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**RECONSIDERING THE GLOBAL CITY  
FROM A EUROPEAN PERSPECTIVE**

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The discussion about the global city, started by J. Friedman and G. Wolff in 1982, became a central theme of urban research after the publication of S. Sassen's book in 1991. It connected various lines of discussion which had developed since the late 1970s: the restructuring of capitalist economies and their changing relations with space, the renewed economic importance of space and cities; the rediscovery of poverty and major social problems in large developed cities which had been seen as places of access to affluence and modernity, problems linked to unemployment and immigration; the aggressive reshaping of cities by capitalist actors displaying ostentatiously wealth and luxury consumption, after the years when state intervention and planning had been seen as the leading force.

The global city model developed by Sassen took a provocative distance from previous visions of urban economies by deriving the new role and interrelations between cities from what she stated as being the new core of the global economy: finance services and related advanced business services, replacing manufacturing industries as the source of economic wealth. It also challenged the established interpretations of urban hierarchy by stating that global cities were a small group of interrelated nodes becoming more specific, moving away from the profile of other cities – against the usual vision of a diffusion of innovation from major cities down the urban hierarchy.

Sassen's model became paradoxically successful both with neoliberal politicians and developers - who read it as a theoretical validation of their efforts to promote private business dominance, giving it the legitimate collective goal of enhancing global competition and presenting increasing social problems and inequality as the necessary price to pay for it - as well as with radical researchers and urban activists - who read it symmetrically as a revelation of the evil responsibility of globalization in the urban social crisis.

Rather than simply illustrating the model, or claiming some degree of global citiness for one's case, a substantial number of researchers have tried to confront it more systematically with the realities and trends of different cities (see for example Musterd and Ostendorf, 1998, Marcuse and Van Kempen, 2000). This paper will present a few results of such efforts, based mainly on comparative research developed on major European cities (see Maloutas, 2004, for a preliminary presentation). It should not be read so much as a critique than as a recognition

of the importance of the questions posed by Sassen, and of the stimulating character of her answers even when testing them has led to different and more complex ones.

## **I. Economies of global cities**

Evaluating the size, growth and impact of the global city's economic core of finance activities, multinational headquarters and related advanced business services is not so easy because in available data it is often difficult to separate it from other less or non-global activities. For example, a large part of jobs in banking are related to local customers and not to international trade. Qualitative elements tend to show a relative concentration of those activities, and the very high profits they make, in the main global cities. Quantitative evaluations tend to show that it is the most dynamic part of the economy in terms of job creation in those cities.

But on the other side, the same evaluations clearly indicate that, though growing, this new "sector" of financial globalization represents a rather small share of those cities' economies in terms of jobs (Préteceille, 1995). The "rest", which comprises manufacturing industries of various kinds, public and private consumption services, in varying proportions according to the economic trajectories of each city and country, cannot be considered residual.

What is the relation between the financial globalization sector and the other sectors? Could they be considered as complementary as in the economic base theory, the other sectors supporting the first and being dependent on its results? This is debated, some analysts arguing that the "financial globalization" sector is largely independent except for the luxury consumption it generates, and that it is even negative for other sectors because of its impact on real estate prices.

In several large European cities manufacturing industries still represent a significant part of the economy, the decreasing number of jobs being compensated by an increase in productivity. Many of those industries, large or small, have experienced some degree of globalization too, although of a different kind than that of finance.

More generally, it has been argued that industry (manufacturing) still matters, and that the types of globalization processes and spatial orientations of industrial activities are different from that of finance (Veltz, 1996, Storper, 1997).

Different narratives have been produced to make sense of those processes – informational city or network society, knowledge economy, creative industries and cities. They all point at the increasing importance of information, knowledge, invention, incorporated into the material products and becoming more and more significant, in the products as well as in the reproduction of competitive advantages. They have different implications in terms of the kinds of cities or spaces more adequate for those kinds of developments, sometimes congruent with the global city model – London or Paris for example – sometimes quite different – think of Berlin and Frankfurt.

Finally, it has to be stressed that public services are also a very significant element of European cities' economies. Their share has decreased somewhat in cases like London, but in other cases it has been maintained or even expanded a little. Certainly those public services are being reorganized, reoriented, partly marketed or produced by contracting out, but they have definitely not collapsed or been wiped out by pure market production. And public services, public goods, public space, are still seen in most European cities as essential elements in the organization of social life. This is a major debate in Europe, one of the reasons of many negative answers to the proposed European constitution. The collapse of the privatized railway system in Britain, the Enron story, and many similar cases have made the neoliberal arguments for the privatization and commodification of everything slightly less persuasive.

## **II. Challenging the dualist vision of the social structure**

The conventional wisdom regarding the social structure of large cities has become that of dualization. Social dualization, opposing the rich and the poor with increasing inequality between them; and spatial dualization, with their increasing residential segregation. The global city model has strengthened that vision, seeing the social dualization as the expression of the new division of labour in the economy of the global city. As a corollary, it also insists on the "decreasing middle" – theorized by Sassen as a consequence of the crisis of fordism, the middle classes being seen as a product of the last, whereas in the new global economy the hierarchy would be shorter, with less intermediate levels.

Striking experiences of our big cities seem to validate that vision: more wealth and arrogant luxury consumption on one side, more poverty, homelessness, excluded people, in cities which are the richest in the world and have become more and more affluent as a whole, on the other.

In a sense, by establishing a relation between the affluent city of the financial elite and the poor quarters of the tertiary proletariat, Sassen gives a better reading than the one-sided representation of social exclusion present in most public policies.

However, much of the research done on European cities has not validated the dualization model. In London as in Paris, it is the case that the highly skilled professionals have grown, in numbers and share of total population. But there has not been a symmetrical expansion of the low-paid unskilled categories; there has been a shift from blue collar workers and office clerks to service workers in commercial activities and personal services, but no significant expansion of the total. And the middle has not disappeared; on the contrary, middle middle classes<sup>1</sup> have increased significantly (Hamnett, 1994, Preteceille, 1995, 2006). In sum: we see a process of general upward shift of the occupation structure.

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<sup>1</sup> Part of this critique of the sociological shortcomings of the global city model supposes a specific discussion of the social categories being used. It is the case that middle categories are often less visible than the extremes. And the term "middle class" is being used with quite different meanings from country to country, which is the source of many misunderstandings.

Spatial dualization is not validated either. What studies of social segregation tend to show for European cities is first of all a stronger segregation of upper class and upper middle class groups; then a strong though lower segregation of blue collar workers; and a relatively low segregation of middle categories and of white collar workers. Only extreme cases at both ends of the distribution of urban areas according to their socioeconomic profile can be considered as exclusive, the majority of areas being mixed with varying degrees.

There has been some degree of spatial polarization, in the sense that the social distance between the extreme types of neighborhoods as increased. But there has been no dualization because “middle areas”, which are more socially mixed, are not disappearing.

For the cases where we could search more in detail which categories had contributed to an increase of segregation, like in Paris (Préteceille, 2006), we saw that the strongest contribution came for professionals in private firms; whereas public sector professionals and middle-middle categories did not distance themselves from the working classes.

The dramatic image of ghettos which the media tend to give of working class suburbs, if not of all suburbs of Paris, is wrong because the intensity of social segregation is not so strong and many areas are quite mixed. And the representation in terms of social exclusion is also wrong because the increasing social distance is not primarily between the poor areas and the rest of the city but between the rich areas and the rest.

Poor areas concentrating unemployment, low incomes and social difficulties of various kinds exist, and they do deserve ambitious public policies to help them. Studies of deprived areas and their social problems represent a substantial part of the production of urban sociology in Europe over the last 20 years (the series of Urbex publications are a good example). However, by focusing too exclusively on such areas, a large part of urban research ends up supporting the implicit representation that their problems are specific, and the causes inside the areas themselves. When it can be argued, on the contrary, that the causes are largely to be found in the economy and urban structure as a whole, and that their problems are all the more difficult to solve since many of the more mixed areas are suffering similar ones although to a lesser degree: there is a growing fragilization of the middle classes, coming after that of the working class, which can be seen in the increase in the proportion of people in middle occupations who are unemployed or have casual jobs.

The middle classes (in the French version) are becoming more central elements of the workforce of capitalism, therefore they are also progressively submitted to the pressures on wages, working conditions, instability of labour contracts, in contrast to former times when they were relatively privileged. There is a growing anxiety in the middle classes, for their own situation but even more for the darkening prospects they see for their children. In a recent survey<sup>2</sup>, 48% of French people answered positively when asked whether they envisaged the possibility of becoming homeless, and the percentage went up to 62% for those in the ages between 35 and 49.

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<sup>2</sup> Source : BVA survey for Emmaüs-L'Humanité-La Vie published on December 7 2006.

This leads us to a discussion of the political expressions of this anxiety.

In the French case, social movements from the late 1990s up to now have included a mobilization of middle classes – middle-middle and lower middle - together with a part of the skilled working class, against neoliberal reforms of the public pension system, of social security, of the work contract. The negative vote for the European constitutional project is in the same line: a refusal of the dominant trend in European policies which has been the establishment of an enlarged and progressively deregulated market, with no counterparts in terms of social solidarities and protections. With an ambivalence however: part of the reasons for the no vote expressed more the temptation of a nationalistic withdrawal, seeing the “outside” as the source of social problems.

There is a clear contrast with the riots of November 2005, which essentially mobilized working class youngsters from many of the most deprived areas, a strong proportion of them with immigrant origins, from Maghreb or South-Sahara Africa (Lagrange and Oberti, 2006). These riots did not result to political expression, and left-wing organizations were unable to open any real political perspective for their actors. The question of an alliance or convergence between the middle classes and the traditional working class, on one side, and the poorest working class, largely immigrant, on the other, is unanswered. Left-wing municipalities have been reluctant for long (see Masclet, 2003), although there are now local movements in that direction, but there are, in France as well as in many other European countries, an opposite movement of stigmatization of immigrants, with racist attitudes legitimized by the official international anti-terrorist policies and discourses which tend to present all Muslims as potential islamist extremists and terrorists.

### **III. Immigration, globalization and global cities**

In the global city model, immigration to the global city is seen as functional since it provides the influx of low-paid low-skilled services workers that the dualized labour market requires. And the infrastructures of globalization, first of all the transport system, make that influx much easier.

This interpretation of immigration has been criticized because it underestimates various factors, which should be taken into consideration and set up a quite different picture.

First of all, for cities like London or Paris, immigration cannot be understood without considering the history of colonial empires, and the post-colonial relations to-day.

Secondly, a large part of immigration is the result of reasons to leave one's place before being the attractiveness of the global city labour market. The strong migratory pressure to enter Europe is first of all due to the disastrous situation in many African, East European, Latin American, Asian countries or regions. And the flow of immigrants into Madrid, or Athens, is today more intense than what one would expect from the conditions of the labour market in those cities, where there is already a substantial level of unemployment.

Furthermore, the increase of low-paid service jobs may be explained for a part as a consequence of the offer of cheap labour by immigrant rather than a demand by local firms. An example might be the case of *badanti*, immigrant women taking care of elderly persons in their homes in Italy, which allow for a private market solution for a social problem which elsewhere is taken care of more through public and collective services.

Although the media dramatize the lack of integration of immigrants, and many critiques of the insufficient access to good education and jobs are made, the reality of integration is much stronger than what media representations say in many cities of Europe. Some degree of upward social mobility is still achieved by many, access to higher education is expanding, and the majority of immigrants in France want to be more integrated and not to live in separate community areas with services, schools etc. of their own (see Tribalat, 1996, Brouard and Tiberj, 2005, Pew Institute 2006).

Regarding the urban segregation of immigrants, contrary to the dominant images of an Americanization of European cities through the emergence of ethnic ghettos, segregation of immigrants is quite lower than that of African Americans in the USA, and it has been decreasing in the Paris metropolis, not increasing. A growing majority of immigrants live in “ethnically mixed” (i.e. with French born) neighbourhoods. And if a significant minority live in less mixed areas where their share of the population is increasing, this is not sufficient to counterbalance the previous movement, and in very few neighbourhoods their share exceeds 50% (Préteceille, 2006). In London, Hamnett and Butler are studying cases of gentrification related to the increasing presence of ethnic middle class, particularly of Indian origin.

This does not mean that there are no problems of integration, and the riots in France last year, following a series of similar events in the early 1980s, then in the 1990s, obliged politicians to recognize those difficulties. But they should not be misunderstood, they do not express the situation of the large majority of immigrants, only that of the minority which is trapped into the poorest areas and cumulates problems of access to jobs, to quality education, to political integration. The only thing those riots have expressed that is indeed shared by the majority of young people of African or Maghreb origin is the protest against institutional racism and discrimination, particularly that of the police. And against the way it is manipulated, supported and stimulated by politicians who think they can gain electorally out of it, like Sarkozy with his violent words against the “racaille” (scums) and calling to “clean those neighborhoods with a Kärcher” – statements which had their contribution to the upsurge and extension of the riots (Lagrange and Oberti, 2006).

#### **IV. State regulation and welfare**

The most stimulating analytical approach to the dynamic of capitalism from the late 1970s has been that of the regulation school. The concept of a fordist regime of accumulation, and of its crisis, became widespread after the works of Aglietta (1976), Boyer (1986) and others. This launched a hot debate about the models to characterize possible new regimes. The idea of a flexible regime was proposed based on the transformations of the technical

organization of production and its spatial arrangements, but it did not really give a successful answer. The global city model can be read as another tentative answer to that question, a different answer both in terms of dominant economic dynamic – global finance – and dominant spatial forms – a network of a few global cities. But it lacks one key element of the regulation theory approach: regulation. Regulation of the economy for which the state, laws, institutions etc., have been seen as necessary elements organizing and stabilizing market competition. And regulation of the relations between economic activity and social reproduction.

The global city model is basically stateless on both sides. Does this correspond to the empirical reality of our cities? Seen after fifteen years, it may have captured the thrust of the strongest wave of deregulation in the late 1980s, when financial institutions seemed to have taken over the lead from nation states. But after the burst of the bubble in the early 1990s, the question of state regulation came back strongly. After the Enron crisis and similar events in Wall Street, the Crédit Lyonnais series of scandals, etc., suspicion began to spread more about the positive and productive contribution of many financial innovations and creativity in accounting and managing funds and resources by private companies.

Even within the process of extension of the globalized deregulated market, many argue that there are political interests and national interests at work, in the definition of the rules of trade, in the debates about the establishment of international accounting standards, in the policies for patents, etc.

For European cities, perhaps the strongest divergence with the global city model is its underestimation of the structuring character of welfare state services and policies in the organization of the city. Not that there is a common European welfare model. This has been one of the very stimulating fields of comparative research, from the work of Esping-Andersen (1990) on, to make out the different types of welfare regimes or welfare mixes which have been produced historically and are being transformed in the different parts of Europe. There are different national welfare regimes, which should be analyzed not only through state policies but also taking into consideration the different structures and roles of family systems, and what is also provided by the market and by the voluntary sector. There are also important regional and local differences, which have to do with the varying importance of local authorities and the differences in local political traditions (Saraceno 2001, Kazepov 2005).

The strong innovations of municipal socialism may be things of the past, but local politics and policies do matter, and the welfare state is challenged, attacked, disorganized/reorganized, etc, but it still exists, it still is a major reference in many countries, locally and nationally.

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