

Globalization and Income and Ethnic Heterogeneity in Chicago and London

The dramatic processes of globalization altered Chicago and London in both similar and different manners. At times these effects even differ within cities, affecting diverse people groups in distinct ways. To explore globalization's unique effects on diverse people groups, this essay explores the change in ethnic and income heterogeneity both before and after globalization. The essay explains how income levels (low-, mid-, high-) and job types (availability of different occupations) have become more homogenous while ethnicity has become more heterogeneous due to globalization. First, the impacts of globalization provide a backdrop to this argument.

Background of Globalization in Chicago and London

From the 1980s – 2010s, extensive globalization altered economic and cultural ways of life for Chicago and London. Specifically, economic restructuring occurred in both cities via deindustrialization and neoliberalism. Globalization causes international cities such as Chicago and London to deindustrialize – to convert from labor intensive industry to tech-driven, highly productive labor-less inputs. Chicago, known since 1914 as the “city of broad shoulders”, due to its being a manufacturing, blue-collar labor capital of the Midwest, found its economic identity becoming obsolete in the late 1970s. The city's corporate managers now had to compete with global cities such as London who were also upgrading their manufacturing via technological investments. “The rise of globalization caused management to rethink how to optimize labor utilization and restructure the existing labor force. Enterprises became more capital intensive and less labor intensive, replacing workers with technology” (Koval 8).

Technology-driven industries had London and Chicago competing to deindustrialize their labor force, as these innovations largely increased productivity. “The infusion of mechanization and computer-based technology into the production process has resulted in markedly increased productivity using significantly less manpower” (Koval 5). This is exemplified in the U.S. and in Chicago. In 2004, *Forbes* noted “the height of our manpower commitment to manufacturing occurred during the early 1940s, with 32% of the labor force employed in manufacturing. In 2000, that proportion was just below 13%. Still, thanks to hyper-productivity in 2000, that 13% produced more than eleven times what the 32% produced in 1940” (qtd. in Koval 5).

The deindustrialization of both cities created an unemployment crisis, with millions of manufacturing jobs lost. In London and the U.K. in 1979, “manufacturing accounted for almost 30% of Britain's national income and employed 6.8 million people. By [2010], it was down to just over 11% of the economy, with a workforce of 2.5 million” (Chakraborty). The same trend occurred in Chicago. “During the first wave of deindustrialization, from 1979 to 1986, the Chicago metropolitan area lost 358,000 manufacturing jobs and the economy-wide workforce shrank by 12 percent. Overall, manufacturing accounted for 87 percent of net job loss in the Chicago-area economy during this period of contraction, more than three times its (28 percent) share of total employment in 1979” (Doussard et al. 1993).

Manufacturing Job Loss in Chicago

Two Cold Baths: Manufacturing Employment in the Chicago MSA, 1979–1986 and 1988–2005

Sector (SIC)	Employment 1979 (thousands)	Employment Change 1979–1986 (%)	Sector (NAICS)	Employment 1998 (thousands)	Employment Change 1998–2005 (%)
Electronics and other electric equipment	132	–34	Fabricated metal product manufacturing	98	–20 ^a
Primary metal industries	130	–51	Machinery manufacturing	69	–32 ^a
Industrial machinery and equipment	119	–48	Computer and electronic product manufacturing	67	–50
Fabricated metal products	116	–32	Food manufacturing	59	–16 ^b
Printing and publishing	81	–9	Primary metal manufacturing	52	–39
Food and kindred products	73	–24	Printing and related support activities	46	–15 ^a
Chemicals and allied products	52	–36	Chemical manufacturing	45	–4
Transportation equipment	49	–50	Plastics and rubber products manufacturing	43	–13
Instruments and related products	36	–46	Electrical equipment, appliance, and component manufacturing	35	–35
Rubber and miscellaneous plastics products	35	–21	Miscellaneous manufacturing	33	–16 ^c
Paper and allied products	30	–26	Transportation equipment manufacturing	27	–18
Miscellaneous manufacturing industries	29	–43	Paper manufacturing	25	–18
All manufacturing	971	–37	All manufacturing	660	–25
Total employment	3,437	–12	Total employment	4,271	0

Sources: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages, Metropolitan-level SIC data, Chicago CMSA; U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages, Reconstructed NAICS Base Data, Chicago CMSA.

Note: SIC = Standard Industrial Classification; NAICS = North American Industry Classification System.

^a Authors' estimates; data suppressed 2001–2005.

^b Authors' estimates; data suppressed 1998–2000.

^c Authors' estimates; data suppressed 2005.

Source: *After Deindustrialization Uneven Growth and Economic Inequality in Postindustrial Chicago*

Income and Job Type Homogeny in Chicago and London

The resulting economies of both cities became increasingly homogeneous regarding job type and income diversity. This is due to the advent of service economies from the 1980s onward, which include highly-paid technology, financial, and medical professionals, as well as low-paid positions in the retail, restaurant, and maintenance areas. Professor Sassen “has argued, advanced service economies create not only specialist, high-level professional employment but also poorly paid service sector jobs, such as cleaners, security guards and other forms of maintenance workers, which support those who are highly paid” (qtd. in Cox and Watt 40). This is typical in London and Chicago. “In Chicago’s case, this transformation began in the early 1970s. In the early and mid-1950s, there were three times as many manufacturing jobs as service jobs in the Chicago metropolitan areas. By 2001, nearly two-and-a-half times as many service jobs existed as compared to manufacturing jobs” (Koval 5).

Growth in high- and low-paid occupations coupled with a loss of these mid-tier-paying manufacturing jobs in the 1970s led to an hourglass shaped job structure and loss of middle-class’ stable employment. Writing about Chicago, Professor Doussard states, “the retrenchment of manufacturing is associated with a ‘disappearing middle’ phenomenon, leading to the erosion of job and employment security around what was once the core of the income distribution” (Doussard et al. 187). So, a lost middle-income group with an accompanying array of manufacturing job types decreased both income-level and job-type heterogeneity.

Newly jobless factory laborers were forced to learn new technologies and skills to propel them towards the higher income professions or revert to lower income jobs. The result of inaccessibility to this education by former manufacturer employees means that in the new service economies, class “mobility stagnates and placement in the economic hierarchy increasingly becomes linked to the acquisition of educational credentials” (Koval 4). Many

middle-income earners who lost their jobs due to deindustrialization could not keep up with the new, information-based economy. Authors Wright and Dwyer note “the high paying jobs that dominated the 1990s expansion required training and skills that placed them beyond the reach of most workers who were displaced by job loss in the middle distribution” (qtd. in Doussard et al. 188).

So, income distribution in Chicago became increasingly homogeneous, with three income brackets of the 1970s (low, mid, and high) being decreased to two categories (low and high). The same phenomenon occurs in London, where “by about 1985 ... the rate of growth of income inequality accelerated” (Deaton and Paxson 250). This unequal system is exacerbated by increasing income polarization. In Chicago and London over the past several decades, the high-income earners’ salaries increase while the low-income earners’ pay decreases. Authors Hamnett and Cross “have demonstrated that earning inequality in London has increased markedly since the 1970s, with the earnings of higher-level groups increasing much faster than those of lower paid groups” (qtd. in Cox and Watt 40). The poor become poorer also in Chicago during these last few decades of globalization. “A worker in the 10th percentile of earners was paid \$9.10 per hour in 1983 but just \$8.00 in 2004. In fact, across the Chicago labor market as a whole, the closer one moves toward the bottom of the wage distribution, the steeper the drop-off in hourly wages from 1983 to 2004” (Doussard et al. 198, 201).

The enormous job loss of deindustrialization and declining wages has important policy, decision-making implications. The African American population of Chicago was hit hard by unemployment. Authors Wilson and Kirschenman note, “some of the first victims of deindustrialization, African-American workers have experienced a dramatic deterioration in both their chances for and conditions of employment. The employment rate of less well-educated African-American men ... has fallen precipitously in central cities—and more sharply in Chicago than almost anywhere else ... since the 1980s” (Doussard et al. 201).

Even, with a job, African Americans working low-pay positions see their wages decrease over time. This group must be given extensive training and resources to earn professional positions in the economy. Large unemployment among young men increases likelihood of gang affiliation. Access to city colleges and internships are vital and should be provided by the city.

The income polarization experienced this minority group in Chicago and also worldwide entrenches the homogeneity of income levels: Only 2 levels of low- and high- result when a 3rd, mid-income level is impossible. The poor’s wages do not rise, and the wealthy’s pay does not fall to create a middle class. Thus, income inequality is essentially a homogenous economic system.

Nature of Income Inequality in Chicago and London

This income inequality creates income level homogeneity. Yet, the nature of income inequality in each city is unique, due to the differing factors of wealth distribution between London and Chicago. The U.K. boasts a welfare state, while the U.S. presumes more capitalist policies.

Author Hamnett argues “that shifts in processes of urban inequality are not just the product of economic restructuring but are also linked to diverse forms of welfare state regimes, which means that no single ‘global city’ is paradigmatic” (qtd. in Cox and Watt 39). In Chicago, unemployment remains low, yet wages at the low-income bracket are also low, meaning there is hope to lift oneself from poverty. While low wages have the poor remain poor in Chicago, the same result of continual poverty occurs in London from the effect of large amounts of unemployment, possible due to the availability of government benefits for unemployed. Author Hamnett states, “in the USA ... the poor are forced into taking low-paid service-sector jobs, whilst in the strong welfare states of Western Europe, composed of the long-term unemployed, early retirees and others reliant on benefits ... [there is] a large growing unemployed and economically inactive group excluded from the labor force” (qtd. in Cox and Watt 40).

In London, it’s more beneficial to examine household earnings, as there is a growing divide of households with several earners and households with no one employed. Author Pahl argues that “certain households are becoming more fortunate, whereas others are becoming more deprived ... [resulting in] a growing division between ‘work rich’ households, where two or more members are in paid employment, and ‘work poor’ households, where nobody is working” (qtd. in Hamnett and Cross 40). Researchers have confirmed this assertion. Authors Dale and Bamford “analyzed trends in paid work and found that, as expected, there had been: ‘a steady increase in the proportion of households with no-one in paid work, from 25% in 1973 to 34% in 1982 ... conversely, there is a steady decline in the percentage of households with at least one earner’” (qtd. in Hamnett and Cross 40). Thus, in Chicago low wages cement income inequality, while in London, low-employment has the same effect.

Disadvantaged Groups

Income inequality differs not just between Chicago and London but also within each city, disproportionately affecting certain ethnic groups. These effects are results of neoliberalism’s trending toward economic-informal practices. A freer, less regulated economy has advantages for employers, often at disadvantage to those employed, as workplace benefits and protections are lost. Majority people groups benefit from increased wealth, while immigrants and ethnic minorities suffer.

In the past Chicago’s industries created stable, mid-paying jobs due to union pressures. A loss of unions from deindustrialization and a deregulated economy contributed to employers’ focusing on financial gains rather than employee retention and wellbeing. “The workplace has become a site of strategic experimentation, institutional reinvention, and cost cutting in the period after deindustrialization. In an effort to contain labor costs, employers across a range of industries have recalibrated their commitments to sustained employment and workforce benefits in favor of business-friendly flexibility and bottom line” (Doussard et al. 202).

These informal economies have disadvantaged ethnic minorities in Chicago and London uniquely. In Chicago, an explosion of the temp worker sector has created short term, benefit-

less, low-paying jobs, largely filled by Latin American immigrants. These same types of occupations are found in London due to the large increase of domestic workers from South Asia and the Pacific.

In Chicago's economy, the change from permanent to temporary workers is explained by its manufacturing sector. "In Chicago ... between 1984 and 2002, the size of the blue-collar temporary workforce ballooned by 790 percent, while the 'regular' labor force of production workers in manufacturing fell by 24 percent" (Doussard et al. 202). This trend shows at the height of the late 90s economy. Author Gunset notes, "near the peak of the economic cycle, in 1998, more than half of all 'vacancies' in the city's manufacturing sector were for temporary workers, when it was estimated that 9 out of every 10 employers were using temporary workers" (qtd. in Doussard et al. 197).

Low-paying jobs largely go to immigrants, often victim to exploitation from being outside normal employment laws and by their non-citizenship. They must endure harsh work conditions in secrecy or speak out against their employers and be deported due to illegal citizenship status. Authors Wright and Dwyer note, "recent immigrants, especially from Latin America [are] at the front of the queue for insecure, low-wage jobs – their often undocumented status rendering them uniquely vulnerable to exploitative employment practices" (qtd. in Doussard et al. 201).

Employment practices not bound by law are also common in London's globalized economy. Migrants from South Asia and the Pacific serve in the exploding domestic worker industry and do not reap typical employment benefits. "Domestic employment has been on the increase in the last ten years in Britain. The 1991 Census records 30,270 people working in paid domestic jobs in London, but this is likely to be a gross underestimate, [and] the 1995-6 Family Expenditure Survey found that £3.89 billion was spent on all kinds of help in the home that year" (Cox and Watt 41-42).

This burgeoning domestic help sector is fueled by income inequality, neoliberalism, and the low-skill set of some immigrants. The rising income inequality of the 1980s and 1990s gave the wealthy increased purchasing power to afford domestic workers. Authors Hamnett and Cross argue that "there are grounds for thinking that rapidly widening income inequality throughout the 1980s and 1990s has helped to fuel the growth of the paid domestic labor sector in London. The increased numbers and spending power of professionals and managers in London, coupled with the growth in numbers of people who are drawn into informal sector work due to ... lack of formal skills, has enhanced the ability of the highly paid middle classes to both afford and obtain domestic help" (qtd. in Cox and Watt 45-46).

The lack of English skills pushes immigrants, mostly women, to accept low-wage, domestic positions with no benefits. This labor type is typical of a highly mobile, international, economically-informal society created via globalization. Immigrants are attracted to this "form of employment that people without ... language proficiency find accessible. As such, it is exactly

the type of employment that would be expected to increase in a global city such as London, according to Sassen's thesis" (Cox and Watt 41). This employment area was largely filled by women, exploited for some time. "Until recently these women were particularly vulnerable because they were not recognized as employees by British law. They were not allowed to change employers whilst in Britain and were not covered by any employment legislation. As a result they often suffered from exploitation and abuse" (Cox and Watt 41).

Employers were drawn to hire domestic workers due to their placement outside the law. "For employers, informal arrangements are beneficial because employees do not have any rights, they rarely benefit from sick pay or holiday pay, they cannot claim unfair dismissal and they are effectively not covered by health and safety legislation" (Cox and Watt 44). It's not surprising that minority, immigrant women in London had less rights than other U.K. citizens. Authors Block and Bruegel note, "within the British welfare system there is evidence that minority groups, particularly those defined around migrant status and ethnicity, do not have the same access to benefits and services as the rest of the population. In relation to groups of immigrants, refugees, young people and married women in Britain: Lacking access to welfare benefits, the wage levels for such groups are far more exposed to employment trends, compared to those eligible for full benefits under the British welfare system" (qtd. in Cox and Watt 41).

Just as the neoliberal, Chicago economy creates an exploited, temporary workforce of Latin American migrants, London's economy oppresses immigrant women. Both groups fall outside the law's protection and their position in the informal economies of global cities like Chicago and London results from their citizenship status – they are not fully legitimate members of their destination countries. "Female migrant domestic workers are living the reality of the global city and in London they are often living it hidden from view" (Cox and Watt 46). A story of Leticia, a Filipina domestic worker highlights the London, domestic-worker crisis:

Leticia is Filipina. She came to Britain in the early 1970s to work as a live-in domestic. She stayed with her original employers for nine years earning just £8 per week plus room and board. She now works for three hours a week as a private cleaner for one employer, works full time as a home help and two or three evenings a week as an auxiliary nurse. She is a single parent and has taken on this combination of jobs in order to support her family. At each moment of her life Leticia's gender, class and nationality have made her appear as a suitable domestic worker to both institutional authorities and individuals. She has accepted and moved between domestic posts using the informal networks and official structures that facilitate the access of Filipinas to these jobs (Cox and Watt 44-45).

Thus, neoliberalism's deregulated economy shows exploitation of immigrants of Chicago and London. Income inequality's nature differs both between and within the two cities. Policy making decisions in both cities should focus on bringing temp and domestic workers under employment laws and protections. Chicago's sanctuary city status destroys some leverage

abusive employers may have in forcing migrants to “keep quiet or be deported.” Expedited paths to full citizenship for temp and domestic workers in both cities creates more protections.

Ethnic Heterogeneity in Chicago and London

Just as globalization increases income-level and job-type homogeneity due to an eroding middle class and lost opportunities for middle- and low-income earners, the workforce itself becomes more ethnically heterogeneous due to global immigration. Across Chicago and London immigrant groups follow patterns of assimilation or plurality. In the first pattern, migrants take on the host nation’s culture, language, and values, while the second preserves ethnic identity. Yet due to the pluralistic immigration pattern’s insular nature, it’s argued that complete, non-assimilation leads to economic immobility.

Chicago’s globalization has resulted in a large increase in ethnic heterogeneity. Throughout the city’s early history, authors Howestine and Frey note that it drew European immigrants of various nations. “By the 1920s, it was home to large numbers of Polish, Italian, Irish, and German immigrants and it has more recently been a destination for Hispanic and Asian immigrants, with diverse origins including Mexico, Puerto Rico, Guatemala, Cuba, Korea, the Philippines, and India. [It was] ranked fourth in terms of the number of immigrants settling in the metropolitan area between 1985 and 1990” (qtd. in Newbold and Spindler 1903). Thus, Chicago’s immigration shifted from majority Caucasian backgrounds to multiple races. “Of the over 103,000 immigrants settling within the Chicago metropolitan area between 1985 and 1990, approximately 38 percent were identified as having Latin American origins, 31 percent Asian origins and 26 percent European origins” (Newbold and Spindler 1909-1911).

Scholars assert that Asian Americans follow an assimilationist pattern while Latin Americans maintain their culture through plurality. Authors Zelinsky and Lee argue that “Latin American arrivals may more closely follow the pluralist model by retaining their territorial separation and cultural distinctness. Other groups [such as] Chinese immigrants ... follow the assimilationist perspective” (qtd. in Newbold and Spindler 1916). Access to higher English language skills and economic resources may help Chinese immigrants better assimilate and rise economically. “Latin American immigrants ... tended to have lower socioeconomic status than their European or Asian counterparts. Among the most recent arrivals for example, 73% of Latin Americans residing in areas of concentration reported poor English abilities compared to 55.3% of Europeans and 32.4% of Asians” (Newbold and Spindler 1913). Latin American immigrants also lived in concentrated areas within their ethnic group compared to Asian immigrants. Racism may also cause some Latin American communities to be less spatially mobile and concentrated within Chicago. Authors Bean and Tienda note that “societal pressures such as racism and discrimination that maintain cohesiveness from outside the community are likely to account for ... the relatively lower (and slower) rates of adjustment among Latin Americans ... and need to remain within ethnic concentrations” (qtd. In Newbold and Spindler 1916).

London also became more heterogeneous due to immigration patterns, with ethnic minority populations increasing via globalization. “The minority ethnic population of Britain had increased from 3 million in 1991 to 4.6 million in 2001. The South Asian population accounted for just under half (45%) of this total” (Peach 356). The trend toward increasing, ethnic heterogeneity continued. A 2010 study of public-school children found that only “60% of London pupils are English speakers, [and] there are over 40 languages spoken by more than 1,000 pupils. Bengali, Urdu and Somali are the top three languages spoken in London, other than the English language” (Lupton et al. 3). Other groups include Africans and Middle Easterners, with an array of languages, religions, customs, and values.

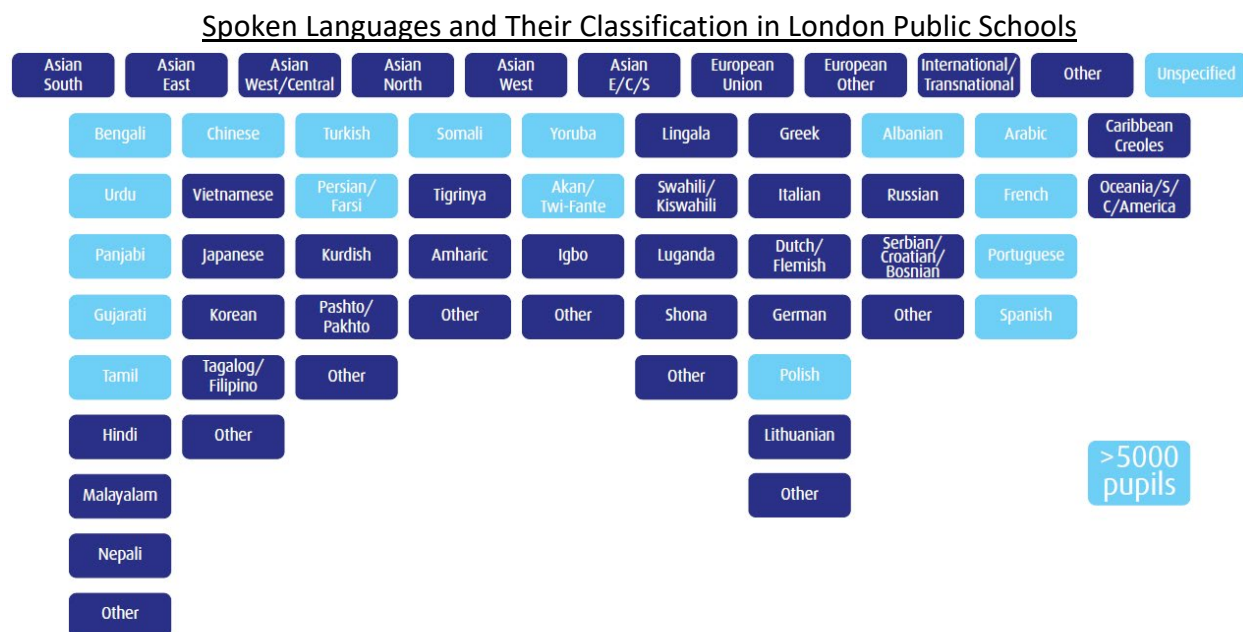


FIGURE 1. A CLASSIFICATION OF LANGUAGES

Source: *Languages, Ethnicity, and Education in London*

As the Asian immigrant group more easily assimilates in a non-visible manner to Chicago culture than the Latin American group, so do 2 groups in London, Nigerian Christians and South Asian Muslims, follow different assimilation trajectories. While English speaking and economically advantaged Nigerians assimilate, South Asian Muslims, who speak various languages, tend to segregate and maintain ethnic and religious identity. Nigeria has an established history with the U.K., and thus advantages to assimilation:

Nigeria was a British protectorate from 1891 until independence in 1960. The main influx dates to the period after independence and reflects a demand for higher education among elite Nigerians who began arriving as students. Thus, Nigeria lost to the U.K. (and the USA) its professional and entrepreneurial classes. Nigerian London is educated, employed and earning better than the U.K. median wage (Knowles 659-660).

Nigerian Christians also immigrate non-visibly, their religion being more amenable to London’s cultural heritage than South Asian Muslims, such as Bengali Muslims. “Nigerian London is

invisible in popular and official estimates of social problems. Unlike Bengalis, Nigerians are not accused of integration failure; unlike ... South Asians, they are not associated with poverty nor inner city riots; and unlike Muslims from ... South Asia and the Middle East, Nigerians are not associated with terrorism” (Knowles 660). Thus, London receives those of differing religious uniquely. “Widely assumed as problematic, Islam has become hypervisible; Christianity, assumed as unproblematic, normative and white, is rarely a way of exploring urban ethnicities” (Knowles 661). Thus, when examining the degree of assimilation from Chicago and London ethnic immigrants, language, culture, and economic capability play major roles.

Comparative examination of global cities such as Chicago and London has important learning implications. Globalization trends that are similar across cities allow extrapolation to other large, global cities. For instance, income inequality’s rise from the 1980s onward in Chicago and London is likely similar in other capitalist cities such as Seoul, Istanbul, and Delhi. Yet, as an earlier quoted author states, no one city is paradigmatic. Chicago and London’s deindustrialization caused a loss of much of the middle class and a transition to a service economy. India, home to Delhi, is still industrializing and so the cause of their inequality is likely different.

The advent of neoliberalism creates poverty not just in Chicago and London, but in other capitalist cities such as Rio de Janeiro, Brazil. In the 1980s and 1990s, Brazil, Argentina, Mexico, and Venezuela adopted a “Washington Consensus,” where results “were tragic: GDP stalled, social policies shrank, income concentration and poverty rose, unemployment and labor precariousness surged, violence skyrocketed”, according to *Aljazeera* (Lopes). The overarching cause of oppression being neoliberalism, specific forms of subjugation are likely special to any city, such as London’s exploitation of domestic workers being unique. So, while large forces of income inequality and neoliberalism can be compared throughout global cities, one must further examine how these forces take form in each city to cause harm. In removing these unique causes, suffering can be alleviated. Specific ailments require their own unique solutions.

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