

TWO STOPS IN TODAY'S NEW GLOBAL GEOGRAPHIES:  
SHAPING NOVEL LABOR SUPPLIES AND EMPLOYMENT REGIMES.

Across the centuries, the international division of labor has included a variety of translocal circuits for the mobility of labor and capital (Wallerstein 1974; Froebel et al. 1980; Potts 1990; Silver 2003; Koo 2001; Aneesh 2006; Khotari 2006; Smith and Favell 2006). These circuits have varied considerably across time and space, shaped at least partly by the specific constitution of labor and capital.

Many of these older circuits continue to exist today. But there are often new dynamics that feed them. And there are new types of circuits as well. One outcome is the emergence of novel global geographies, which cut across the old North-South divide. They are constituted through a variety of familiar processes: the increasingly globalized operations of firms and markets, through the multiplication of firms' affiliates and partnerships, through labor migrations and people trafficking networks. These new geographies are also constituted by far less familiar dynamics, such as new types of mobility through digitization and virtual outsourcing (Aneesh 2006) and, perhaps at the other end, global peddling (Khotari 2006).

One of the more complex formations to arise from these conditions, and a key focus in this paper, is the incipient formation of global labor markets at the top and at the bottom of the economic system (Sassen 1988; 2006: chapters 5, 6 and 7; Smith and Favell 2006). One of these is the transnational market for top-level managerial and professional talent comprising a variety of economic sectors, from finance to highly specialized engineering, and characterized by a growing set of public and private regulations (Sassen 2006: chapter 5). The other type of global labor market consists of an amalgamation of mostly informal flows, with perhaps the most visible circuits those of the "global care chains" (Parreñas 2001; Ehrenreich and Hochschild 2003). The middle sectors of firms and of the workforce in developed countries remain overwhelmingly centered in nationally scaled labor markets. These two global labor markets are constituted through multiple specialized circuits and are far from clearly legible as global labor markets; thus the aggregation implied by the notion of a global labor market is an analytic step. In fact, these

global markets are generally seen through the lens of local labor markets in the places at issue; the tendency is to overlook the fact that some of these local labor markets might also be one site in global labor market circuits.

There are sites with multiple intersections among the diverse circuits comprising these two global labor markets. This paper focuses on two such sites, one in the global south and one in the global north. Given space limitations and the focus of this special issue, I confine myself largely to the lower labor circuits and within these, to those where women are the key labor supply. One site for such intersections is the global city; specifically the forty plus global cities that today constitute a kind of organizational platform for the global economy. The other site is a set of global south countries, or sub-national regions within them, subject to the international debt-financing regime, which put governments, firms and households under enormous constraints to survive. Becoming part of global labor migrations increasingly emerges as one survival strategy for people in these countries; this in turn produces synergies both with governments' growing dependence on migrants' remittances, and with trafficking as one entrepreneurial option. Focusing on women is particularly illuminating in the current phase; they emerge as actors situated at the intersection of major dynamics, ranging from hyperindebtedness among governments of poor countries to the mix of labor markets that secure the necessary functions in global cities.

## I. MAPPING A MULTI-SITED CONCEPTUAL LANDSCAPE

The growing immiseration of governments and whole economies in the global south has promoted and enabled the proliferation of survival and profit-making activities that involve the migration and trafficking of people. To some extent these are older processes, which used to be national or regional and today can operate at global scales. The same infrastructure, which facilitates cross-border flows of capital, information and trade, is also making possible a whole range of cross-border flows not intended by the framers and designers of the current corporate globalization of economies. Growing numbers of traffickers and smugglers are making money off the backs of men, women and children, and many governments are increasingly dependent on their remittances. A key aspect here is that through their work and remittances, migrants enhance the government revenue of deeply indebted countries. The need for traffickers to help in the migration effort also offers new profit-making possibilities to "entrepreneurs" who have seen other opportunities vanish as global firms and markets enter their countries, and to long-time criminals who can now operate their illegal trade globally. These survival circuits are often complex, involving

multiple locations and types of actors, and constituting increasingly global chains of traders, traffickers, and workers.

Globalization has also produced sites that concentrate a growing demand of particular types of labor supplies. Strategic among these are global cities, with their sharp demand for top-level transnational professionals and for low-wage workers, often women from the global south. These are places that concentrate some of the key functions and resources for the management and coordination of global economic processes. The growth of these activities has in turn produced a sharp growth in the demand for highly paid professionals. Both the firms and the lifestyles of their professionals generate a demand for low-paid service workers. Thus global cities are also sites for the incorporation of large numbers of lowly paid immigrants into strategic economic sectors. This incorporation happens directly through the demand for mostly lowly paid clerical and blue-collar service workers, such as janitors and repair workers. And it happens indirectly through the consumption practices of high-income professionals both at work and in their households, practices that generate a demand for low-wage workers in expensive restaurants and shops as well as for maids and nannies at home. In this way low-wage workers get incorporated into the leading sectors, but they do so under conditions that render them invisible, therewith undermining what had historically functioned as a source of workers' empowerment --being employed in growth sectors.

This mix of circuits for labor supply and demand is deeply imbricated with other dynamics of globalization: the formation of global markets, the intensifying of transnational and trans-local networks, and the geographic redeployment of a growing range of economic and financial operations. The strengthening, and in some of these cases the formation of new global labor circuits, is embedded in the global economic system and its associated development of various institutional supports for cross-border markets and money flows. These circuits are dynamic and changing in their locational features. Some of these circuits are part of the shadow economy, but they use some of the institutional infrastructure of the regular economy. Most of these circuits are part of the formal economy and they service leading economic sectors and places worldwide. This mix of labor supply and demand circuits is dynamic and multi-locational.

All of this has happened at a time when developing economies have had to implement a bundle of new policies to accommodate the conditions associated with globalization: the often forced adoption of Structural Adjustment Programs, including prominently the opening up of their economies to foreign firms (World Bank 2005); the elimination of multiple state subsidies to vulnerable or development-linked sectors, from public health to

road construction (UNDP 2005; Sassen 2001: Table 4.5); and - almost inevitably - financial crises and the prevailing types of programmatic solutions put forth by the IMF (Pyle and Ward 2003; Reinhardt with Kaminsky 1999; see also Henderson 2005). In most of the countries involved - whether Mexico or Thailand or Kenya - these conditions have created enormous costs for certain sectors of the economy and for most of the people, and have not fundamentally reduced government debt. Among these costs are the growth in unemployment, the closure of a large number of firms in traditional sectors oriented towards the local or national market, the promotion of export-oriented cash crops which have increasingly replaced subsistence agriculture and food production for local or national markets, and, finally, an ongoing and mostly heavy burden of government debt in most of these economies.

One question running through this essay is whether there are systemic links between, on the one hand, the growing presence of women from developing economies in a variety of global migration and trafficking circuits, and, on the other, the rise in unemployment and debt in those same economies. There is a large body of data on each of these two major processes, but it does not necessarily address and develop the connection between them (Ward 1991; Pyle and Ward 2003; Cagatay and Ozler 1995; Alarcon-Gonzalez and McKinley 1999; Ehrenreich and Hochschild 2003; CIA 2000; IOM 2006; Buechler 2007; Kirsch 2006; Datz 2007). More substantively we can posit that the following combination of conditions in poor countries have all contributed to raise the importance of alternative ways of making a living, making a profit, and securing government revenue: a) the shrinking opportunities for male employment, b) the shrinking opportunities for more traditional forms of profit-making as these countries increasingly accept foreign firms in a widening range of economic sectors and are pressured to develop export industries, and c) the fall in government revenues, partly linked to the first two conditions and to the burden of debt servicing.

The evidence for any of these conditions is incomplete and partial, yet there is a growing consensus among experts about their importance in the expansion of alternative survival strategies for households, enterprises, and governments. I will go further and argue that these three conditions are contributing to an alternative political economy, one arising partly from global North interventions in poor countries and extending eventually back into those same global north countries but through different circuits (notably trafficking of women) from those of the earlier interventions. Women from developing or struggling economies play an increasingly important role in the constituting of this alternative political economy, even when this is often not self-evident or visible. This lack of visibility has long marked much of the difficulty in understanding the role of women in development generally and

it continues today (for critical accounts see e.g. Boserup 1970; Deere 1976; Elson 1995; Bose and Acosta-Belen, 1995; Pyle and Ward 2003; Chant and Kraske 2002), a subject I return to in the next section. In many ways, the three conditions listed above are not new. What is different today is their rapid internationalization and considerable institutionalization.

At the other end of the politico-economic spectrum, major changes in the organization of economic activity since the 1980s are contributing to a growth of low-wage jobs in today's most developed and strategic economic centers in both the global north and south. Such trends, in turn, contribute to general economic insecurity and new forms of employment-centered poverty among workers, even when employed (for a variety of angles on this issue see e.g. Munger 2002; Roulleau-Berger 2003; Fernandez Kelly and Shefner. 2005; Hagedorn 2006; Kofman et al. 2000; Ribas-Mateos 2005; Susser 2002; Taylor-Gooby 2004; Wilson 1997; Kirsch 2006). This is a broad subject, which includes, importantly, the fact that such strategic economic centers are emerging fast in the global south as well, though not in the poorest economies. Questions of racism, colonialism and resistance all are at work in some of these configurations in both the south and the north (Mamdani 1996; Bonilla-Silva 2003; Bada et al. 2006; Chase-Dunn and Gills 2005; Sennett 2003; Pearce 2004; Revista 2006).

There are at least three processes in these strategic economic centers that are constituting new forms of inequality within which we can situate the growing demand for low waged workers, including a large share of foreign-born women. While not necessarily mutually exclusive, it is helpful to distinguish them analytically. They are: a) the growing inequality in the profit-making capacities of different economic sectors and in the earnings capacities of different types of workers and households; b) socio-economic polarization tendencies resulting from the organization of service industries and from the casualization of the employment relation; and c) the production of urban marginality, particularly as a result of new structural processes of economic growth rather than those producing marginality through decline and abandonment.

What I have described above is partly a conceptual landscape. The available evidence is inadequate to prove the argument in its full detail. There are, however, partial bodies of data to document some of these developments. Further, it is possible to juxtapose diverse data sets, even when gathered autonomously, to document some of the interconnections presented above.

## II. STRATEGIC GENDERING IN THE GLOBAL DIVISION OF LABOR

There is by now a fairly long-standing research and theorization effort engaged in uncovering the role of women in international economic processes. The central effort in the earlier research literature was to balance the almost exclusive and mostly implicit focus on men in international economic development research. In the mainstream development literature, these processes have often, perhaps unwittingly, been represented as neutral when it comes to gender. We can identify at least two phases in the study of gendering in the recent history of economic internationalization –all processes that continue today.

A first phase focused especially on the implantation, typically by foreign firms, of cash crops and wage labor generally. The critical analytical variable introduced by feminist scholars was the partial dependence of commercial agriculture on women subsidizing the waged labor of men through their household production and subsistence farming. Boserup (1970), Deere (1976) and many others produced an enormously rich and nuanced literature showing the variants of this dynamic (see also more generally Smith and Wallerstein, 1992). Far from being unconnected, the subsistence sector and the modern capitalist enterprise were shown to be articulated through a gender dynamic; this gender dynamic, in turn, veiled this articulation. It was the ‘invisible’ work of women producing food and other necessities in the subsistence economy that contributed to maintain extremely low wages on commercial plantations and mines producing for export. Women in the so-called subsistence sector thereby contributed to the financing of the ‘modernized’ sector through their largely unmonetized subsistence production. This contrasted sharply with the standard development literature, which represented the subsistence sector as a drain on the modern sector and as an indicator of backwardness. It was not measured in standard economic analyses.

A second phase was the scholarship on the internationalization of manufacturing production that took off in the 1970s and the feminization of the proletariat in the developing countries that came with it (Fernandez Kelly 1982; Morokvasic, 1984; Tinker, 1990; Ward 1991; Sassen 1988; Nash and Fernandez Kelly 1983; Potts 1990). The key analytic element in this scholarship was that off-shoring manufacturing jobs from developed economies under pressure of low-cost imports generated a disproportionately female workforce in the poorer countries where those jobs moved. These women had hitherto largely remained outside the industrial economy. In this regard it is an analysis that also intersected with national issues, such as why women predominate in certain industries, notably garment and electronics assembly, no matter what the level of development of a country (Beneria and Feldman, 1992; Milkman, 1987; see generally Silver 2003). From the perspective of the world economy, the formation of a

feminized offshore proletariat helped firms in the developed countries in their efforts to weaken what had become increasingly strong unions and it helped firms' secure competitive prices for the re-imported goods assembled offshore.

Thus the strategic sites where the international division of labor can be studied from a feminist perspective in these earlier literatures varied across different components of the economy. In the case of export-oriented agriculture, this strategic site is the nexus between subsistence economies and capitalist enterprise –where the former actually subsidize and partly enable the latter. In the case of the internationalization of manufacturing production, it is the nexus between, on the one hand, the dismantling of an established, largely male ‘labor aristocracy’ in major industries whose gains spread to a large share of the workforce in developed economies, and, on the other, the formation of a low-wage off-shore, largely female proletariat in new and old growth sectors. Off-shoring and feminizing this proletariat has kept it from becoming an empowered workforce, including actual union power, and prevented existing, largely male unionized workforces from becoming stronger. Introducing a gendered understanding of economic processes lays bare these connections - the existence of a gender nexus as an operational reality and an analytic category.

But what about the strategic sites for gendering in today's leading processes of globalization? In part at least, long-standing history of gendering remains a critical variable insofar as both the expansion of commercial export-oriented agriculture and the off-shoring of jobs to low-wage countries continue today. They do so often with new contents and through new economic geographies. Examples are the proliferation of outsourcing activities and China's massive expansion of offshore manufacturing regions since the 1990s. In many, though not all ways these developments are predicated on dynamics identified and theorized in that earlier literature.

But continuity, albeit with different contents and a broader range of economic sectors and geographies, is only half the story.

### III. STRATEGIC GENDERING IN TODAY'S GLOBAL ECONOMY.

Each phase in this long history of international divisions of labor has generated specific forms of strategic gendering. So has today's global phase. We can identify a mix of literatures that amount to a third phase in the

feminist analysis of economic development, even though they often contain an elaboration of the categories and findings of the previous two phases discussed above.

One type of scholarship that uncovers the specifics of the current global phase focuses on transformations in women's subjectivities and in women's notions of community of membership. As did the older development literature, today's literature on economic globalization tends to assume gender-neutrality. And it tends to proceed as if questions of subjectivity somehow were not part of the diverse workforces involved. Among other publications, the Special Issue on Globalization and Feminism of the *Indiana Journal of Global Legal Studies* (1996) addresses the impacts of economic globalization on the partial unbundling of sovereignty and what this means for the emergence of cross-border feminist agendas, the place of women and of feminist consciousness in the new Asian mode of implementing advanced global capitalism, and the global spread of a set of core human rights and its power to alter how women themselves understand their position in various potential communities of membership (on these issues see also, e.g. Nash 2005; Iyotani et al. 2005; Consalvo and Paasonen 2002; Kothari 2006; Ong 1999; Barlow 2003; Lucas 2005; Moghadam 2005). Among the richest literatures, and most pertinent to the issues discussed in this article, is a feminist scholarship specifically focused on women immigrants, including research on how international migration alters gender patterns, including how the formation of transnational households can empower women (Chaney and Castro, 1988; Grasmuck and Pessar, 1991; Parrenas 2001; Pessar and Mahler. 2003; Hondagneu-Sotelo, 1994; 2003; Ribas Mateos 2005; Tait 2005).<sup>1</sup>

Far more specific is the question of strategic gendering in the leading global economic sectors. Research on the particular instances where gendering is actually strategic to such sectors is still rare (Bose and Acosta-Belen 1995; Sassen 1996; Ward 1991; Pyke and Ward 2003; Chant and Kraske 2002; Parreñas 2001; Ehrenreich and Hochschild 2003; Cagatay and Ozler 1995; Salzinger 2003; Zlolniski 2006). The cross-border circuits examined in this paper are instances in which the role of women, and especially the condition of being a migrant woman, emerge as crucial to the formation of novel economic arrangements – notably, particular components of global cities and of the alternative political economies posited in the preceding section.

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<sup>1</sup> There is also an important scholarship on new forms of cross-border solidarity, including organizations that fight the abuses to which women are subjected. Elsewhere I have examined the import of this, including the extent to which they can operate globally by using the existing infrastructures of economic globalization (2006: chs 6 and 7; on these infrastructures see also Taylor 2006; Brenner and Keil 2005).



Strategic gendering in the global city occurs both through the sphere of production and that of social reproduction (Sassen 2001: chs 8 and 9). The critical background variable is that these cities are a crucial infrastructure for the specialized servicing, financing and management of global economic processes. It means that all key components of this infrastructure need to function like clockwork. One such key component is the professional workforce. Gendering becomes strategic in a specific function of globalizing firms: cultural brokering. Professional women are emerging as a key type of worker insofar as they are considered good at building trust across sharp cultural boundaries and differences (e.g. Fisher 2006; see also Hindman 2007 for a view from the “expatriate” side of professionals). The globalizing of a firm’s or a market’s operations entails opening up domains (sectors, countries, the world of consumers) to new kinds of businesses, practices, and norms. This kind of cultural brokering is critical especially given the mistrust and the resistances that had to be overcome to implement economic globalization.

Gendering becomes strategic in the global city for the social reproduction of the high-level professional workforce. There are two reasons for this. One is the growing demand for women professionals, and the other the strong preference among both male and female professionals for living in the city given long work hours and very demanding responsibilities at work. The result is a proliferation in cities of what I like to refer to as “the professional household without a ‘wife’.” What matters here is that the absent “wife” is a factor precisely at a time when professional households are crucial to the infrastructure for globalized sectors and need to function like clockwork. The demands placed on the top-level professional and managerial workforce in global cities are such that the usual modes of handling household tasks and lifestyle are inadequate. As a consequence we are seeing the return of the so-called ‘serving classes’ in all the global cities around the world, made up largely of immigrant and migrant women (e.g. Parreñas 2001; Chang 1998; see generally Ehrenreich and Hochschild 2003).

Most of the research on this subject has focused on the poor working conditions, exploitation and multiple vulnerabilities of these household workers. This is a fact. But analytically what matters here is the strategic importance of well-functioning professional households for the leading globalized sectors in these cities, and hence the importance of this new type of “serving class.” For a variety of reasons developed elsewhere (Sassen 2001: chapter 9) immigrant and minoritized women are a favored source for this type of work. Theirs is a mode of economic incorporation that makes their crucial role invisible; being immigrant or minoritized citizens facilitates

breaking the nexus between being workers with an important function in the global information economy, that is to say, in leading industries, and the opportunity to become an empowered workforce - -as has historically been the case in industrialized economies. In this sense the category 'immigrant women' emerges as the systemic equivalent of the offshore proletariat.

#### IV. IMF PROGRAMS AND THE NEED FOR ALTERNATIVE SURVIVAL CIRCUITS.

The second site considered in this paper is the alternative political economies emerging out of a mix of major global trends that become concrete in many of the struggling underdeveloped economies. One of these concrete forms is the formation of alternative survival circuits for individuals, firms and governments. While many of these circuits do not generally get coded as having anything to do with the global economy, I argue that they are to some extent localizations of that global economy, which in their aggregate then constitute alternative political economies. In the next section I give a first empirical specification of some of these localizations. Because the data are inadequate, this is a partial specification. Yet it should serve to illustrate some of the key dimensions.

Debt and debt servicing problems have become a systemic feature of the developing world since the 1980s. They are also a systemic feature inducing the formation of the new global circuits that concern me here. The impact on women and on the feminization of survival is mediated through the particular features of this debt rather than the fact of debt per se. Among these particular features are cuts in specific government programs and the tendency for households to have to absorb the costs of male unemployment. It is with this logic in mind that this section examines various features of government debt in developing economies.

Much research on poor countries documents the link between hyperindebted governments and cuts in programs for women and children, notably education and health care, both clearly investments necessary to ensure a better future (For overviews of the data see UNDP 2005; World Bank 2005a; Sassen 2001: Table 4.5). There is by now a large literature in many different languages; it also includes a vast number of limited-circulation items produced by various activist and support organizations. An older literature on women and debt during a first generation of Structural Adjustment Programs in the 1980s in several developing countries in response to growing government debt also documents the disproportionate burden these Programs put on women (Beneria and Feldman, 1992; Bose and Acosta-Belen, 1995; Bradshaw, Noonan, Gash, Buchmann, 1993; Moser, 1989; Tinker, 1990; Ward,

1991; Ward and Pyle, 1995).<sup>2</sup> Unemployment, both of women themselves, but also more generally of the men in their households, has added to the pressure on women to find ways to ensure household survival (Chossudovsky, 1997; Elson, 1995; Rahman, 1999; Standing, 1999; Lucas 2005). Subsistence food production, informal work, emigration, and prostitution, have all become survival options for women and by extension often for their households (Alarcon-Gonzalez and McKinley, 1999; Buchmann, 1996; Cagaty and Ozler, 1995; Jones, 1999; Safa, 1995; Pyle and Ward 2003; Lucas 2005).

Heavy government debt and high unemployment have brought with them the need to search for survival alternatives not only by people, but also by governments and enterprises. And a shrinking regular economy in a growing number of poor countries has brought with it a widened use of illegal profit-making by enterprises and organizations. Thus we can say that through their contribution to heavy debt burdens, Structural Adjustment Programs have played an important role in the formation of countergeographies of survival, of profit-making, and of government revenue enhancement.<sup>3</sup> Further, economic globalization has provided an institutional infrastructure for cross-border flows and global markets, thereby facilitating the operation of these countergeographies at a global scale. Once there is an institutional infrastructure for globalization, processes, which have basically operated at the national or regional level, can scale up to the global level even when this is not necessary for their operation. This would contrast with processes that are by their very nature global, such as the network of financial centers underlying the formation of a global capital market.

Even before the economic crises of the mid-1990s, the debt of poor countries in the South had grown from US\$ 507 billion in 1980 to US\$ 1.4 trillion in 1992. Debt service payments alone had increased to 1.6 trillion

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<sup>2</sup> Structural Adjustment Programs became a new norm for the World Bank and the IMF on grounds that they were a promising way to secure long-term growth and sound government policy. Yet all of these countries have remained deeply indebted, with forty-one of them now considered as Highly Indebted Poor Countries. The purpose of such programs is to make states more 'competitive,' which typically means sharp cuts in various social programs. By 1990 there were almost 200 such loans in place. In the 1990s the IMF got an additional number of indebted countries to implement Adjustment programs. Most of this debt is held by multilateral institutions, (IMF, World Bank and regional development banks) bilateral institutions, individual countries and the Paris group.

<sup>3</sup> The actual structure of these debts, their servicing and how they fit into debtor countries economies, suggest that under current conditions most of these countries will not be able to pay their debt in full. SAPs seem to have made this even more likely by demanding economic reforms that have added to unemployment and the bankruptcy of many smaller, national market oriented firms. One indicator of the failure of these adjustment programs to do what they were meant to do is the fact that in early 2006 the leading economies voted formally to cancel the debt of the poorest 18 countries, and proposed to extend debt cancellation to several more poor countries.

dollars, more than the actual debt. According to some estimates, from 1982 to 1998 indebted countries paid four times their original debts, and at the same time their debt stocks went up by four times (Toussaint, 1999, p.1). These countries had to use a significant share of their total revenues to service these debts. Thirty-three of the forty-one Highly Indebted Poor Countries (HIPCs) paid three dollars in debt service payments to the North for every one dollar in development assistance. Many of these countries pay over 50% of their government revenues toward debt service, or 20 to 25% of their export earnings (Ambrogi, 1999). Today, before the debt cancellations of early 2006 (see n.3), as proportion of GDP, these debt-servicing levels remain high for most of these countries.

The debt burden inevitably has large repercussions on state spending composition. This is well illustrated in the case of Zambia, Ghana and Uganda, three countries that have been seen as cooperative and responsible by the World Bank as well as effective in implementing SAPs. In Zambia, for example, the government paid 1.3 billion dollars in debt but only 37 million dollars for primary education; Ghana's social expenses, at 75 million dollars, represented 20% of its debt service; and Uganda paid nine dollars per capita on its debt and only one dollar for health care (Ismi, 1998). In 1994 alone these three countries remitted \$2.7 billion to bankers in the North. Africa's payments reached \$5 billion in 1998, which means that for every one dollar in aid, African countries paid 1.4 dollars in debt service in 1998. In many of the HIPCs debt service ratios to GNP exceed sustainable limits; many are far more extreme than what were considered unmanageable levels in the Latin American debt crisis of the 1980s (OXFAM, 1999). Debt to GNP ratios are especially high in Africa, where they stood at 123%, compared with 42% in Latin America and 28% in Asia. Generally, the IMF asks HIPCs to pay 20 to 25% of their export earnings toward debt service. By contrast, in 1953 the Allies cancelled 80% of Germany's war debt and only insisted on 3 to 5% of export earnings debt service. Similar conditions were applied to Central European countries in the 1990s.

By 2003 (see Table 1) debt service as share of exports only (not overall government revenue use) ranged from extremely high levels for Zambia (29.6%) and Mauritania (27.7%), to significantly lowered levels compared with 1990s for Uganda (down from 19.8% in 1995 to 7.1% in 2003) and Mozambique (down from 34.5% in 1995 to 6.9% in 2003).

**Table 1**  
**Highly-indebted poor countries: Exports, Foreign Investment, and Debt Service as Share of GDP, 1995-2003/4**

	Trade Exports of goods and Service as % of GDP		Net foreign investment As % of GDP		Debt service total (% of exports)	
	1995	2003-2004	1995	2003	1995	2003
1. Benin	20.2%	13.7%	0.4%	1.4%	6.8%	6.9%
2. Bolivia	/	/	/	/	/	/
3. Burkina Faso	12.4%	8.6%	0.4%	0.3%	12.2% (a)	11.2%
4. Ethiopia	13.6%	16.9%	0.2%	0.9%	18.4%	6.8%
5. Ghana	/	/	/	/	/	/
6. Guyana	/	/	/	/	/	/
7. Honduras	/	/	/	/	/	/
8. Madagascar	24.1%	28.4%	0.3%	0.2%	Table	6.1%
9. Mali	21.1%	26.4%	4.5%	3.0%	13.4%	5.8%
10. Mauritania	49.1%	40.2%	0.7%	18.1%	22.9%	27.7% (f)
11. Mozambique	15.2%	22.8%	1.9%	7.8%	34.5%	6.9%
12. Nicaragua	/	/	/	/	/	/
13. Niger	17.2%	15.5%	0.4%	1.1%	16.7%	..
14. Rwanda	5.2%	8.6%	0.2%	0.3%	20.4%	14.6%
15. Senegal	34.5%	27.8%	0.7%	1.2%	16.8%	8.7%
16. Tanzania	/	/	/	/	/	/
17. Uganda	..	..	2.1%	3.1%	19.8%	7.1%
18. Zambia	36.0%	20.9%	2.8%	2.3%	47% (h)	29.6%

Notes: (a) 1994; (f) 1998; (h) 1997.

/=Countries eligible for HIPC, but not listed by World Bank and UNDP as Least Developed Countries (LDCs).

PPP=Purchasing Power Parity

**\*There are an additional twenty countries eligible for HIPC, but have not yet met the necessary conditions.**

**Sources: World Bank(2005a); UNDP (2005a). BBC:G8 reaches deal for world's poor.**

These features of the current situation suggest that many of these countries cannot get out of their indebtedness through such strategies as SAPs. Generally, using IMF policies to manage the crisis can be shown to have worsened the situation for the unemployed and poor (UNDP 2005; OXFAM, 1999; Ismi, 1998; Ward and Pyle, 1995; Ambrogi, 1999). The 1997 financial crisis in the rich and dynamic countries of Southeast Asia shows us that accepting the types of loans offered, and indeed pushed, by private lenders, can create unmanageable debt levels even among rich and high-growth economies —bringing bankruptcies and mass layoffs to a broad range of enterprises and sectors. Even a powerful economy such as South Korea found itself forced into structural adjustment programs, with attendant growth in unemployment and poverty due to widespread bankruptcies of small and medium sized firms catering to both national and export markets (Olds, Dicken, Kelly, Kong, Yeung, 1999). The 120 billion dollar rescue package brought with it the introduction of SAP provisions, which reduce the autonomy of

the governments. On top of that most of the funds went to compensate the losses of foreign institutional investors, rather than to help address the poverty and unemployment resulting from the crisis).

It is in this context that alternative survival circuits emerge. The context can be specified as a systemic condition comprising a set of particular interactions among high unemployment, poverty, widespread bankruptcies, and shrinking state resources (or allocation of resources) to meet social needs. The key implication is that the feminization of survival extends to firms and governments besides households. There are new profit-making and government revenue-making possibilities built on the backs of migrants, and women migrants particularly. Next I briefly examine the question of immigrant remittances as one lens into the broader subject of the formation of alternative political economies and how these unsettle older notions of an international division of labor.

## V. LABOR EXPORTS AND REMITTANCES: ONE ALTERNATIVE SURVIVAL SOURCE

Immigrants enter the macro-level of development strategies through the remittances they send back home. These represent a major source of foreign exchange reserves for the government in a good number of countries. While the flows of remittances may be minor compared to the massive daily capital flows in global financial markets, they can matter enormously to developing or struggling economies. The World Bank (2006) estimates remittances worldwide reached US\$ 230 billion, up from US\$ 70 billion in 1998; of this total amount, \$US168 billion went to developing countries, up 73% over 2001. Immigration country firms can also benefit. Thus the *Inter-American Development Bank* (IADB) estimates that in 2003, immigrant remittances generated US\$2 billion in handling fees for the financial and banking sector on the US\$ 35 billion sent back home by Hispanics in the US (see also Robinson 2004). The Bank also found that for Latin America and the Caribbean as a whole, in 2003 these remittance flows exceeded the combined flows of all foreign direct investment and net official development assistance. (See generally Orozco et al. 2005)

To understand the significance of these figures, they should be related to the GDP and foreign currency reserves in the specific countries involved, rather than compared to the global flow of capital. For instance, in the Philippines, a key sender of migrants generally and of women for the entertainment industry in particular, remittances were the third largest source of foreign exchange over the last several years. In Bangladesh, another country with significant numbers of its workers in the Middle East, Japan, and several European countries,

remittances represent about a third of foreign exchange. In Mexico, remittances are the second source of foreign currency, just below oil and ahead of tourism, and are larger than foreign direct investment (World Bank 2006; see also the money generated through illegal trafficking in U.S. Department of State 2004; Kyle and Koslowski 2001; Naim 2006).

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<b>Table 4 Top 20 remittance-recipient countries, 2004 (US\$billions)</b>	
<b>Billions of dollars</b>	
India	21.7
China	21.3
Mexico	18.1
France	12.7
Philippines	11.6
Spain	6.9
Belgium	6.8
Germany	6.5
United Kingdom	6.4
Morocco	4.2
Serbia	4.1
Pakistan	3.9
Brazil	3.6
Bangladesh	3.4
Egypt, Arab Rep.	3.3
Portugal	3.2
Vietnam	3.2
Colombia	3.2
United States	3
Nigeria	2.8

**Source: Author's Calculations Based on IMF BoP Yearbook, 2004, and World Bank Staff estimates.**

Table 2 provides an overall distribution of remittance flows by economic development level and by region. Overall, it becomes clear that remittances are not a particularly significant factor for most countries. This once again, underlines the specificity of the geographies of migration; this is a critical in my own research because of its political implications: most people do not want to move to another country. As an aggregate for all countries in each category, we can see that remittances are between 0.2% in high-income OECD countries to 3.7% for middle-income countries and 4.1% in the Middle East and North Africa. The figures change dramatically when we rank countries by remittances as a share of GDP (see Table 3). Remittances are over a fourth of GDP in several poor or struggling countries: Tonga (31.1%), Moldova (27.1%), Lesotho (25.8%), Haiti (24.8%), Bosnia and Herzegovina (22.5%) and Jordan (20.5%). However, if we rank countries by total value, the picture again changes sharply (see Table 4). The top remittance recipient countries in 2004 include rich countries such as France, Spain, Germany and the UK. The top recipients are India (US\$21.7 bn), China (21.3bn), Mexico (18.1bn), France (12.7 bn) and Philippines (11.6bn).

Governments often see exporting workers and receiving their remittances as means of coping with unemployment and foreign debt. While the second might be a fact, the first is not; further, emigration may be contributing to slow down development as the most entrepreneurial and often well-educated leave. Some countries have developed formal labor export programs. Systemically this fits into the reorganizing of the world economy that began in the 1970s and took off in the 1980s. Probably the strongest examples are South Korea and the Philippines (Sassen, 1988). In the 1970s, South Korea developed extensive programs to promote the export of workers as an integral part of its growing overseas construction industry, initially to the Middle Eastern OPEC countries and then worldwide. As South Korea entered its own economic boom, exporting workers became a less necessary and attractive option. In contrast, the Philippine government, if anything, expanded and diversified the concept of exporting its citizens as a way of dealing with unemployment and securing needed foreign exchange reserves through their remittances. Thailand started a campaign in 1998 after the 1997-8 financial crises to promote migration for work and recruitment by firms overseas of Thai workers. The government sought to export workers to the Middle East, the US, Great Britain, Germany, Australia and Greece. Sri Lanka's government has tried to export another 200,000 workers in addition to the one million it already has overseas; Sri Lankan women remitted US\$ 880 million in 1998, mostly from their earnings as maids in the Middle East and Far East. In the 1970s Bangladesh was already organizing extensive labor export programs to the OPEC countries of the Middle East. These efforts continue, and along with the individual migrations to these and other countries, notably the US and Great Britain, is a significant source of foreign exchange. Its workers annually remitted an estimated \$US 1.4 billion in the second half of the 1990s (David, 1999)

The Philippines is the country with the most developed labor export program. The Filipino government has played an important role in the emigration of Filipino women to the US, the Middle East and Japan, through the Philippines Overseas Employment Administration (POEA). Established in 1982, it organized and oversaw the export of nurses and maids to high demand areas in the world. High foreign debt and high unemployment combined to make this an attractive policy. In the last few years, Filipino overseas workers send home almost US\$ 1 billion on average a year. The various labor importing countries welcomed this policy for their own specific reasons. The OPEC countries of the Middle East saw the demand for domestic workers grow sharply after the 1973 oil boom. Confronted with a shortage of nurses, a profession that demanded years of training yet garnered rather low wages and little prestige or recognition, the US passed the Immigration Nursing Relief Act of 1989 which allowed for the

import of nurses; about 80% of the nurses brought in under the new act were from the Philippines (Yamamoto 2000). The Philippines' government also passed regulations that permitted mail-order bride agencies to recruit young Filipinas to marry foreign men as a matter of contractual agreement.<sup>4</sup> The rapid increase in this trade was due to the organized effort by the government.<sup>5</sup> Among the major clients were the US and Japan. Japan's agricultural communities were a key destination for these brides, given enormous shortages of people and especially young women in the Japanese countryside when the economy was booming and demand for labor in the large metropolitan areas was extremely high. Municipal governments made it a policy to accept Filipino brides.

The largest number of Filipinas going through these channels work overseas as maids, particularly in other Asian countries (Yamamoto 2000; Chin, 1997; Yeoh, Huang, Gonzales, 1999; Parreñas 2001). The second largest group and the fastest growing, is entertainers, who go largely to Japan (Yamamoto 2000; Sassen, 2001: chapter 9). In the 1980s Japan passed legislation which permitted the entry of 'entertainment workers' into its booming economy marked by rising expendable incomes and strong labor shortages. The rapid increase in the numbers of migrants going as entertainers is largely due to the over five hundred 'entertainment brokers' in the Philippines operating outside the state umbrella -even though the government still benefits from the remittances of these workers. These brokers work to provide women for the sex industry in Japan, where it is basically supported or controlled by organized gangs rather than going through the government controlled program for the entry of entertainers. These women are recruited for singing and entertaining, but frequently, perhaps mostly they are forced into prostitution.

## VI. INEQUALITY IN PROFIT-MAKING AND EARNINGS CAPACITIES

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<sup>4</sup> There is growing evidence of significant violence against mail-order brides in several countries, regardless of nationality of origin. In the US the INS has recently reported that domestic violence towards mail-order wives has become acute (Yamamoto 2000). Again, the law operates against these women seeking recourse, as they are liable to be detained if they do so before two years of marriage. In Japan, foreign mail-order wives are not granted full equal legal status, and there is considerable evidence that many are subject to abuse not only by the husband but by the extended family as well.

<sup>5</sup> The Philippine government approved most mail-order bride organizations until 1989, but under the government of Corazon Aquino, the stories of abuse by foreign husbands led to the banning of the mail-order bride business. However, it is almost impossible to eliminate these organizations, and they continue to operate in violation of the law.

Inequality in the profit-making capacities of different sectors of the economy and in the earnings capacities of different types of workers has long been a feature of advanced economies. But what we see happening today takes place on an order of magnitude that distinguishes current developments from those of the post-War decades. The extent of inequality and the systems in which it is embedded and through which these outcomes are produced are engendering massive distortions in the operations of various markets, from investment to housing and labor.

Two of the major processes lying behind the possibility of the increased inequality in profit-making and earnings capacities are an integral part of the advanced information economy. One is the ascendance and transformation of finance, particularly through securitization, globalization, and the development of new telecommunications and computer networks technologies. The other is the growing service intensity in the organization of the economy generally, which has vastly raised the demand for services by firms and households.<sup>6</sup> Insofar as there is a strong tendency towards polarization in the technical levels and prices of services as well as in the wages and salaries of workers in the service sector, the growth in the demand for services contributes to polarization and, via cumulative causation, to reproduce these inequalities.

The super-profit making capacity of many of the leading service industries is embedded in a complex combination of new trends: technologies that make possible the hypermobility of capital at a global scale; market deregulation which maximizes the implementation of that hypermobility; financial inventions such as securitization which liquefy hitherto unliquid or relatively unliquid capital and allow it to circulate faster and hence make additional profits; the growing demand for services in all industries along with the increasing complexity and specialization of many of these inputs which has contributed to their valorization and often over-valorization, as illustrated in the unusually high salary increases beginning in the 1980s for top level professionals.<sup>7</sup> Globalization

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<sup>6</sup> This is a whole subject in itself, with a rapidly growing research literature (see Bryson and Daniels 2006). It is impossible to develop the subject here beyond a few summary statements (for a detailed discussion and extensive list of sources see Sassen (2001: chapters 5 and 6; 2006b). In my reading, the growth in the demand for service inputs, and especially bought service inputs, in all industries is perhaps the most fundamental condition making for change in advanced economies. One measure can be found in the value of bought service inputs in all industries. For this purpose I analyzed the national accounts data over different periods beginning with 1960 for several industries in manufacturing and services. For instance, the results showed clearly that this value increased markedly over time. It has had pronounced impacts on the earnings distribution, on industrial organization and on the patterns along which economic growth has spatialized. It has contributed to a massive growth in the demand for services by firms in all industries, from mining and manufacturing to finance and consumer services, and by households, both rich and poor.

<sup>7</sup> For instance, data analyzed by Smeeding (2002) for 25 developed and developing countries showed that since 1973 the incomes of the top 5th percentile have risen by nearly 50 percent, while the bottom 5<sup>th</sup> have declined

further adds to the complexity of these services, their strategic character, their glamour and therewith to their over-valorization.

The ascendance of finance and specialized services, particularly concentrated in large cities, creates a critical mass of firms with extremely high profit-making capabilities. These firms contribute to bid up the prices of commercial space, industrial services, and other business needs, and thereby make survival for firms with moderate profit-making capabilities increasingly precarious. Among the latter, informalization of all or some of a firm's operations can emerge as one of the more extreme responses, further contributing to polarization in the urban economy. More generally, we see a segmentation between high profit-making firms and relatively modest profit-making firms.

One of the key outcomes of this transformation has been the ascendance of expertise and specialization in the organization of the economy. This ascendance of expertise in economic organization in turn has contributed to the overvalorization of specialized services and professional workers. And it has contributed to mark many of the "other" types of economic activities and workers as unnecessary or irrelevant to an advanced economy. As I have sought to show at length elsewhere, many of these "other" jobs are in fact an integral part of internationalized economic sectors, but not represented as such nor valued (i.e. waged) as such. This contributes to create a vast number of both low-income households and very high-income households (Sassen 2006b: chapter 6; Newman 1999; Lardner and Smith 2005; Lewis Mumford Center 2000).

The growing service intensity in the organization of the economy generally which has vastly raised the demand for services by firms in all economic sectors has contributed to the vast expansion of an intermediate economy of firm to firm sales and acquisitions. For instance, the gross output of FIRE (finance, insurance and real estate) overall (including for firms and for consumers) grew by 7.6 % from 1999 to 2003 in the US, almost double the 4.1 overall growth rate for those years. But if we only measure what was sold to other firms and markets in FIRE, the growth rate jumps to 11.8%; and if we broke it down even further, and just measured securities and linked trading, we reach 34 %. Similar, though less dramatic, wholesale trade as an intermediate input grew by 9.4% from

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by approximately 4%. According to the US Bureau of the Census, from 1970 to 2003 the aggregate national income share of the top 5 % in the US went from 16% to 21%, and for the top 20% from 41% to 48%. All these figures will tend to underestimate inequality insofar as the top earners also have non-salary based gains in wealth, and the bottom fifth measure will tend to exclude many of the poor who lack any source of income and are dependent on friends and family, or become homeless and dependent on charities.

1999-2003 vs. 4.4 as gross output. Overall, private services production as an intermediate input grew by 9% versus 6.2 % gross output growth. But also sectors such as construction are doing better as an intermediate sector (7.2% average growth rate from 1998 to 2003) than as a final consumer sector (4.3%). (For details see Bureau of Economic Analysis 2004, and especially Table 12A). This intermediate economy of services for firms, both specialized corporate and industrial services, has been a key dynamic in the growth of the demand for professionals which has been a key to the new type of economy we see in cities. At the top level of the urban system, especially in global cities, we see the mix of outcomes discussed in this paper. In cities at lower levels of the urban system, catering to more standardized and national rather than global firms, we see a parallel development though the earnings and profits are not as dramatic as in global cities.

Among the major systemic tendencies in the organization of the service sector contributing to polarization is the disproportionate grouping of service industries at either end of the technology spectrum. Service industries that can be described as information and knowledge intensive have generated a significant share of all new jobs created over the last fifteen years in developed economies while most of the other jobs created in the service sector fall at the other extreme. For instance, the two broad occupational categories projected by the US Bureau of Labor Statistics to increase are professional specialty occupations and service occupations. The Bureau's data and projections show that the incomes in these two occupations in the 1990s and into the 21<sup>st</sup> century are on opposite ends of the earnings spectrum, with earnings for service workers about 40% below the average for all occupational groups. In contrast public-sector low-wage jobs, which are better paid and have more fringe benefits, saw a fall in their share of all new jobs and are not expected to reverse this trend.

Key issues are the types of jobs being created and the systemic tendencies organizing the service sector as this sector is setting the terms of employment for today and tomorrow. Jobs and organization are, clearly, overlapping and mutually shaping factors. However, they do not overlap completely: the labor markets associated with a given set of technologies can, in principle vary considerably and contain distinct mobility paths for workers. But today sector organization, types of jobs, and labor market organization, are all strengthening the tendencies towards polarization.

## VII. PRODUCING A DEMAND FOR LOW WAGE SERVICE WORKERS IN GROWTH SECTORS.

Cities are a nexus where many of the new organizational tendencies come together. They are also the sites for a disproportionate concentration of both the top and the bottom level of the occupational distribution. The new employment regimes that have emerged in major cities of highly developed countries since the 1980s have reconfigured the job supply and employment relations. Much analysis of post-industrial society and advanced economies generally posits a massive growth in the need for highly educated workers. This suggests sharply reduced employment opportunities for workers with low educational levels generally and for immigrants in particular. Yet detailed empirical studies of major cities in highly developed countries show ongoing demand for low-wage workers and a significant supply of old and new jobs requiring little education and paying low wages.

One critical distinction for the concerns in this paper is whether this job supply a) is merely or largely a residual partly inflated by the large supply of low-wage workers, or b) is mostly part of the reconfiguration of the job supply and employment relations that are in fact a feature of advanced service economies, that is to say, a systemic development that is an integral part of such economies. There are no precise measures, and a focus on the jobs by themselves will hardly illuminate the issue. We know generally what they are: low-wage, requiring little education, undesirable, with no advancement opportunities and, often, few if any fringe benefits. We need to go beyond the characteristics of these jobs and workers and get at the growth dynamics in advanced service economies, especially, systemic outcomes in terms of labor demand. What looks backward may well be part of today's advanced economies.

In the day-to-day work of the leading sectors in global cities, a large share of the jobs involved are lowly paid and manual, many held by immigrant women. Even the most advanced professionals will require clerical, cleaning, repair workers for their state-of-the art offices, and they will require truckers to bring the software but also the toilet paper. Although these types of workers and jobs are never represented as part of the global economy they are in fact part of the infrastructure of jobs involved in running and implementing the global economy, including such an advanced form of it as is international finance. The specific trends discussed below are part of a larger reconfiguring of employment in global cities of the North, and increasingly also in those of the global south (e.g. Parnreiter 2002; Schiffer 2002; Gugler 2004; Koval et al. 2006; Venkatesh 2006).

High-level corporate services, from accounting to decision making expertise, are not usually analyzed in terms of their work process. Such services are usually seen as a type of output, i.e. high-level technical knowledge.

Thus insufficient attention has gone to the actual array of jobs, from high-paying to low-paying, involved in the production of these services. A focus on the work process brings to the fore the labor question. Information outputs need to be produced, and the buildings, which hold the workers, need to be built and cleaned. The rapid growth of the financial industry and of highly specialized services generates not only high-level technical and administrative jobs but also low wage unskilled jobs. In my research on New York and other cities I have found that between 30% and 50% of the workers in the leading sectors are actually low-wage workers (2001: Chapters 8 and 9, particularly Tables 8.13 and 8.14). These trends are part of a larger reconfiguring of employment in global cities of the North, and increasingly also in those of the global south (e.g. Parnreiter 2002; Schiffer 2002; Gugler 2004; Buechler 2007).

Further, the similarly state-of-the art lifestyles of the professionals in these sectors have created a whole new demand for a range of household workers, particularly maids and nannies. The presence of a highly dynamic sector with a polarized income distribution has its own impact on the creation of low-wage jobs through the sphere of consumption (or, more generally, social reproduction). The rapid growth of industries with strong concentration of high and low income jobs has assumed distinct forms in the consumption structure which in turn has a feedback effect on the organization of work and the types of jobs being created. The expansion of the high-income work force in conjunction with the emergence of new lifestyles have led to a process of high-income gentrification that rests, in the last analysis, on the availability of a vast supply of low-wage workers.<sup>8</sup> High-price restaurants, luxury housing, luxury hotels, gourmet shops, boutiques, hand laundries, and special cleaning services, are all more labor-intensive than their lower price equivalents. This has reintroduced--to an extent not seen in a very long time--the whole notion of the "serving classes" in contemporary high-income households.<sup>9</sup>The immigrant woman serving the

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<sup>8</sup>As for the consumption needs of the growing low-income population in large cities, these are also increasingly met through labor intensive rather than standardized and unionized forms of producing goods and services: manufacturing and retail establishments which are small, rely on family labor, and often fall below minimum safety and health standards. Cheap, locally produced sweatshop garments and bedding, for example, can compete with low-cost Asian imports. A growing range of products and services, from low-cost furniture made in basements to "gypsy cabs" and family daycare, are available to meet the demand for the growing low-income population. There are numerous instances of how the increased inequality in earnings reshapes the consumption structure and how this in turn has feedback effects on the organization of work, both in the formal and in the informal economy.

<sup>9</sup>Some of these issues are well illustrated in the emergent research literature on domestic service (see among others Hochschild 2000; Parreñas 2001; Ribas Mateos 2004) and in the rapid growth of international organizations catering to various household tasks discussed later. See also Hindman (2007) for the case of expatriates.



white middle class professional woman has replaced the traditional image of the black female servant serving the white master. All these trends give these cities an increasingly sharp tendency towards social polarization.

We are beginning to see the formation of global labor markets at the top and at the bottom of the economic system. At the bottom much of the staffing occurs through the efforts of individuals, largely immigrants, though we see an expanding network of organizations getting involved. Outsourcing of low-level manual, clerical and service jobs happens largely through firms. Recruitment or more generally satisfying the demand for household work happens through the migration process but also increasingly through agencies. Finally, a growth sector is global staffing companies, which provide firms with a rather broad range of types of workers for mostly standardized jobs. Some of these have expanded into household work to help the transnational professional workforce. For instance, Kelly Services, a Fortune 500 services company in global staffing, which operates offices in 25 countries, now has added a home care division, which provides a full range of help. It is particularly geared to people who need assistance with daily living activities but also for those who lack the time to take care of the household which in the past would have been taken care of by the "mother/wife" figure in the household.<sup>10</sup> More directly pertinent to the professional households under discussion here, are a growing range of global staffing organizations whose advertised services cover various aspects of daycare, including dropping off and picking up, as well as in-house tasks, from child minding to cleaning and cooking.<sup>11</sup> One international agency for nannies and au pairs (EF Au Pair Corporate Program) advertises directly to corporations urging them to make the service part of their employment offers to potential employees to help them address household and childcare needs. Increasingly the emergent pattern is that the transnational professional class can access these services in the expanding network of global cities among which they are likely to circulate. (See Sassen 2001: chapter 7).

At the top of the system, several major Fortune 500 global staffing companies provide firms with experts and talent for high-level professional and technical jobs. In 2001, the largest of these was the Swiss multinational

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<sup>10</sup>Homecare services include assistance with bathing and dressing, food preparation, walking and getting in and out of bed, medication reminders, transportation, housekeeping, conversation and companionship. While less directly related to the needs of high-income professional households, it is the case that many of these tasks used to be in the care of the typical housewife of the global north.

<sup>11</sup>Very prominent in this market are the International Nanny and Au Pair Agency, headquartered in Britain, Nannies Incorporated, based in London and Paris, and the international Au Pair Association (IAPA) based in Canada.

Adecco, with offices in 58 countries; in 2000 it provided firms worldwide with 3 million workers. Manpower, with offices in 59 different countries, provided two million workers. Kelly Services, mentioned above, provided 750,000 employees in 2000. More important, there is an emergent system that protects the rights of the new transnational professional and managerial workforce. This system is embedded both in today's major free trade agreements and in a series of new types of visas issued by governments. (For detailed analyses see Sassen 2006: chapters 5 and 8)

It is, thus, both at the top and at the bottom of the occupational distribution that labor market internationalization is beginning to happen. Mid-level occupations, even though also increasingly handled through temporary employment agencies, have been less likely to internationalize their supply. These mid-level occupations include a broad range of professional and supervisory jobs, many subject to automation but many sufficiently specific to a country's larger culture and politico-economic organization to be unlikely candidates for outsourcing. They also include a range of mid- and high-level government jobs, notably in the civil service.<sup>12</sup> The types of occupations involved both at the top and at the bottom are, in very different yet parallel ways, sensitive to global dynamics. Firms need reliable and hopefully somewhat talented professionals, and they need them specialized but standardized so they can use them globally. And professionals want the same in the workers they employ in their homes. The move of staffing organizations into the provision of domestic services signals both the emergence of a global labor market and efforts to standardize the service delivered by maids and nannies and homecare nurses across the globe.

The top end of the corporate economy --the highly-paid professionals and the corporate towers that project engineering expertise, precision, "techee"-- is far easier to recognize as necessary for an advanced economic system than are truckers and other industrial service workers, or maids and nannies, even though all of them are a necessary ingredient. Firms, sectors, and workers that may appear as though they have little connection to an urban economy dominated by finance and specialized services, can in fact be an integral part of that economy. They do so, however, under conditions of sharp social, earnings, and, often, sex and racial/ethnic segmentation. They become

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<sup>12</sup> It should be noted that while the supply of government staff is not getting internationalized, there are two emergent trends which constitute a kind of internationalization. One is the recruitment into high government office of distinguished foreigners who have served at high levels of their government. A well-known example is London's recruitment of a former top ranked public transport government official in New York City to handle the public system in London. The other is the intensifying global networks of specialized government officials, whether competition policy, anti-terrorism or immigration government officials (Sassen 2006: chapters 5 and 6); these networks can be quite informal or go beyond the formal institutional arrangements.

part of an increasingly dynamic and multifaceted lower circuit of global capital that partly parallels the upper circuit of professionals and leading corporate service firms --the lawyers, accountants, and telecommunications experts that service global capital.

#### A.) NEW EMPLOYMENT REGIMES IN GLOBAL CITIES:

There are three processes of economic and spatial organization I see as central to address this question. One is the expansion of the producer services and corporate headquarters sector, and their consolidation into the economic core of major cities. While this sector may not account for the majority of jobs, it establishes a new regime of economic activity and the associated spatial and social transformations evident in major cities.

A second process is the downgrading of the manufacturing sector, a notion I use to describe a mode of political and technical reorganization of manufacturing that is to be distinguished from the decline and obsolescence of manufacturing activities. The downgraded manufacturing sector represents a mode of incorporation into the "post-industrial" economy rather than a form of obsolescence. Downgrading is an adaptation to a situation where a growing number of manufacturing firms need to compete with cheap imports, and, secondly, the profit-making capacities of manufacturing overall are modest compared with those of leading sectors such as telecommunications or finance and her sister industries.

The third process is the informalization of a growing array of economic activities, which encompasses certain components of the downgraded manufacturing sector. Like the latter, informalization represents a mode of reorganizing the production and distribution of goods and services under conditions where a significant number of firms have an effective local demand for their goods and services but cannot compete with cheap imports or cannot compete for space and other business needs with the new high-profit firms engendered by the advanced corporate service economy. Escaping the regulatory apparatus of the formal economy, even if partially, enhances the economic opportunities of such firms.

Whether articulation and feedback effects exist among these different sectors matters to the question in this paper. If there is articulation among the different economies and labor markets embedded in them it could be argued that we need to rethink some of the basic propositions about the post-industrial economy, i.e. the notion that it needs

largely highly educated workers and advanced firms, and the notion that informalization and downgrading are just a third world import or an anachronistic remnant of an earlier era. The argument here is that we are seeing new employment regimes in these urban economies dominated by advanced services, which create low-wage jobs and do not require particularly high levels of education. Politically and theoretically this points to low-wage jobs and low-profit firms as a systemic development of the advanced urban economy.

The expansion of low-wage jobs as a function of growth trends implies a reorganization of the employment relation. To see this we have to distinguish the characteristics of jobs from their sectoral location (for empirical specification of this distinction see Sassen 2001: chapters 8 and 9). That is to say, highly dynamic, technologically advanced growth sectors may well contain, low-wage dead-end jobs. Furthermore, the distinction between sectoral characteristics and sectoral growth patterns is crucial: backward sectors such as downgraded manufacturing or low-wage service occupations can be part of major growth trends in a highly developed economy. It is often assumed that backward sectors express decline trends. Similarly, there is a tendency to assume that advanced industries, such as finance, have mostly good white-collar jobs. In fact they contain a good number of low-paying jobs from cleaners to stock clerks.<sup>13</sup>

## B.) THE CASUALIZATION OF THE EMPLOYMENT RELATION

In terms of the organization of labor markets, we are seeing the formation of new types of labor market segmentation emerging in the 1980s and sharpening from the 1990s onward. Two characteristics stand out. One is a

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<sup>13</sup> To spatialized these interconnections I developed the notion of circuits for the distribution and installation of economic operations as an analytic device that allows me to track the full array of jobs, firms, and spaces that comprise a "sector" or industry. It allows me to capture the variety of economic activities, work cultures and urban residential areas that are part of, for instance, the financial industry in New York City, but are not typically associated with that industry: truckers who deliver the software and cleaners have work cultures, engage in activities, and reside in neighborhoods which diverge drastically from those of financial experts, yet they are part of the industry. These circuits are also mechanisms to resist the analytic confinement of the low-wage immigrant workforce to "backward" industries just because the jobs appear as such. And they allow us to move into terrains that escape the increasingly narrow borders of mainstream representations of "the" economy and to negotiate the crossing of discontinuous spaces. (Sassen 2006a: chapter 8).

shift of some labor market functions and costs to households and communities. The second one is the weaker role of the firm in structuring the employment relation. More is now left to the market.

The shift of labor market functions to the household or community is particularly evident in the immigrant community. But it is part possibly of a more generalized pattern that deserves further research: there is a large body of evidence showing that once one or a few immigrant workers are hired in a given workplace, they will tend to bring in other members from their communities as job openings arise. There is also evidence showing great willingness on the part of immigrant workers to help those they bring in with some training on the job, teaching the language, and just generally socializing them into the job and workplace. This amounts to a displacement of traditional labor market functions such as recruitment, screening and training from the labor market and the firm to the community or household. The displacement of labor market functions to the community or household raises the responsibility and the costs of participating in the labor force for workers, even if these costs are often not monetized.<sup>14</sup> These are all subjects that require new research given the transitions that we are living through.

As for the weaker role of the firm in organizing the employment relation, it takes on many different forms. One is the declining weight of internal labor markets in structuring employment. This corresponds both to the shrinking weight of vertically integrated firms and the restructuring of labor demand in many firms towards bipolarity--a demand for highly specialized and educated workers alongside a demand for basically unskilled workers whether for clerical work, services, industrial services, or production jobs, as discussed in the preceding section. The shrinking demand for intermediate levels of skill and training has in turn reduced the need and advantages for firms of having internal labor markets with long promotion lines that function as training-on-the-job mechanisms. The decentralization of the large, vertically integrated manufacturing firms, including the offshoring of parts of the production process, has contributed to the decline in the share of unionized shops, the deterioration of wages, and the expansion of sweatshops and industrial homework. This process includes the downgrading of jobs within existing industries and the job supply patterns of some of the new industries, notably electronics assembly.

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<sup>14</sup> There is an interesting parallel here with the earlier analysis in Gershuny and Miles (1983) showing that one of the components of the service economy is the shift of tasks traditionally performed by the firm onto the household: e.g. furniture and even appliances sold unassembled to be put together by the buyer.

Further, part-time and temporary employment is growing at a faster rate than full-time employment. In the U.S., growing shares of service workers are in part-time jobs, and they are so twice as often as average workers; involuntary part-time employment has grown significantly over the past decade. Yet another empirical referent for the casualization of the employment relations is the rapid rise of employment agencies that take over the supplying of a growing range of skills under highly flexible conditions. The terms of employment have been changing rapidly over the last fifteen years for a growing share of workers.

In my reading, the overall tendency is towards a casualization of the employment relation that incorporates not only the types of jobs traditionally marked as "casual" jobs, but also high level professional jobs which in many regards are not casual (Sassen 2001: chs 8 and 9; 2006b). It might be useful to differentiate a casualized employment relation from casual jobs in that the latter connotes such added dimensions as the powerlessness of the workers, a condition which might not hold for some of the highly specialized professional part-time or temporary workers. This is a subject that requires more research.<sup>15</sup>

One of the most extreme forms of the casualization of the employment relation and of the changes in economic organization generally is the informalization of a growing array of activities. This is a development evident in cities as diverse as New York, Paris, London, Amsterdam, and so on.<sup>16</sup>

### C.) THE INCREASED INFORMALIZATION OF WORK

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<sup>15</sup> These developments raise several questions regarding the employment of immigrants, which require more empirical research. Most generally, what is the impact of casualization in specific labor markets on employment outcomes for immigrants and, conversely, what is the impact of the availability of a casualized labor force on labor market characteristics? More specifically, does the casualization of the labor market interact with, reflect or respond to the availability of a large supply of immigrant workers, and if so, in what ways does this happen? Secondly, to what extent are immigrant workers an effective supply for many of these casualized jobs? And thirdly, how does immigration policy affect the characteristics of the immigrant labor supply, specifically, in what ways does it contribute to casualize or decasualize this labor supply.

<sup>16</sup> While this is a controversial subject because there are no definitive data, a growing number of detailed field studies are providing important insights into the scale and dynamics of the informal economy. See the studies by Tabak et al. (1999), Martin (1997), Roulleau-Berger (2003), Fernandez Kelly and Shefner (2005), Venkatesh (2006), Zloliniski (2006) to name but a few field studies on the informal economy in advanced economies.

Theorization about the informal economy has until recently been grounded in the incapacities of less developed economies: the inability to attain full modernization of the economy, stop excess migration to the cities, implement universal education and literacy programs. Rather than assume that global south immigration is causing informalization, what we need is a critical examination of the role it might or might not play in this process. Immigrants, in so far as they tend to form communities, may be in a favorable position to seize the opportunities represented by informalization. But immigrants do not necessarily create the opportunities. They are a structured outcome of current trends in advanced economies.

A central hypothesis organizing much of my research on the informal economy is that the processes of economic restructuring that have contributed to the decline of the manufacturing-dominated industrial complex of the post-War era and the rise of the new, service-dominated economic complex, provide the general context within which we need to place informalization if we are to go beyond a mere description of instances of informal work. The specific set of mediating processes I have found to promote informalization of work are a) increased earnings inequality and the associated restructuring of consumption in high income strata and in very low income strata, and b) the inability among the providers of many of the goods and services that are part of the new consumption to compete for the necessary resources in urban contexts where leading sectors have sharply bid up the prices of commercial space, labor, auxiliary services, and other basic business inputs. (Sassen 2001: Chapter 9; 2006b).

One major trend is that the decline of the middle class, the growth of a high-income professional class, the expansion of the low-income population, have all had a pronounced impact on the structure of consumption, which has in turn had an impact on the organization of work to meet the new consumption demand. Part of the demand for goods and services feeding the expansion of the informal economy comes from the mainstream economy and the fragmentation of what were once mostly homogeneous middle-class markets. And another part of this demand comes from the internal needs of low-income communities increasingly incapable of buying goods and services in the mainstream economy.

The recomposition in household consumption patterns particularly evident in large cities contributes to a different organization of work from that prevalent in large, standardized establishments. This difference in the organization of work is evident both in the retail and in the production phase. High-income gentrification generates a demand for goods and services that are frequently not mass-produced or sold through mass outlets. Customized production, small runs, specialty items, fine food dishes are generally produced through labor-intensive methods and

sold through small, full-service outlets. Subcontracting part of this production to low-cost operations, and also sweatshops or households, is common. The overall outcome for the job supply and the range of firms involved in this production and delivery is rather different from that characterizing the large department stores and supermarkets where standardized products and services are prevalent and hence acquisition from large, standardized factories located outside the city or the region are the norm. Proximity to stores is of far greater importance with customized producers. Further, unlike customized production and delivery, mass production and mass distribution outlets facilitate unionizing (Fantasia and Voss 2004; Tait 2005).<sup>17</sup>

The expansion in the low-income population has also contributed to the proliferation of small operations and the move away from large-scale standardized factories and large chain stores for low-price goods. In good part the consumption needs of the low-income population are met by manufacturing and retail establishments, which are small, rely on family labor, and often fall below minimum safety and health standards. Cheap, locally produced sweatshop garments, for example, can compete with low-cost Asian imports, and the small immigrant-owned grocery shop can replace the large, standardized, and typically unionized super-market. A growing range of products and services, from low-cost furniture made in basements to "gypsy cabs" and family daycare is available to meet the demand for the growing low-income population.

In any large city, there also tends to be a proliferation of small, low-cost service operations made possible by the massive concentration of people in such cities and the daily inflow of commuters and of tourists. This will tend to create intense inducements to open up such operations as well as intense competition and very marginal returns. Under such conditions the cost of labor is crucial and contributes to the likelihood of a high concentration of low-wage jobs.

This would suggest that a good share of the informal economy is not a result of immigrant survival strategies, but rather an outcome of structural patterns of transformation in the larger advanced urban economy. Immigrants have known how to seize the "opportunities" contained in this combination of conditions (Smith 2005;

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<sup>17</sup> There are numerous instances of how the increased inequality in earnings reshapes the consumption structure in a city like New York and how this in turn has feedback effects on the organization of work, both in the formal and in the informal economy: the creation of a special taxi line that only services the financial district and the increase of gypsy cabs in low-income neighborhoods not serviced by regular cabs; the increase in highly customized wood work in gentrified areas and low-cost rehabilitation in poor neighborhoods; the increase of homeworkers and sweatshops making either very expensive designer items for boutiques or very cheap products.



Menjivar 2000; Waters 1999; Suarez-Orozco 2002), but they cannot be said to cause the informal economy.

Informalization emerges as a set of flexibility-maximizing strategies by individuals and firms, consumers and producers, in a context of growing inequality in earnings and in profit-making capabilities discussed earlier.

It is then the combination of growing inequality in earnings and growing inequality in the profit-making capabilities of different sectors in the urban economy, which has promoted the informalization of a growing array of economic activities. These are integral conditions in the current phase of advanced capitalism as it materializes in major cities dominated by the new advanced services complex typically geared to world markets and characterized by extremely high profit-making capabilities. These are not conditions imported from the Third World.

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