

GLOBALIZATION AND URBAN CHANGE

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Intisari

Kota-kota besar memiliki peranan yang cukup penting di dalam proses perubahan, terutama yang berhubungan dengan globalisasi sekarang ini. Namun demikian, tidak berarti bahwa setiap orang memiliki kebudayaan yang sama di dalam proses ini, dan perbedaan-perbedaan yang muncul justru merupakan sisi yang lain dari globalisasi. Kenyataan ini disebabkan oleh proses nasionalisasi yang terjadi mengiringi globalisasi. Kalau globalisasi dianggap sebagai integrasi ke dalam suatu sistem dunia, maka di masa-masa kolonial pun banyak negara berkembang terintegrasi ke dalam suatu sistem administratif dan eksploitatif.

Tulisan ini juga menolak penjelasan tentang era posmodernisme sekarang ini, dengan berpendapat bahwa modernitas dan rasionalitas belum sampai ke titik akhir dan pola hidup yang ada sekarang masih lebih bersifat modern.

Looking through recent sociological writings, the number of articles and books declaring the end of once hold assumptions is astonishing. The end of the "great theories" is declared, as well as the end of the world, the end of the cold war etc. This contrasts with the seldom found articles dealing with the beginning of something new. Are new thus confronted only with ends? are the beginnings lost? Is this the condition of post-modernity? We can't believe anything anymore and everything is right its own discourse and wrong in another?

In difference to the post-modernists, I think the current situation is actually still quite modern. Modernity and rationality have certainly not yet found its end. Certainly we are in a period of world wide changes and a restructuring

of global space in which the developments of one country, region and city has direct and far reaching impacts on the development of other places.² We only have to look at the environment to understand that the globe is in fact one space. The changes we are confronted with are present are not following one pattern, but rather we can observe several processes following different dynamics. In general, however, this is what can be defined as modernization. A modernization less concerned with the developing countries, but a modernization of modern societies. As such, the processes find their focus in the large cities of the first and third world, thereby dissolving a separation between regions and instead leading toward a differentiation

1 Sociology of Development Research Centre, University of Bielefeld, (The following paper is based on lectures given at the Population Studies Center, Gadjah Mada University and the Faculty of Social and Political Sciences, University of Indonesia, during a visiting lectureship sponsored by the DAAD, 1993).

2 Somehow, this reminds of the popular expression of Chaos-theory (or non-linear equations) that the blizzard in New York is connected to the wink of the butterfly in the Himalayas.

within one region. First and third world do not exist anymore as "north" and "south", but coexist-exist side by side.

Is this the situation and condition of post-modernity? We can't believe anything anymore, the great theories, visions and alternatives have been deconstructed and gave way to "anything goes". Anything is right and wrong at the same time? I think the current situation is actually still quite "modern". Modernity and "rationality" has certainly not yet found its end. The changes we are confronted with today, do follow a pattern describable as "modernity". In fact, even a lot of anti-modernist movements are "rationalizations", or movement aiming at secularization, in other words, they are "modernizing movements". Modernization of this kind is, however, not only a process concerning the developing countries, but as the topic of a recent meeting of the German sociological association indicates, a "modernization of modern societies".³ At the core is a process or rather processes I would refer to as "globalization".

The Analysis and Understanding of this Processes is Difficult

Firstly, globalization itself is not unification, homogenization or the

emergence of a society of the whole world, as for example terms like "global community", "global village" etc. indicate. Globalization is directly linked to its reverse, localization. With localization I mean the increased importance of local (in difference to national) cultural traits, histories, traditions and ethnicity. Thus what comes out of globalization is not global homogeneity but heterogeneity, the dissolution of formerly established groups, units and territories and diversity.⁴

Secondly, globalization challenges several implicit assumptions of modern social, economic and political theories. The modern social theories, including economy and political science, emerged with the development of the nation states in Europe during the middle of the nine-teenth century. Although at present the tendency is to regard the nation state as a kind of "natural" form of political organization, they are quite specific formations, in that they are units in which society, politics, economy and culture are integrated within a specific territory. The nation state is a territorial state. The close association between culture, society, economy and territory is a recent phenomenon.⁵ Feudal states seldom covered an integrated territory, and certainly, the ruling aristocracy was

3 It is impossible to define all societies as modern, even if they are integrated into one "modern" world systems. However, even in "developing countries" the city, particularly the large cities are modern. In this regard modernization of modern societies is especially a process concerning the cities.

4 A clear indication is that after the end of the USSR, rapidly nationalist movements emerged. I find it difficult to call all these "nationalist" movements. The question comes up, how many people could constitute a nation and an independent state.

5 For the discussion of the nation state and its emergence see the studies of Anderson, Ben: *Imagined Communities*, London: verso; Anthony Giddens, 1985: *The Nation State and Violence*, Oxford: Basil Blackwell.

closer related to the aristocracy in general than to the peasants of their state. Even up to the modern times, the colonial empires were states covering different social, economic and cultural units. They were not integrated territorial states, but regions integrated into one administrative and exploitative system. Through globalization this identification of different units within one territory becomes obsolete. This does not mean the nation state disappears. Certainly not. Still today the basic unit of international politics is the nation state. The globe is split into states. Whether the de facto control of these states covers the whole territory they define as belonging to the state is an open question. In international relations, however, this is assumed. The challenge coming from globalization is thus not the dissolution of the nation states but that the nation states becomes just one unit besides others. Culture, society, economy and politics do not overlap anymore.⁶ It is, however very difficult for social theories to theoretically grasp a society which is not identifiable with a territory. For example it is somewhat complicated to imagine Thai society, or German and Indonesian society without reference to the red line on the maps.

Coming to globalization. What actually is globalization? the term emerged in the late eighties, somehow as a substitute for the increasingly old-fashioned term "post-modernity".⁷

The focus of both is on similar aspects. However, while post-modernity was brought about, as a term, by philosophers (especially French), globalization was developed as a term in the context of empirical studies, mainly urban studies. One reason is that urban sociologists always faced the problem of overlapping units. Even the very object of urban sociology, the city, has different borders if we discuss it in economic, sociological or political - administrative terms. Furthermore, cities usually have linkages to other cities, as they are always integrated into city systems. These go beyond the limits of states, especially for the larger cities and Metropolis. The city is thus simultaneously integrated into global, national, regional and local systems, that articulate within the cities.

From a Multi-National System Towards Trans-Nationalization

With globalization, initially the re-structuring of the world system was looked at. Due to the development of new technologies, especially in the field of information, rationalization of production processes (automatization) and transportation, the modern world system transformed from an international division of labor, based on multi-national companies, towards a trans-national system. Competition was not limited to national markets or limited within national economies, but occurred on global scale. One crucial

⁶ An example are the new "trade zones" and growth triangles. With these we have economic systems crossing political borders. Sometimes these growth triangles are economic relations less between states but between provinces within different states. A further example is petty cross border trade like we find it in Southern and Northern Thailand.

⁷ For a detailed discussion see the recent work of Robertson, R. 1992: *Globalization*, London: Sage

development in this context was the trans-nationalization of the banking system following the oil-price increases. The capital derived from the profits from the oil needed to be recycled, what was far beyond the capacity of nationally organized banks. An indicator for the trans-nationalization of the financial markets is the liberation of the banking system in most countries.⁸

In addition, with the re-structuring of the production processes, trans-national service companies emerged, like real-estate traders, trans-national construction agencies, law-firms and accounting firms.⁹ This allowed that not anymore only the largest enterprises could engage themselves internationally, but as well smaller ones were able to do so. Furthermore, the rationalization of the offices and the administration of companies allowed it even for smaller one's to engage on a transnational level.¹⁰ Thereby a trend towards off-shoring of special production processes started, giving rise to a global competition of place for production. This implied and allowed a fluid allocation of companies, factories, plant and offices in relation to incentives offered and advantages provided. The companies do not stay long at one place, but shift to other regions, countries, even continents if it is more profitable.

Singapore can be cited as example. As long as wages were low, Singapore was a location for factories. Now, many of these factories moved to Thailand or Indonesia, as the wages in these countries are lower. Another example was mentioned in the *Bangkok Post*. A Korean enterprise run out raw-materials and the workers were put on leave for two weeks. When they returned to work, the whole management had left already.

This trans-nationalization is more than an international division of labor, although this certainly is an important aspect of it. In terms of trans-nationalization, the production process itself is globally distributed to serve a global market. An example is the so-called world car. Different parts are produced in different countries and then assembled to serve all markets. This trans-nationalization does not only concern the location policies of enterprises but their ownership structure as well. Most of the largest companies are owned "internationally", have close contracts, associations and joint ownership's with other trans-national companies etc.

The new information technologies accelerated globalization. They allowed the remote control and remote administration of enterprises. This enabled centralization as well as

8 See for example Henderson, J., Castells, M., (eds.), 1987: *Global Restructuring and Territorial Development*, London: Sage.

9 see Thirft, N., 1987: The Fixers: The Urban Geography of International Commercial Capital, in, Henderson, J., Castells, M., (eds), 1987: *Global Restructuring and Territorial Development*, London: Sage (203 - 233) and Feaging, J.R., Smith, M.P., (eds) 1990: *The Capitalist City*. Oxford: Basil Blackwell.

10 With the rise of these trans-national service firms, it was not only those enterprises able to set up and finance departments for international relations etc. but smaller companies gained access to necessary information and services to set up plants or offices in other countries.

decentralization. A specific pattern has emerged so far: The production processes tend to be decentralized, partly marketing functions are decentralized to better act in specific markets. Even administrative functions are decentralized in accordance with the decentralization of production and marketing. What is more centralized though are top management functions, and research and development.

From the Production of Goods to the Production of Information Knowledge and Space

As has been mentioned already, the base for these changes is the emergence of new technologies of information processing, transportation, production etc. These lead to a shift. Not anymore the production of commodities has prime importance, as it is the case in industrial societies, but information and, related to this, knowledge.¹¹ Through knowledge new means and ways of information processing are developed, the production processes rationalized and new organizational pattern for the companies are devised. Through these changes information as well as knowledge are transformed into commodities. Knowledge and information are not spread and disseminated for scientific or academic purpose, but they are traded. Important is not the quest for knowledge to

understand the world, but the development of knowledge to sell to the highest bidder. An example is the quarrel about who discovered the AIDS-virus. As AIDS is a danger for mankind in total, one might think the work for a cure is a task of mankind and that all information should be spread as fast as possible. However, the reality is that it is a business affair and that knowledge is traded. Here Lyotard¹² argues that knowledge has become the most important commodity, and Castells speaks about information as a commodity.¹³

We have to go one step further though. Information and knowledge provide the base for a global re-structuring of the economy, society and even culture. At the same time they gain importance through this process. This global re-structuring lead to a crucial and far reaching shift. Formerly specific political, social, economic and spatial conditions existing at a particular place were the reasons for the location of production processes there. Given advantages were used. Now, it is possible to produce the demanded conditions at more or less any place. The international division of labor was initially based on given advantages of certain regions, countries and areas. Advantages like low-wages, tax-holidays, closeness to markets, availability of skilled labor power, natural resources,

11 From this perspective industrialization could be defined as a form of "underdevelopment".

12 Lyotard, J.F., 1986: *Das postmoderne Wissen*, Graz/Wien: Bohlau.

13 Interesting is here the recent growth of business guides in southeast Asian countries providing all important information for those interested to engage in business. Usually these books are astonishingly expensive. Another example are the data base companies selling searched for information. This is quite different university libraries, research documentation centers etc. where information is freely available.

political security etc. were decisive factors for foreign investment. Now many countries follow a policy to attract foreign investment with the setting up of special boards of investment, industrial estates, specific laws and securities etc. Only those countries gain investment that can offer attractive conditions. Thereby a global competition emerges. This in turn transforms space as a condition for production itself into a commodity. Here Lefebvre¹⁴ argues that the production of commodities in space has been substituted by the production of space itself as major commodity. What does this mean? The international division of labor was based on existing advantages of certain regions, while now these advantages and conditions are themselves producible and traded.

The production of space occurs on two levels:

1. The production of space in term of specific places, like industrial estates, office towers, tourist clubs, shopping centers etc.
2. The production of a global space. This production has two angles to look at: On one hand, it is the global restructuring of the economy. On the other hand, it is global flow of people involved in the global economy, namely managers, expatriates, technocrats, scientists but as well cheap labor in form of illegal migrants.

At the core of globalization is the ascent of information, knowledge and space as commodities. These do not substitute other commodities, but emerge as the crucial one those providing the base for the highest

profits. In the process of commodification, they become standardized so that they can be traded on a global scale.

Globalization and the Role of the Cities

With globalization, Sassen¹⁵ raises the question. "What are the conditions that make international transactions coherence?" There is no global state and no global police enforcing contracts and agreements. There is even no real global law. While Sassen is of the opinion that as long as the USA and the USSR were the dominant powers, these acted as enforcing agencies in their respective realms. With the end of the blocks, new means of coherence had to develop. Sassen regards the rise of the global cities, namely New York, London and Tokyo as such a means for gaining coercion, as the global financial markets are concentrated in these three cities. I would argue that the need for coherence of international commercial and economic relations is not a new phenomenon, but rather an old one and has always been solved in the same way: by centralization of the world economy in a city. Thus New York, London and Tokyo are not the first "global cities" but are integrated in a longer list of global cities.

Following Braudel¹⁶ world economies existed since the 16 th. Initially different world economies, namely one centered on the Mediterranean and one covering Asia from Japan to Oman coexisted. In the center of these world economies we find

14 Here I refer to Lefebvre, H., 1992: *The Production of Space*, Oxford: Basil Blackwell.

15 Sassen, S., 1992: *Global Cities*, Cambridge: Cambridge University Press, Page 19.

16 Braudel, F., 1986: *Die Dynamik des Kapitalismus*, Stuttgart: Klett-Cotta.

Venice and Malakka. With the European challenge, the two world economies become closer integrated and soon Amsterdam took over the pivotal role in a first real world economy. In the nineteenth century London took over from Amsterdam. Especially after the second world war, New York has been defined as the center of the world system. The world economies were characterized by long distance trade. During colonialism a first world wide division of labor was established between the raw-material producing colonies and the industrial mother-lands. In this process the world economy shifted towards an integrated world system. In this world system cities still played the main role as control centers, as places from where the world economies were integrated. The modern world system was integrated through control centers in form of "world cities"¹⁷ this changed, I think with globalization. The global re-structuring concerns the cities and especially those which act as control centers for the integration and coherence of the world system. Instead of real cities, a somehow "virtual" city consisting of internationalized parts of different cities develops. Quarters of this "global city" would be the Wall street, City of London, Ghinza, Silom Road etc. While in Amsterdam, London and New York the traders, managers, sailors etc. could meet each other easily for the exchange of information, including

gossip about those who do not follow the ruler, the new information technologies allow information exchange without direct interaction across long distances. In addition, the modern transportation technologies make it easy for personal meetings to be held if required. In the global city, all needs of the satellite TV, the latest world news can be followed or the latest series of soap operas. This global city, covering the whole globe is not connected by streets or subways, but by airport, satellites, telephone lines, E-mail and computer data exchange.

Not each city and certainly not each quarter of a city is part of this global city. Why some cities (and some quarters) are integrated and others not is due to four main reasons:

1. The capital invested already into real-estate. These investments are profitable only if a degree of internationalization exists, allowing for a differentiated land-use.
2. The equipment of certain places with the needed technologies. Only where information lines, airport, apartment houses etc. exist, internationalization makes sense.
3. The availability of required services. A city without appropriate hotels, bars, apartments etc. will hardly be important on a global scale.
4. An innovative milieu has to exist.

Peter Hall develops an interesting argument in regard to this innovative milieu. With information and knowledge playing a pivotal role, innovations

17 see in this context the so-called "world city discussion", instigated by Friedman, J., Wolff 1982: *World City Formation: An Agenda for Research and Action*, *International Journal of Urban and Regional Research* 10: 330-356; Friedmann, J., 1986: *The World-City Hypothesis*. *Development and Change* 17: 69-84; Korff, R., 1987: *The World City Hypothesis: A Critique*. *Development and Change*, 17:483 - 492; Friedmann, J., 1987: *Reply*. *Development and Change* 17: 493 - 496.

become important. through innovations new knowledge is produced, which makes old knowledge outdated and allows increases of profit. Innovations do not, however, emerge automatically. For new ideas the exchange of information is important. On one hand this can be achieved in a specialized environment like an university, a research center etc. On the other hand, this can be achieved through the contacts between different groups of people, like manager, scholar, technocrat, banker and artist. Through the heterogeneity of the people, new ideas emerge, new thoughts are thought and creativity improves. We only need to look at developments in the sphere of music, art and fashion, who are closely related to an urban, innovative milieu. For such an innovative milieu not only the availability of different people is important but as well that they come into contact with each other, that particular 'scenes' and meeting points develop. An example for such old fashioned meeting points are the Kaffeehaus in Vienna, or in Paris.

In the global city we find a cosmopolitan, innovative milieu. To this milieu belong two major groups: Firstly, those working in the global context as technocrats, scholars, managers etc. Sassen (1992) defines them as "high-income workers". They earn a high income, however, this income is not high enough to allow for a life of genuine luxury and leisure. They are usually employed by an enterprise, work in a form of independent sub-contracting or constancy, are employed by public institution or work independently as artist. These high-income workers demand specialized services and goods,

which can only be satisfied by a specialized labor power and hardly by mass-production. However, the prices for these services have to remain moderate. Thus those catering for the demands of the "high-income workers" can only make profits by paying low wages or through illegal employment. An example is the hiring of illegal Mexican or Philippine maids. Through this demand of a low-paid work, an informal sector emerges. This requires the existence of a second group, being part of the innovative milieu: low paid workers, often illegal or semi legal immigrants. The mobility of the high-income labor force finds a pendant in the mobility of low-income workers. In most Southeast Asian cities, migrants from peripheral rural areas supply low-paid labor. But there too, increasingly illegal immigrants become a factor. In Thailand, for example, we find migrants from Burma, Laos and even Southern China searching for low-paid work.

This leads to another issue: the globalization of culture or rather cultures. Globalization of culture is easily mistaken as westernization or Americanization. In fact, walking through the cities in southeast Asia, even the smaller ones, we see the signs of McDonalds, Kentucky, Californian and elsewhere fried chicken, the logo of the department store chains, the trade marks on the shirts, jeans etc. It appears that an international mass-consumptive cultures based on western commodities has evolved world wide. However, while walking through European cities, we find the Indonesian, Chinese and Thai restaurants, the courses offered on martial arts, ikebana etc. An examination

of the trade mark shirts, jeans and sports wear indicates that most is produced in Asia. In this regard, globalization is as much westernization as it is easternization. There is, I would argue, one difference though. As much as the seemingly western cultural artifact are used and applied in a different system of meaning in the east, as much is a different meaning attached to the eastern artifacts.

The global culture is not a globally expanded national culture, but a culture of itself in which aspects of diverse cultures are integrated and redefined. Globalization is selective and in itself divers. It picks from different cultures and establishes an own cultural pattern. Thereby globalization is directly linked to localization, as a form of diversity. For example, McDonalds certainly provides a diversity in regard to food in an Asian city, as much as a Thai restaurant adds diversity in a German city. The same is true for trans-national enterprises. The establishment of seagate computers close to Bangkok diversifies the production structure of Bangkok, and global migration leads to a diversification of labor power. What is important though is that globalization although leading to diversity in real cities implies the establishment of an integrated culture in the global city, or the virtual global society.

Globalization is not only the spread of transnational enterprises and high income workers, expatriates etc. The global technologies are used as well by migrants and others. Furthermore, globalization is connected to economic re-structuring by which social groups are affected. Last but not least, the

internationalization of parts of cities is accompanied by the removal of those who used this space before. This altogether intensifies the competition within the city between different social groups. They have to compete for access to urban land, for jobs, for goods etc. These groups usually lack political power, which itself is the reason that they are pushed towards peripheries. Peripheries of the labor market and the cities.

Here Elias¹⁸ develops an interesting argument. He found in a study of a British small town, that there existed two groups which did not differ in regard to social status, economic position etc. However, one group obviously monopolized power positions in the town, while the other group was marginalized. He found out that the reason for these power-differentials were in the degree of social coherence existing among the two groups. He concludes, that the degree of social coherence implies power differentials between otherwise equal or similar groups. If we take this for the analysis of processes in large cities, in the above mentioned competition for land and jobs, the degree of social coherence of a group can be crucial in having an edge over the other. To gain social coherence, different means can be applied, like the propagation of ethnicity, tradition etc. Although this might be purely fictive, it makes sense if an advantage is reached in the competition. Thus local characteristics tend to become important. From another angle, these local characteristics are used by the employers in a "divide et impera" policy, to reduce

18 see Elias, N., Scotson, J.C., 1990: *Etablierte und Außenseiter*, Frankfurt: Suhrkamp

wages, skip benefits etc. From the restructuring of the occupational structure through globalization Castells¹⁹ draws the conclusion: "A new type of labor demand is creating new types of jobs, characterized by a bifurcated distribution in which the bulk of new jobs pay lower wages and enjoy less social protection than in recent historical experience. At the same time, to fill jobs a new supply of workers is also changing the characteristics of labor, generally making workers more vulnerable to management requirements in terms of their social characteristics, along the lines of gender, race, nationality and age discrimination in society at large" (Castells 1991: 202).

A third process has to be added here. While it was for long taken for granted that we could distinguish between exploited and exploiters, now some modifications have to be made. Looking at the development of different countries, it can be shown that especially in Africa, partly in Latin America, countries are pushed out of the world market. They are neither important as sources for raw-materials, as markets, or as places for production. They are simply irrelevant. Turning to societies, in the industrialized countries we notice a high percentage of structurally unemployed. It might sound cynical, but there is some truth in the argument of Castells (1990),²⁰ that the world is changing from a situation of exploitation towards irrelevance. There might be a day, when it is regarded as a

privilege to be exploited, as worse than exploitation is to be ignored.

The problem posed by globalization is the emergence of what I described here as a "virtual society" and a virtual culture, based on a real economy located in real cities. The realization of globalization in these cities poses several problems on them. In a city, something new can only be built by dismantling what has existed on the land before. Urban change is not only the building of new houses, new streets and new monuments, but as well the relocation of people and activities. In this context globalization is not only the re-structuring of the world economy and the production of a global space, but not the least the re-structuring of cities. Comparing the cities in the industrialized countries with those newly industrializing countries, one connected process is obvious. The re-location of industrial production to the Asian countries implied a loss of employment in the industrialized world. By this the skilled are affected. A group usually regarded as the core of the middle class. What happens is that in the industrialized world this middle class is decreasing thereby leading towards a polarization in society. The new jobs available are either on the upper scale as "high-income worker" or on the lower scale. In Asian cities, in contrast, the location of industries implied a demand for skilled labor, professionals, clerks etc. Thus connected to the industrialization based on foreign investment, a new middle class emerged, now demanding a share in political

19 see Castells, M., 1991: *The Informational City*. Oxford: Basil Blackwell

20 see Castells, M., 1990: Die zweigeteilte Stadt, in Schabert, T., (ed.), *Die Welt der Stadt*, Zürich: Piper (199-216)

power. The emergence of this middle class has effects on consumption as well. The middle classes have a higher income and are able to afford mass-produced commodities.

The example of the different impacts of globalization on different societies shows that the effects of globalization are connected to the power relations established within a society. Globalization changes the resources available for strategic groups to use. As a process it changes the values of resources as power resources. While in the industrialized countries, globalization lead to a decrease especially of the middle classes of skilled workers, employees etc. due to the off-shoring of productions and administration of the large enterprises, in a city like Bangkok, globalization implied an increase of these "middle classes" engaged in the administration of enterprises, of the financial markets, etc. In the industrialized countries globalization lead to an increase of social and economic gaps between social groups, thereby increasing polarization within the cities. In Bangkok in contrast, a gap has been filled. There is no emerging informal sector, no reduction of the standard of living in Bangkok, but for some it remains just as it is, while quite a few are able to improve their lot. One difference is that in Germany for example, groups of people become irrelevant. In Thailand, in difference this means that groups of people might never become relevant.

Conclusion

Through globalization the world, was we knew it, separated into nation state, national societies, economies and cultures is changing. New units are forming outside the scope of national boundaries. These processes have their focus on cities, as there we find the global society, middle class societies and the diverse societies and cultures of global migrants. We cannot any more take it for granted that all members of one society share the same culture or even language. Economy, society and culture are increasingly independent of territories and from their own distinct spaces. This diversity itself is an effect of globalization.

These processes do not proceed in a smooth way. They imply a new evaluation of social relations, politics and cultural forms. Some people regard this as liberation, others experience it as an identity crisis and some as challenges of their position of power. Which direction these changes will take is still open. One issue is certain though: the role of the cities, especially the large ones is at the core of these processes, as there it is decided, which direction globalization will take.

