (Sassen, 2001: 349). Similarly, she cited David Harvey's notion of capital fixity and argued that "capital even if dematerialized is not simply hypermobile. ...snip... Trade and investment and information flows are not only about flows." (Sassen, 2001: 350). And she emphasized the importance of the *place-ness* in the capital's flow. "The place-ness of 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 by two axes. First, it is the duality of the 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). Second, it is the polarization of laborer's hierarchy into the high income earner engaging in the special service and the low income earner giving services to the former (Sassen, 2001:9). And she grasped the global city 1) as the place in which the service enabling the finance and the global economic control is produced as a commodity, 2) as the place in which the commodity is innovated technically, 3) as the biggest market in which those commodities are traded on the one hand, 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 the low-wage laborers including enormous migrants on the other hand (Iyotani,1999: 197).

This article is interested in two issues that follow this discussion. First, it is on 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 place-ness and economic function (Sassen, 2001). By the

way, is there any other global city? This question brings about two issues; on the definition of globality of city and on 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” (Italic by quoter) (Sassen, 2001: 347). This is the functionalistic understanding of the global city. And she argued that the global city in which it is concentrated the firms of the producer services that “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).

The world city hypothesis of Friedmann is recalled here. Friedmann regarded the world city as “the most important centres of capitalist accumulation” (Friedmann, 2008: 72) and put the indexes to grasp the 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 centre; major transportation node; population size” (Friedmann, 2008: 72). He regarded a city as the world city if any index among them is satisfied. With these indexes he classified the cities all over the world in “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). And he located thirty cities in this classification and constituted a world city hierarchy. 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 indexes as Friedmann set (Sassen, 2008: 349). However, Sassen’s criticism does not overturn completely Friedmann’s inclusive and substantive indexes. Anyway, it is confirmed here that there are many global cities in the world, which are ordered each other by the degree of globality.

3) Global City in Developing Country

The second issue is on the global city in developing country. Friedmann counted up many global cities in developing countries in his list of the world city 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, 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 the concrete indexes to measure the degree of the globality as Friedmann did. However, she did not deny the presence of the global city in developing country⁴). Thus, it is confirmed here that there are the global cities in developing countries.

There is one more issue. The secondary world cities in developing countries were the capitals and the primate cities of those countries in many cases. They were the products of the colonialization by the Western countries. Such relationship of domination and subordination can be observed between the global cities in developed countries and ones in developing countries even today. "The global development of the multi-national company by 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 USA" (Iyotani, 1995: 1959). Capital flows from the industrialized country to the developing one, and the labor force flows vice versa. Such unidirectional flow of the capital and 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 is it 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: 348). However, the 'asymmetrical power relations' among global cities cannot be seen 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 country is covered by the enormous miscellaneous jobs and the 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. The polarization of the economic hierarchy among people within the global city is continuous to one among the global cities. Although the verification still is needed, the perspective of

former *dependency theory* and *peripheral capitalism theory* do not lose the persuasive power even today.

4) Global City, Metro Manila

Manila whose population was 11.9 million in 2010 carries on a part of the world economy and, at the same time, hauls 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 country has such two faces. The high-rise buildings of multinational corporations bristle at Makati, the business district of Manila. The multinational corporations deal with the Philippines companies, exploit the wealth from them and transfer it to the world market.

How can we know the degree of Manila's globality in the international and internal economies? I originally have to make the scale to measure it. But I cannot do it now. I can only guess it with a few temporary indexes on production and the flow of the logistics and human being. See the table one below.

Figure. Indexes of economic activity in Manila (2012)

Index	Real number	Percentage of national	Quate page
<u>International economy through international airport*</u>			
Aircraft arrival and departure times	325782	50.4%	13.18
Domestic flight		28.1%	13.18
Cargo volume / ton	276 million	72.1%	13.18
Domestic flight		68.2%	13.18
Number of passenger / persons	2089 million	58.6%	13.18
Domestic flight		40.9%	13.18
<u>Internal economy</u>			
Gross domestic product		36.3%	3.28
Gross value added / average		41.9%	3.28
Manufacturing		17.5%	3.30
Construction industry		23.1%	3.32
Transportation industry		27.2%	3.34
Sales and repair industry		61.9%	3.34
Finance industry		53.9%	3.36
Real estate business		55.7%	3.36
Logistics going out to local / peso	578 million	29.3%	7.10
Bankruptcy of company / case	1455	70.3%	11.36
Worker who lost job / person	793000	63.4%	11.36
Labor union / union	9841	59.5%	11.38
Trade unionist / person	793000	57.1%	11.36
Tax amount collected / peso	922 billion	87.0%	15.10
Government expenditure / peso	554 billion	49.8%	3.43
Government agent / person	413000	29.3%	15.19

* Ninoy Aquino International airport

Ratio by author's calculation (NSCB-NSO 2013)

At first, shall we see some indexes on Manila's globality as for the international economy? In the international airport of Manila, Ninoy Aquino International Airport, the arrival and departure times of the aircraft occupied 50.4 percent of the nationwide. Among them the international flight occupied 28.1 percent. The cargo volume occupied 72.1 percent of the nationwide. Among them the cargo of the international flight occupied 68.2 percent. The number of passenger occupied 58.6 percent of the nationwide. Among them the passenger of the international flight occupied 40.9 percent. From these facts, we can infer that Manila is the Philippines window of logistics and human flow to the world.

Next, shall we see the degree of Manila's globality as for the internal economy? Manila occupied 36.3 percent of the gross domestic products and 41.9 percent of the gross value added of the economy that implies the degree of economic activity. In terms of industry, its rate is low in the manufacture and high in the sales/repair, finance and real estate. It is important in particular to point out that the rate is high in the finance industry in Manila. The logistics that flowed out from Manila by waterway and flying occupied 29.3 percent of the nationwide.

The scale of Manila's economy is also observed in the situation of company and labor. At first, the number of bankrupted company in Manila occupied 70.3 percent of the nationwide. The bankruptcy company represents the intensification of the competition among the companies. The number of laborer who lost job due to the company bankruptcy in Manila occupied 63.4 percent of the nationwide. Next, the worsening of working condition and the reduction of wage become the causes of labor dispute. The number of labor union in Manila occupied 59.5 percent of the nationwide. The number of unionist in Manila occupied 57.1 percent of the nationwide.

The final index is on the government activity. The government supports the industrial activity and is supported by it. The government spending in Manila occupied 49.8 percent of the nationwide. The tax amount collected of Manila occupied 87.0 percent of the nationwide. These imply that Manila carries on the big part of the formal economy composed of the big company. The number of government's department and agency working at the office in Manila occupied 29.3 percent of the nationwide.

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 reigns the Philippines economy.

3. Informalization of Labor

What result has such globality of Manila produced to Manila itself? In this section, keeping the subject of this article in mind, I will discuss an aspect of Manila's transformation focusing on its population and labor. It will greatly change the Manila's image that has drawn by the over-urbanization theory so far. However, the data used here will be kept to a minimum, because the main task of this section is to construct a new hypothesis.

1) Change of Demographic Trend

Manila's demographic trend has been changed. Its change can be summarized in three points. First, the migrant from the rural area to Manila has been decreased in the last 10 years. As a result, Manila's population growth rate has been fallen below one of the national average and especially of local cities that have grown rapidly. Manila's population growth rate was 2.02 percent and one of the nationwide was 2.12 percent in 1990-2000 (NSCB-NSO, 2013: 1-10). The factories operating in Manila have been spread to the suburbs and local cities. Manila's manufacturing value added occupied 20.2 percent of the nationwide in 2009 and 17.5 percent in 2012 (NSCB-NSO, 2013: 3-30). The rate was not big and has been decreased. As a result, the poor people living in the rural areas have changed their immigration destination from Manila to the local cities. Even so, the population influx to Manila has continued today too. Therefore, the first generation of immigrants is not negligible in number in Manila. However, their residence in Manila has been prolonged. Moreover, the second and third generation of immigrants born in Manila have been increased. The main source of Manila's population has changed from the external inflow to the reproduction inside Manila, namely, from the social increase to the natural one. The dual processes have proceeded; the population inflow to Manila due to over-urbanization and the population reproduction inside Manila. These can be called the *complex urbanization*⁵⁾ following to Keiichi Yamazaki (Yamazaki,1991: 36-42).

Second, most of the second and third generations of immigrants could not escaped from their parents' poverty. On the one hand, the people of the new

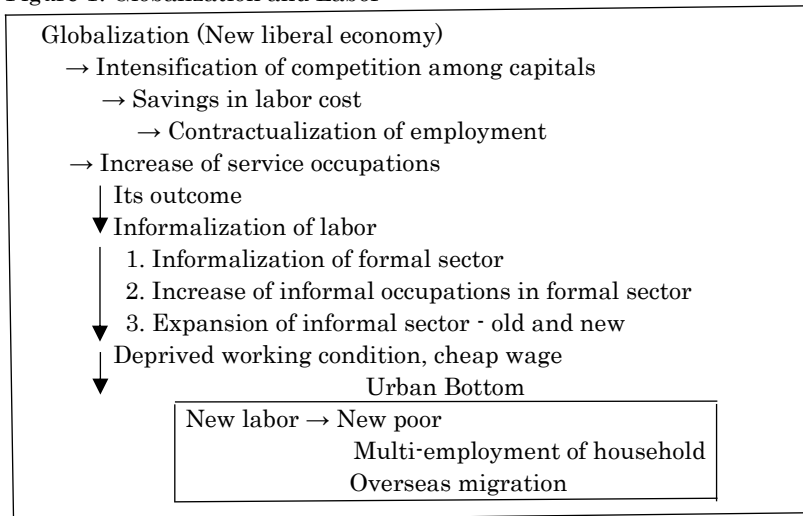
intermediate and middle class have been increased. On the other hand, the people of the low income class have been increased too. As a result, the occupational and income hierarchies have been polarized. The majority of the poor in Manila has not been from the rural poor more. They were born in Manila and have stayed at the bottom of the society of Manila. Their majority has been composed of the impoverished second and third generations of immigrants. This is a characteristic of the poor in today's Manila.

Third, it has increased the overseas Filipino worker, OFW, in Manila. This is a direct emblem of globalization in the population. The rate of the registered OFW occupied 16.0 percent of the nationwide in 2007 (IBON, 2008: 8). Namely, 279,000 persons came out to 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 has been concentrated in Manila. There were 287 entertainer training schools in the Philippines in 2005 and all of them were in Manila (Asis, 2005: 25). There have been many OFWs that come out to overseas as the caregiver. There were 735 caregiver training schools certified by the POEA, and most of them were in Manila in 2005. There were 147 medical facilities for the migrant's health check-up certified by the POEA, and most of them were in Manila. The other migrant infrastructure such as the national testing centers for the specific qualification, the travel agency and the loan company that lends the travel funds etc., have been concentrated in Manila. In recent years, the recruiters have tended to lend all expenses required by the OFWs. Therefore, even the poor people living in the informal settlement have begun to go out to overseas. Thus, the born hierarchy of OFW has spread downward⁶).

2) Transformation of Labor

The labor situation in Manila have been changed under globalization. The demographic transformation is its product. Transformation of labor has given birth the *new urban bottom*. Its process is summarized in Figure 1.

Figure 1. Globalization and Labor



Informalization of Labor

The competition among capitals was intensified under globalization. The company has aimed to reduce the production costs, spread out the production base spatially and reduced the labor costs through the layoff⁷⁾ and *non-regularization* of employment. The reduction of labor costs resulted in informalization of labor. Informalization of labor means that the employment status, working condition and wage worsen and become the same with ones of the informal sector. It is composed of three sub-processes. First, it is *informalization of the formal sector*. Its main part is *contractualization of the employment*. The contract worker works in the deprived working conditions such as the heavy and risk job, the irregular and long working hour, the insufficient working compensation, the unstable employment status and the low-wage paid by the forms of piecework payment and hourly wage⁸⁾. And the dispatched laborer always is suffered from the kickback by the recruiter. Thus the working condition of the contract employment is same as one of the informal sector in actual even if the laborer is employed by the modern contract. And the increase of non-regular employment⁹⁾ results in the decrease of regular laborer and squeezes the employment, working condition and wage of the latter¹⁰⁾.

Second, it is *the emergence of new informal occupation 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 the head office function from the building management and security to the data entry, 2) the service job that does a twenty four-hour work and that is demanded by the new urban life style such as the fine restaurant, boutique and the nail service, 3) the

domestic job such as the babysitter and housework, 4) the factory job called the 'bitter sweat labor' with the harsh working condition that is observed typically in the subcontracting of fashion industry, 5) job that provides service to the low-wage laborer at the convenience store and restaurant etc." (Iyotani, 1999:195-1969). These are the service jobs for the business and individual, whose working condition and wage are almost same to ones of the informal sector. Koichi Niitsu called them the "sector directly dependent to the formal sector" (Niitsu, 1989: 53-57). These service jobs are given birth especially in the outsourcing and subcontracting of production by the companies. The formal sector produces the numerous informal jobs.

Third, *the informal sector has been 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 sweat labors such whose wages are under-payable and unpayable, 2) the 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 recycle 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 the multi-employment households in which the plural household members have to work for supporting their livelihoods.

Informalization of labor is summarized as follows. It means the situation in which the non-regular employment in the formal sector increases, which the new informal occupations emerge in the formal sector, which the informal sector is expanded and thus which jobs of low hierarchy are increased and reorganized in the labor market¹³⁾.

Reorganization of Informal Sector

Informalization of labor made the fixed dichotomy of formal sector and informal one useless. This formal sector means the job group whose working condition is decent and wage is sufficient to support the livelihood. The informal sector means the job group whose working condition is deprived of and wage is not sufficient and whose employment contract is left to the arbitrariness of the employer or the self-employed.¹⁴⁾ The nullification of the fixed dichotomy of formal sector and informal one is due to the following situation. First, the occupation in the formal sector has been informalized. This was already mentioned. As a result, a part of people in the formal sector transfer to the informal sector carrying on the capitals to run

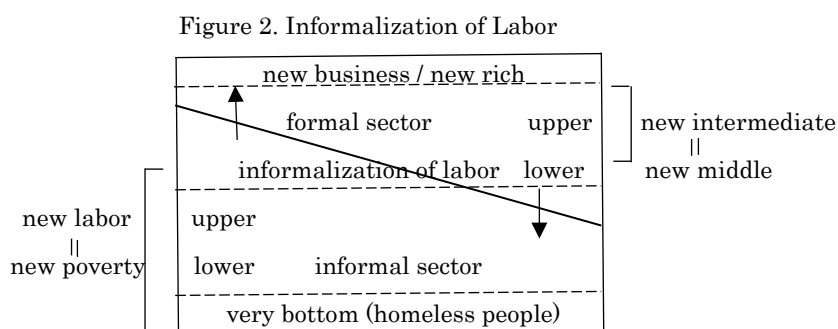
businesses. Or, the other household members, especially women, transfer to the informal sector seeking the side jobs. They work in both of sectors as the members of multi-employment households. Second, the informal sector is differentiated hierarchically. The people of its upper part grows in the entrepreneur that gets the big income earned force. Suh entrepreneur actually increases in the informal sector. The people of its lower part are engaged in the traditional occupations whose income is in the survival level in the informal sector. Moreover, the entrants, especially men, transferring from the formal sector to the informal one squeeze the laborers being engaged in the upper jobs in the informal sector, and the latter, especially women, squeeze the laborers being engaged in jobs of lower hierarchy. As a result, the people in the lower ranking are pushed out even from the informal sector. The increase of people begging on the streets is a salient sign of this happening.

As already mentioned, the formal sector and the informal one were differentiated hierarchically within each sector, and the mutual border was broken. Now the informal sector not only plays a role as the saucer 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 the urban career. Now it has become the 'informal sector of despair' as the platform at which all deprived people slip off under the hierarchical downward pressure.

In this way, I will discard the fixed dichotomy of formal sector and informal one. There are many studies that insisted on the non-validity of the dichotomy of formal sector and informal one (Rakowski, 1994) (Joshi, 1997) (Ikeno and Takeuchi, 1998) (Fujimaki, 2001) (Kawakubo, 2006) (Chaudhuri and Mukhopadhyay, 2010) (Mtero, 2011). They argued that the border of both sectors has become blurred and connected each other. There was even the argument that the categories of formal sector and informal one themselves have become meaningless. In this context, the argument of Yuko Matsuzono must be referred (Matsuzono, 2006). Taking an example of Bangkok in Thailand, she discussed reorganization of the informal sector using the same propositions with mine on the transfer from over-urbanization to globalization and informalization of labor.

However, keeping things mentioned above in mind, I still do not abandon the words of 'formal' and 'informal.' I will use those words as the terms to analyze flexibly the downward pressure of labor and the new segmentation and fluidization of the labor hierarchy. And I will use the word of informal as the concept to describe the

real state of labor of the lower hierarchy. The relationship between the formal sector and the informal one is illustrated in Figure 2. I will discuss the new labor and the new poverty in the next section. In this figure informalization of labor means the process that the oblique line becomes perpendicular. Therewith, the formal sector is hierarchically differentiated upwardly and some people of its upper layer become the new rich. The informal sector differentiated downwardly and some people of its lower layer become the very bottom.



4. New Labor and New Poverty

New labor

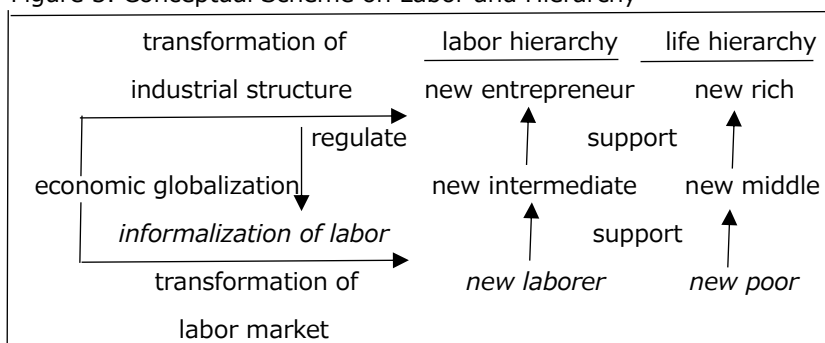
In this section, I will define the new concepts to analyze transformation of labor in the city of developing country and propose a framework composed of those concepts. See Figure 3. It is explained as follows. Under globalization, the industrial structure has been transformed and the class structure has been polarized. Namely, the new business and new rich class and the new intermediate and new middle class have been given birth at one pole of the class structure. The words of the new rich, new intermediate and new middle have been used interchangeably in the urban studies of developing country so far. Here, I will regard the new business and new intermediate as the concepts on the labor hierarchy, and the new rich and new middle as the concepts on the life hierarchy. We already have many studies on the new rich, new intermediate and new middle. However, I will not discuss those concepts in this article.

At the other pole, the new labor and laborer have been given birth. The new laborer means *the whole people who are in the deprived state of labor*, which have been given birth by globalization. The word of new laborer has not yet emerged in the previous urban study. It includes three groups of laborer who are

suffered from informalization of labor, namely, 1) the laborer that gets job through the modern employment contract in the formal sector, 2) the laborer that gets job through the traditional employment custom in the informal sector and 3) the laborer that is self-employment. In other words, the new laborer includes the laborers of wide range of the occupations from the non-regular laborer of the big factory to the vendor and homeless people in the streets. The nominal employment form and status no longer are corresponded to the real working condition.

It is deficient logically and empirically that the study on the labor hierarchy in the global city is exclusively biased to one of the new middle class. 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 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 in common with the new unskilled and low-paid jobs observed in Manila. All of them are jobs belong to the new labor which I mean.

Figure 3. Conceptual Scheme on Labor and Hierarchy



New Poor

The new laborers support the intermediate class people on the one hand. The latter cannot do their jobs without the former's support. The new labor, on the other hand, gives birth the *new poverty*. And the latter gives birth the *new poor* living in suffering in poverty. As mentioned above, the new poverty in the previous urban studies was used for describing the whole characteristic of the poverty in the ages

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.* And the new poor are people that support the people of new intermediate and middle class. The new poverty is a broader concept than one used in the previous urban studies. The poverty means the state in which a person cannot live the decent life. It operationally 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 bottom part of the company's employees and laborer engaged in the informal jobs. In this way, the new poverty becomes a concept to grasp the enormous and various forms of poverty.

Role of New Concepts

Thus, the new labor and new laborer, and new poverty and new poor can be categorized as the definite hierarchical concepts. T of labor is grasped by the concept of the new labor, and one of poverty is grasped by the concept of the new poverty. They are the products of globalization in a way that they are mutually mediated to each other. Moreover, they are the concepts that not only point out the new labor and new poverty, but also *re-interpret* the labor and poverty that were interpreted in the context of over-urbanization in the previous urban studies. There were the deprived working condition and the serious poverty so far. At present, the new labor and new poverty not only are added to them, but also the meanings of deprived working condition and poverty have been changed. The conversion from the over-urbanization theory to the global city theory includes one of the interpretation of the traditional labor and poverty.

I have to discuss more two issues on the concept of new poverty. First, the new poverty is a concept to designate not only the objective and absolute aspect of the poverty but also its subjective and relative aspect, namely, the poverty that is perceived by the person. Today, the aspect of poverty as the product of the person's definition of situation has been intensified. As such, the new poverty has two aspects; the real deprived state and the human meaning to it¹⁶⁾.

Second, there can be a case that a person that belongs to the new laborer, but does not 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 member. The new laborer and new poor are not overlapped in this case. However, in most cases the new laborer is the new poor.

I have to add more two annotations on the new labor and new laborer, and

the new poverty and new poor. First, the labor and poverty have been transformed. However, they *were* not transformed completely. Even if the over-urbanization paradigm is not fit for understanding the present transformation of the city under globalization, the phenomenon of over-urbanization is still continued in the city of developing country. Namely, there are going on two processes simultaneously in the global city. I called it the complex urbanization following Yamazaki earlier. Similarly, transformation of the labor and poverty does not mean their complete transformation to the new labor and new poverty. They are transformed only in the gradual process.

Second, transformation of labor and poverty has happened under globalization. As far as that it is valid, it becomes a framework to grasp transformation of the labor and poverty in both of the developed and developing country. The form and process of globalization are different from country to country. Furthermore, there is the asymmetrical crack between the developed and developing country. Therefore, it is possible to interpret the new phenomena given birth by globalization by relating the developed and developing country 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 the international comparative study on the transforming lower labor and poverty¹⁷⁾.

5. Emergence of Urban Bottom

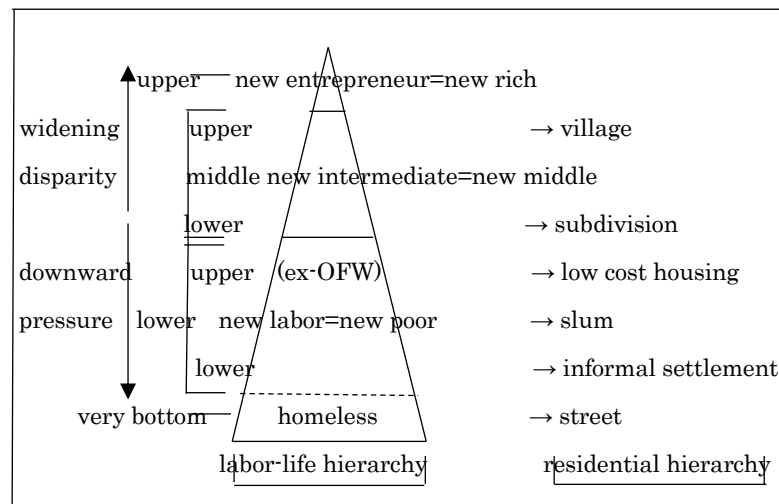
Urban Bottom

I call the new laborer and new poor the *urban bottom* in this article. There are three reasons why the deprived laborer and poor are called not the urban poor but the urban bottom. First, the urban poor has been a key concept of the study of over-urbanization and informal settlement. The premise of argumentation of this article is different from one of those theories. Second, the urban bottom includes the broader range of the deprived people than the urban poor. The urban poor indicates the people that are engaged in the informal sector and live in the informal settlement. The urban bottom, on the other hand, indicates the whole people that are engaged in the informalized jobs including people that work in the deprived working conditions of the formal sector. Third, the word of urban poor has been used as the concept including both state of deprived labor *and* life conditions. However, the urban poor originally is the concept to indicate the deprived life. The urban bottom,

on the other hand, is the hierarchy concept including the state of the deprived labor and life.

Moreover, the urban bottom is not only the concept on labor and life, but also on the residence. See Figure 4. It is a model of the labor, life and residential hierarchy in Manila. It was constructed using the information and materials that I collected. The urban bottom is corresponded to the part of the new laborer and new poor in the figure. Referring to the residential hierarchy, people that live in the low cost housing, slum, informal settlement and street belong to the urban bottom. However, the status of lower labor and life always does not cover one of the lower residential status, because the residence has the special circumstances that cannot be reduced to ones of the labor and life. Refer to the book in which I discussed the residential hierarchy of Manila in detail (Aoki, 2013: chap.5 &6).

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



Conclusion

The argument in this article is summarized by four propositions.

First, the global city has emerged in developing country 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 given birth the new labor and new laborer, and the latter has given birth 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. I discussed some theoretical issues

on this hypothesis. To what extent is it fit to the reality of the global city in developing country under globalization? It is needed the procedure to verify these sub-hypotheses by studying Manila as an example. Next, it is needed the comparison of Manila and other city in developed country. By doing it, the commonality and difference of the global city between in developed and in developing country can be clarified. I did not discuss such commonality and difference of Manila as a global city. This will be a next issue that has to be elucidated.

Notes

- 1) Globalization has given birth 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 the *urban miscellaneous jobs* (Sumiya, 1967: 63-66). Interestingly many miscellaneous jobs overlap the informal jobs of the contemporary cities in developing country. Both are jobs emerged in the stage of the immature labor composition in which the modern labor class was not unformed. The economic function of miscellaneous jobs in the contemporary city in developing country is different from one in the modern city. However, the former are often called the urban miscellaneous jobs too.
- 3) Asuman Turkun contrasted the over-urbanized city in developing country with the global city taking an example of Istanbul of Turkey (Turkun, 2009: 58-60). Ranvinder. S. Sandhu and others insisted on transformation of the city in developing country (Sandhu, et. al., 2009: Introduction). However, their recognition on the conversion from the over-urbanized city to the global city is incomplete. For example there is such an expression that “globalization has *exacerbated* the existing inequalities and has *generated* new inequalities” (Italic is by quoter) (Sandhu, et. al. 2009: 5).
- 4) Toshio Tasaka criticized the over-urbanization hypothesis and expanded the world city hypothesis by analyzing transformation of Bangkok in Thailand already in 1990s (Tasaka, 1998: 1-41).
- 5) Yamazaki wrote that the central city in developing country have the history in which three processes are overlapped; 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 been developed and the migrant

workers from the farming and fishing have engaged in it in Bangkok (Tasaka, 1989: 14). However, in Manila the formation of the industrialization has been immature. Without the clear industrial development in Manila, the factories have been spread out to the suburbs and the service industry has been expanded. The rate of industrial laborer still is small in the labor force structure. Such an economic development without industrialization can be seen not only in Manila, but also in any city of country that did not experience the sufficient economic takeoff.

- 6) The rate of the occupation of OFW before going out to overseas among the whole OFWs (1,747,000 persons) was 14.3 percent for shop assistant, 13.4 percent for factory worker, 13.8% for sales worker, 35.0 percent for unskilled worker (IBON, 2008: 8). The rate of the people that belong to the middle layer below in the general occupational hierarchy occupied 76.5 percent of the whole OFW. This trend seems to continue since 2008.
- 7) According to a research agency named Social Weather Station, among 141 job seekers 45 percent of persons were situated in the state of dismissal and layoff (SWS, 2008: 7). It was 38 percent of 528 job seekers in the nationwide. The employment situation is harder in Manila than the nationwide.
- 8) In many cases, the wages of the workers do not reach even to the minimum wage. 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 rate of wage was only 44.1 percent, and then the household of the multi-employment became inevitable.
- 9) There are various forms in the non-regular employment; the contract, probationary, casual, project-based, daily, weekly, seasonally and apprentice employments. The working condition is deprived of and the low-wage or no wage is rampant in all of them. The main part of non-regular employment is the contract one. The rate of non-regular employment was 38.7 percent in the Philippines in 2013 (IBON, 2014: 4). The rate in the large retailer such as department store, for example Shoe Mart, is more than 90 percent.
- 10) I analyzed the deprived working conditions of the regular and non-regular factory workers in Manila (Aoki, 2013: chap.3). And it was made clear the real situation of the bitter sweat factory in which even the wage of the regular worker in the foreign-owned company was only slightly over the minimum wage.
- 11) According to the survey above-cited (referred to Note 7), among 171

workers of the private companies and self-employed bodies 38 percent of the whole laborers were “unregistered” (SWS, 2008: 8). It was 45 percent in the nationwide. These were the informal occupations.

- 12) The semi-unemployment means the state in which the working people want to get more job and the income. It is divided in two types; the “visible semi-unemployment that people work less than 40 hours in a week and the invisible semi-unemployment that people work more than 40 hours in a week” (Balangue, 2013: 2-3). The latter people are situated in the state of the semi-unemployment because of low wage, even though they work for a long time. They are called the *working poor* in Japan.
- 13) The International Labour Organization called the *informal economy* the whole of the informal production and employment relationships that cross both of the formal and informal sectors (ILO, 2003). Informalization of labor is corresponded to its part of the labor.
- 14) The ILO identified seven key features of the informal sector activity in 1972 as follows. “1) low entry costs, and general easy of entry, 2) unregulated and competitive markets, 3) reliance on indigenous resources, 4) family ownership of enterprises, 5) small scale of operation, 6) labor intensive and simple technology and 7) skills acquired outside formal schooling system” (Mtero, 2011: 10). Starting with the criticism of this definition, the discussion on the informal sector has been continued until today (Mtero, 2011: chap.2). This article does not step into this discussion.
- 15) The poverty incidence, namely, the rate of the household whose income is below the poverty line, in Manila was 3.8 percent in 2012 (NSCB-NSO, 2013: 2-26). There is a criticism that the setting of poverty line by the government is too low and does not fit the real cost-of-living. The rate of people below the poverty line actually seems to be much higher than the official rate.
- 16) According to the survey mentioned seen in Note 11, 44 percent of respondents among 300 ones living in Manila answered “I am in poverty” and 23 percent answered “I am almost in poverty” (SWS, 2008: 13). For 1,200 respondents of the nationwide each percent was 50 percent and 24 percent. The poverty awareness in Manila was still big even if its rate was smaller than one of the nationwide.
- 17) Comparing the Asian cities such as Tokyo and Seoul and the Western cities such as New York and London, Richard Hill and June Kim argued that it is necessary to use the 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 country and ones of developing country whose economic takeoff was delayed. I discussed the methodology of the international comparison, the commonality and difference among the cities and the construction of typology of the urban bottom especially focusing on homelessness (Aoki, 2012).

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