

CENTRE FOR  
SOCIAL SCIENCE RESEARCH

Social Surveys Unit

SOCIAL POLARISATION OR  
PROFESSIONALISATION?  
ANOTHER LOOK AT THEORY  
AND EVIDENCE

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CSSR Working Paper No. 202

October 2007

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This research was supported financially by the National Research Foundation; the Centre for Social Science Research, University of Cape Town, the Science Faculty Research Committee, University of Cape Town and the Data First Resource Unit, School of Economics, University of Cape Town. Any opinion, findings and conclusions, or recommendations expressed in this material are those of the authors, and are not to be attributed to these groups and organizations.

# **Social Polarisation or Professionalisation?**

## **Another look at theory and evidence**

### **Summary.**

The debate over whether or not the de-industrialisation of cities is accompanied by the occupational and income polarisation of their working populations has been characterised by some confusion over the relationship between incomes and occupations in the service sector. Specifically, many scholars have misunderstood the significance of middle-income service sector occupations for their interpretations of the post-industrial class structure of cities. Through a comparative study of de-industrialisation in Cape Town, we present evidence to show that the growth of service sector employment can, under specific conditions, produce a large middle-income occupational class of clerks, sales and personal services workers. The growth of this class can offset the decline of middle-income jobs caused by the loss of artisans, operatives and drivers in the declining manufacturing sector.

### **De-industrialisation and the urban class structure**

The changing patterns in the occupational class structure of cities are increasingly being understood, at least in part, in terms of the de-industrialisation of urban economies. Specifically, de-industrialisation has changed the sectoral composition of employment, through the absolute decline of manufacturing jobs and the simultaneous absolute growth in service sector employment. There is general agreement among scholars that this shift in the sectoral composition of employment has resulted in the relative and absolute increase in the numbers of managerial and professional jobs. There is less agreement, however, on the impact of de-industrialisation on the growth of unskilled jobs. Some authors have argued that de-industrialisation also leads to the absolute growth in the number of unskilled jobs, contributing to the 'polarisation' of the occupational and income structure (Chiu and Lui, 2004; Friedmann and Wolff, 1982; Sassen, 1994; Sassen, 1998; Soja, 1991). Others have argued that de-industrialisation has not led to the absolute growth of

unskilled jobs, with the result that the occupational structure has become 'professionalised' (Hamnett, 1994a; 1994b; 2003).

According to the social polarisation hypothesis, because the service sector is more polarised than the manufacturing sector, the growth of service sector employment leads to occupational and income polarisation. This means that the service sector jobs tend to be predominantly high-skill and high-income, on the one hand, or low-skill and low-income, on the other (Sassen, 2001: 9). By contrast, the manufacturing sector is characterised largely by semi-skilled and middle-income jobs. Testing the social polarisation thesis therefore depends on how one defines these levels of skill and income and their associated occupations. If the social polarisation thesis is to be accepted, low-skill, low-income service sector jobs must necessarily require less skill and provide lower remuneration than blue-collar manufacturing jobs. Correspondingly, high-skill, high-income service sector jobs must require more skill and provide higher remuneration than blue-collar manufacturing sector jobs.

There is general agreement among scholars about which types of jobs are considered to be highly-skilled and highly-paid. Cities where services have grown have experienced burgeoning numbers of highly-skilled, well-paid managers and professionals such as bankers, stockbrokers, securities analysts, corporate lawyers and advertising executives (Crankshaw and Parnell, 2004; Sassen, 1994; Soja, 1991). Even in the manufacturing sector, the numbers of scientists, mathematicians, engineers, computer specialists, and weapons experts have grown in cities where high-technology industries have become the major economic sector (Soja, 1991). Greater use of computer-operated machine tools has also resulted in the need for highly skilled technicians, such as 'designers' and 'engineers' (Wilson, 1996).

There is less agreement, however, on the definition of low-skilled, low-income jobs. Some scholars have classified certain associate professional and clerical jobs as low-income, low-skill jobs. Wilson uses the occupations of 'practical nursing' and 'clerical work' as examples of service sector jobs which are held by 'less-educated' women, thereby implying that these are low-skill, low-income occupations (Wilson, 1996:27). Similarly, in describing low-paid jobs in the service sector, Sassen groups the clerical jobs of 'secretaries' and 'stock clerks' with the unskilled manual job of 'cleaner' (Sassen, 1994: 105). Sassen also explicitly divides service sector occupations into only two groups: 'non-professionalised occupations', which she calls 'low-skilled' and 'professionalised occupations', which she calls 'high-skilled' (Sassen, 2001: 228). In effect, these authors classify all non-managerial and non-professional service sector jobs as low-income, low-skilled jobs. Service sector occupations

are therefore divided into two groups: high-skilled, high-income professionals and managers, on the one hand, and low-skill, low-income workers on the other. By contrast, skilled (artisanal) and semi-skilled (operative) manual jobs in the manufacturing sector are considered to be middle-income jobs. This conceptualisation means that employment growth in service sector jobs at the expense of manufacturing jobs leads, by definition, to the polarisation of the occupational structure.

The flaw in the above classification lies in the assumption that there are no middle-income service sector workers who earn incomes similar to semi-skilled, blue-collar manufacturing workers. To adequately test the social polarisation thesis, we must distinguish between those non-managerial and non-professional service sector jobs that are less-skilled and lower-paid than the blue-collar, middle-income jobs of the manufacturing sector and those that are not. Only then can we test the social polarisation hypothesis by examining data for the growth in low-income, low-skill service sector jobs.

Following Hamnett's (1994a: 405) reasoning, we could accept the social polarisation hypothesis only if the results showed employment growth in high-income and low-income jobs, and employment decline in middle-income jobs. This is effectively what Baum tries to do in his study of Sydney's changing occupational structure (Baum, 1997: 1885-7). He identifies 'sales and personal services workers' as the occupational class with the lowest income and shows that employment in this class has grown in absolute terms. He also shows that there was absolute employment growth in the high-income occupations of 'managers and administration', 'professionals' and 'para-professionals'. He contrasts this pattern of employment growth with the absolute decline in employment among the middle-income, manufacturing jobs of 'trades persons' and 'plant and machine operators and drivers'. Although Baum points out that his results show the increasing numerical importance of professional and managerial jobs, he nonetheless interprets this pattern of employment change as 'leading to a polarising occupational structure' (Baum, 1997: 1887).

At face value, this interpretation makes sense. However, a closer examination of the income differences between these occupational groups raises questions about which of them should be classified as low-income. If one compares the income distributions of the occupational groups that Baum classifies as middle and low-income groups, what stands out is just how similar they are (Baum, 1997: 1892). Specifically, the vast majority (74 to 89 percent) of all workers in these occupational groups earned incomes between AUD 5,001 and AUD 35,000. This makes it rather difficult to distinguish low-income service sector occupations from middle-income manufacturing occupations. Although Baum

argues that ‘sales and personal services workers’ are low-income workers, the evidence shows that they earn only marginally less than workers employed in the typically blue-collar manufacturing occupations of ‘trades persons’ and ‘plant and machine operators and drivers’. The differences are so small that the method of comparing incomes produces different results. For example, if we compare the percentage of workers who earned less than AUD 25,001 in 1991, we can establish income differences between ‘sales and personal services workers’ and blue-collar manufacturing workers. The percentage of ‘sales and personal services workers’ who fall into this category is 70.7 percent, compared to 54.6 percent for ‘trades persons’ and 64.1 percent for ‘plant and machine operators and drivers’ (Table 1). However, if we use a different measurement, say the percentage of workers who earn less than AUD 35,001, then no such differences can be found. Specifically, 87.3 percent of ‘sales and personal services workers’ earned less than AUD 35,001 in 1991. This measurement of income difference places ‘sales and personal services workers’ slightly below ‘trades persons’, of which 86.9 percent earned less than AUD 35,001, and slightly above ‘plant and machine operators and drivers’, of which 88.0 percent earned less than AUD 35,001 (Table 1).

**Table 1.** Occupation by income, Sydney, 1991 (AUD)

Occupational Class	Percentage earning less than 25,001	Percentage earning less than 35,001	Percentage earning from 5,001 to 35,000	Percentage earning from 25,001 to 50,001+
Managers & administrators	24.2	44.8	43.6	75.8
Professionals	24.7	50.7	48.1	75.3
Para-professionals	32.4	70.9	69.5	67.8
Clerks	64.1	91.2	87.8	35.9
Sales and personal service workers	70.7	87.3	74.3	29.3
Trades persons	54.6	86.9	85.3	45.4
Plant and machine operators and drivers	64.1	88.0	86.6	35.9
Labourers and related workers	82.1	95.1	88.5	17.9

Source: Baum (1997: 1892)

Accurately distinguishing between low-income and middle-income occupational classes has important implications for how we interpret the changing class structure of cities. For example, by classifying ‘labourers and related workers’ as low to middle-income earners, Baum is able to interpret the decline of this occupational group as support for the social polarisation thesis. In other words, he argues that the absolute decline in the employment of middle-income workers, such as ‘labourers and related workers’ supports the social polarisation thesis (Baum, 1997: 1891). However, if ‘labourers and related workers’ are classified as low-income workers, then the absolute decline in employment of this unskilled occupational class undermines the social polarisation hypothesis and lends support for the professionalisation hypothesis.

A similar kind of interpretation is made by Chiu and Lui (2004: 1871) in their study of Hong Kong. They argue that social polarisation is taking place because of the absolute employment growth in managerial and professional occupations, on the one hand, and the growth in ‘service workers and shop sales workers’ and ‘elementary [unskilled] occupations’, on the other hand. They make this claim on the basis that the median incomes of these two occupational groups were less than those of both the ‘craft and related workers’ and ‘plant and machine operators and assemblers’. However, this argument exaggerates the trend towards occupational polarisation by grouping ‘service workers and shop sales workers’ along with ‘elementary’ workers. The median monthly income of ‘service workers and shop sales workers’ is in fact comparable to that of ‘craft and related workers’ and ‘plant and machine operators and assemblers’ and is much higher than that of ‘elementary’ workers. In 2001, ‘service workers and shop sales workers’ earned a median monthly income of HK\$ 9,110, which was only marginally less than the HK\$ 10,000 earned by both ‘craft and related workers’ and ‘plant and machine operators and assemblers’. By contrast, ‘elementary’ workers earned a median monthly income of only HK\$ 5,300, which is about half that of middle-income workers (Chiu and Lui, 2004: 1871).

This classification of ‘service workers and shop sales workers’ as low-income workers instead of middle-income workers is not a trivial matter. It has important consequences for how we interpret changes in the occupational class structure. If service workers and shop and sales workers are treated, along with clerks, as middle-income workers instead of low-income workers, then many de-industrialising cities may have experienced employment growth in middle-income service jobs. Such growth may even be high enough to offset the loss of middle-income manufacturing jobs. For example, from 1991 to 2001, Hong Kong lost 204,152 blue-collar manufacturing jobs but gained 227,983 clerical and sales jobs (Chiu and Lui, 2004: 1870). This requires a whole new interpretation of changes in the occupational class structure of Hong Kong. It is

no longer possible to claim that the occupational structure is unambiguously polarising. Instead, one would have to admit that there was no decline in the numbers of middle-income jobs, which is one of the claims of the social polarisation thesis. One would also have to admit that employment growth in managerial, professional and associate professional jobs was four times as great as the growth in unskilled elementary jobs. Although this is certainly a polarising pattern of growth, it is nonetheless a pattern that is biased towards the growth of high-skill, high-income jobs.

## **De-Industrialisation in Cape Town**

The debate over social polarisation has most prominently taken the form of a discussion of inequality in world cities, where the decline of manufacturing employment and the growth in service sector employment has been most pronounced. However, deindustrialization has characterized many cities all over the world. This same process of a shift from manufacturing to services has occurred in other cities that do not play a leading role in the global economy as do the more commonly accepted world cities such as London, New York, Los Angeles and Tokyo (Beaverstock, Smith and Taylor, 1999; Taylor, 2000). Many scholars have therefore used the polarisation debate as a framework in which to examine economic restructuring and its impacts on the labour markets of a range of cities throughout the world. This approach has been used in studies of Beijing (Gu and Liu, 2002) and Johannesburg (Beall, Crankshaw and Parnell, 2002; Crankshaw and Parnell, 2004), which arguably play a smaller role in the globalising economy than cities like London and New York. Rio de Janeiro, which does not even fit the profile of the traditional post-industrial city with a manufacturing-based economy, and which shows even fewer signs of world city status than Johannesburg or Beijing, has also been scrutinized from the perspective of the polarisation hypothesis (Ribeiro and Telles, 2000). Miami is yet another city that did not have the traditional industrial base of a post-industrial city, but to which the theories of the polarisation debate have been applied (Nijman, 1996). So, while Cape Town has shown only minimal evidence of becoming a world city (Beaverstock, Smith and Taylor, 1999; Taylor, 2000) it has nonetheless undergone substantial de-industrialisation with important consequences for the occupational class structure of its working population.

Although Cape Town was South Africa's major administrative, cultural and service centre in the 1920's, manufacturing began to play a significant role in its economy from the First World War, especially in the clothing, textile, paper and printing, food, beverages, and light engineering sectors (Wilkinson, 2000). Later on, the manufacturing sector was given a boost by the protection afforded it by

the Second World War's artificial import barriers (Cole, 1984; van der Horst, 1964). The manufacturing sector continued to grow, so much so that by 1960 it contributed the largest share to Cape Town's GGP (Dewar, Watson and Howes, 1990). Looking at population census data, it can be seen that between 1946 and 1980, the manufacturing sector provided a sizeable share of all employment in the city of between 25 and 28 percent (Table 2).

**Table 2.** Percentage distribution of employment by main economic sector, Cape Town, 1946-2001

<b>Main Economic Sector</b>	<b>1946</b>	<b>1960</b>	<b>1970</b>	<b>1980</b>	<b>1985</b>	<b>1991</b>	<b>1996</b>	<b>2001</b>
Community, social & personal services	31	31	25	29	29	30	30	29
Wholesale & retail trade, catering & accommodation services	18	16	17	16	16	19	17	20
Manufacturing	25	27	28	28	26	22	22	18
Finance, insurance, real estate & business services	4	5	6	7	7	10	13	15
Construction	7	8	11	8	10	8	8	8
Transport, storage & communication	13	9	9	8	7	7	7	6
Others	3	6	4	3	4	2	3	3
Total	100	100	100	100	100	100	100	100

**Table 3.** Frequency distribution of employment by main economic sector, Cape Town, 1946-2001

<b>Main Economic Sector</b>	<b>1946</b>	<b>1960</b>	<b>1970</b>	<b>1980</b>	<b>1985</b>	<b>1991</b>	<b>1996</b>	<b>2001</b>
Community, social & personal services	53,946	94,843	114,039	170,646	186,781	236,886	235,736	237,708
Wholesale & retail trade, catering & accommodation services	32,187	50,605	78,068	93,038	106,886	151,273	134,713	166,481
Manufacturing	43,720	82,199	129,082	163,658	172,292	170,133	169,312	147,488
Finance, insurance, real estate & business services	6,429	14,734	28,170	41,636	48,438	75,626	105,113	125,192
Construction	12,066	23,697	52,025	47,530	65,816	65,570	65,853	66,772
Transport, storage & communication	22,702	26,501	39,915	47,848	46,181	56,647	51,880	49,793
Others	4,646	17,100	17,380	15,572	26,392	17,802	24,757	28,016
Total	175,696	309,678	458,679	588,879	652,786	783,429	787,364	821,450

*Source:* Authors' analysis of South African population census results.<sup>1</sup>

<sup>1</sup> These population census data are for the area bounded by the Magisterial Districts of Bellville, Cape, Goodwood, Kuilsriver, Mitchell's Plain, Simonstown, Somerset West, Strand and Wynberg. The data were compiled from published reports (Bureau of Census and Statistics, 1955; Bureau of Statistics, 1968; Central Statistical Services, 1985, 1986 and 1992; Department of Statistics, 1976) and from tables created using the Census 1996 and Census 2001 Community Profiles Databases supplied by Statistics South Africa. For all these censuses, the figures in the 'unknown' category were excluded from the analysis. The reason for this was that this category could not always be distinguished from the 'unemployed' category.

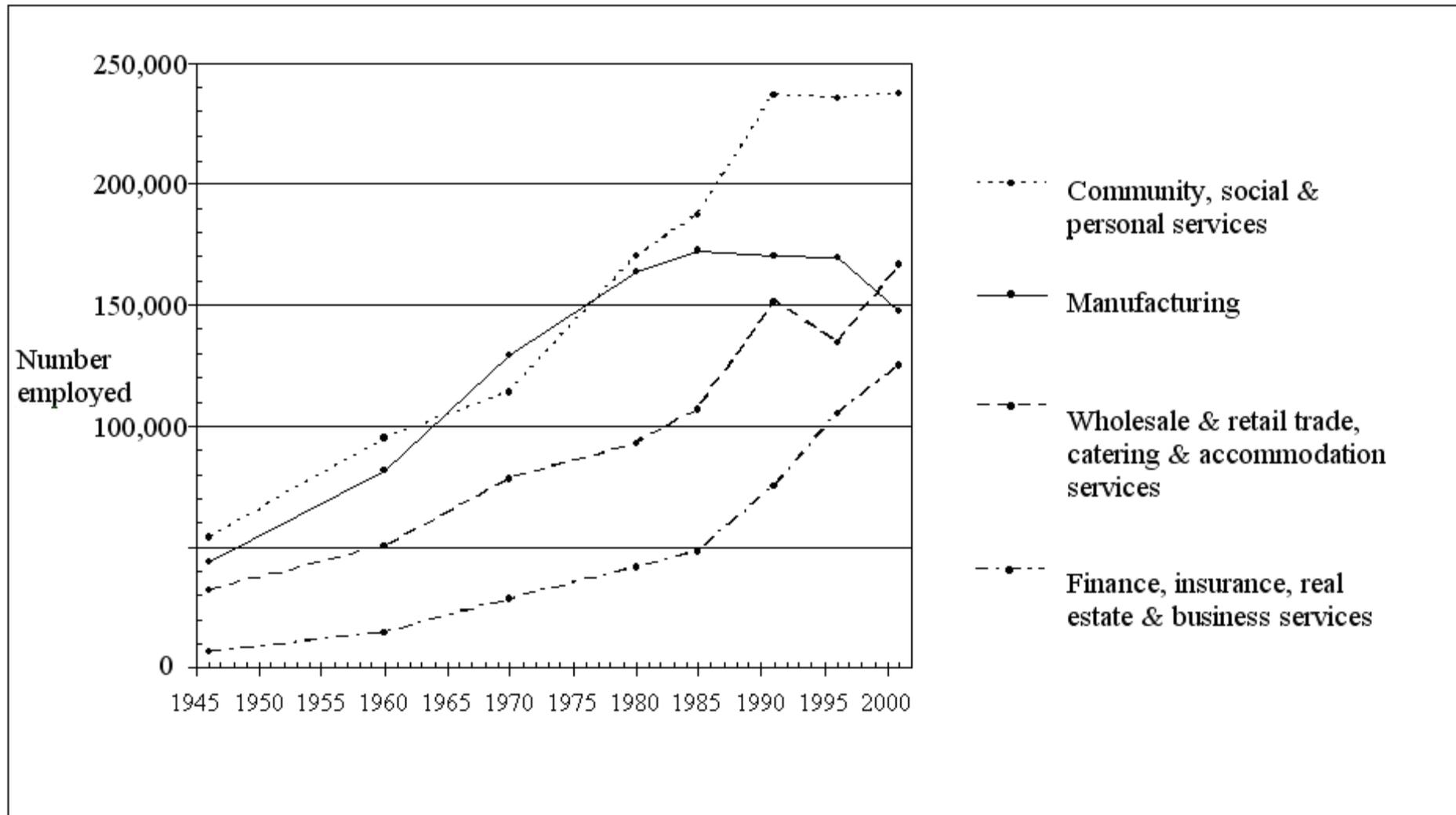
However, employment growth in manufacturing began to flag after 1970. Until 1970, the average annual employment growth rate was 4.6 percent. However, from 1970 to 1980 the annual rate of manufacturing employment growth slowed to 2.4 percent and from 1980 to 1985 it fell even further to 1.0 percent. By 1983, only 23 percent of the city's GGP came from manufacturing (Dewar, Watson and Howes, 1990).

After 1985, the employment growth trend in manufacturing was reversed (Table 2 and Figure 1). Between 1985 and 2001, the sector shed 24,804 jobs, and the average growth rate of manufacturing employment was -1.0 percent per annum. While certain manufacturing sub-sectors experienced above-average output growth from 1996 to 2000, (e.g. beverages and tobacco, wood and furniture, paper, printing and publishing, rubber and plastics, electronic and electrical, and transport equipment), major industries such as food, textiles, clothing, chemicals and petroleum performed badly, thereby lowering the overall growth of the manufacturing sector considerably (Economic and Social Development Directorate, 2001). Although the heavy steel industries of metal, steel and machinery, grew strongly from 1996 to 1998, their output also declined between 1998 and 2000. Therefore, despite growth in real output in Cape Town's overall economy between 1980 and 2000, employment growth slowed. Whereas 1 percent growth in output implied 1 percent growth in employment in 1980, a 1 percent increase in output in the 1990's resulted in only a 0.7 percent increase in employment on average. This can be attributed to capital intensification in most sectors (including manufacturing) as a result of factors such as technological advances in production techniques as well as factors that altered the real and potential cost ratio between capital and labour, such as labour legislation and trade union pressure for higher wages (Economic and Social Development Directorate, 2001). In addition to this, the exposure to international competition in the 1990's, which resulted in the closure of factories, especially in clothing and textiles, also led to fewer jobs being available in Cape Town's formal economy than there otherwise would have been (Wilkinson, 2000).

In contrast to the manufacturing sector, employment in the service industry continued to grow in the period 1985-2001 (Table 3 and Figure 1). Cape Town has always been an important administrative, cultural and service centre. This is illustrated by the fact that the 'community, social and personal services' sector (hereafter 'social and personal services') provided about the same number of jobs as did manufacturing from 1946 to 1980. However, employment trends in these two sectors diverged after 1980. Between 1985 and 2001, the period in which the manufacturing sector shed jobs, the 'social and personal services' sector gained 50,927 workers. Employment in the 'social and personal services'

sector continued to grow at an average annual rate of 1.5 percent between 1985 and 2001. Thus, while manufacturing and 'social and personal services' both accounted for about 28 percent of employment in 1980, manufacturing's relative employment share had dropped to 18 percent by 2001 while the 'social and personal services' sector still accounted for 29 percent of employment in Cape Town.

The 'wholesale and retail trade, catering and accommodation services' sector (hereafter referred to as 'commerce') and 'finance, insurance, real estate and business services' (FIRE) sectors also experienced steady employment growth since 1946; so much so, that commerce provided more jobs than manufacturing in 2001 (Table 3 and Figure 1). While employment growth in manufacturing stagnated and declined between 1980 and 2001, commerce and FIRE gained 73,443 and 83,556 employees respectively. These gains represent an annual average growth rate of 2.8 percent in commerce and 5.4 percent in FIRE for that period. Though historically providing fewer jobs, commerce overtook manufacturing in 2001, contributing 166,481 jobs to Cape Town's economy versus manufacturing's 147,488.



**Figure 1.** Employment by selected economic sector, Cape Town, 1946-2001. *Source:* Authors' analysis of population census results.

The sector that experienced the most rapid employment growth was the FIRE sector. The annual average employment growth rate of this sector from 1946 to 2001 was 5.5 percent. This was about twice the average annual growth rate in social and personal services (2.7 percent) and in commerce (3.0 percent) over the same period. FIRE was also the only sector besides commerce to actually increase its relative share of employment. While FIRE contributed only 4 percent to the total number of jobs in 1946, this proportion had increased to 15 percent by 2001 (Table 2).

## **The effects of sectoral change on the occupational structure**

In order to examine the effect of de-industrialisation on the occupational structure of employment, we have compared the population census data for 1980 and 2001.<sup>2</sup> This choice is based on the fact that 1980 was the census year in which manufacturing and service sector employment began to diverge (Figure 1). From this point on, the rate of employment growth in the manufacturing sector began to slow down and, from 1985, employment declined in absolute terms. By contrast, employment in all service sectors continued to grow from 1980.

The results of this comparison of the occupational structures of employment in 1980 and 2001 show that there was absolute and relative growth in all occupations except for the middle-income manufacturing occupational classes of 'craft and related trades workers' and 'plant and machinery operators and assemblers' (Table 4). Employment in these typical blue-collar manufacturing occupational groups declined in absolute and relative terms. Specifically, the numbers of employed craft and related trades workers declined by 7,611 and plant and machine operators and assemblers fell by 13,054 (Table 4). By contrast, managerial jobs increased by 37,418, professional jobs by 34,931 and associate professional and technical jobs by 62,894. Employment in elementary (unskilled) jobs increased by 66,114. Employment in clerical jobs also rose by 30,810 and the employment of service workers and shop and sales workers increased by 44,066 (Table 4).

In the strictest sense, these results can be interpreted as evidence for social polarisation. After all, following Hamnett's line of reasoning (Hamnett, 1994a) there was an absolute employment increase in highly-paid, managerial and professional occupations, on the one hand, and an absolute employment increase in unskilled and low-income occupations on the other. Simultaneously, there

was an absolute decline in the middle-income blue-collar jobs of the manufacturing sector. On the face of it, these results appear to provide support for the social polarisation hypothesis. However, on closer examination, the interpretation of these results is less straightforward than it would first appear.

Firstly, any interpretation of these occupational changes must not ignore the growth of employment in the occupational groups of ‘clerks’ and ‘service workers and shop and market sales workers’. We argue that these occupational groups comprise mostly middle-income occupations and not low-income occupations. As such, employment growth in these occupations does not contribute towards occupational polarisation. According to the population census of 2001, ‘clerks’ and ‘service workers and shop and market sales workers’ earned slightly more than blue-collar manufacturing workers. Most blue-collar manufacturing occupations, namely ‘craft and related trades workers’ (65 percent) and ‘plant and machinery operators and assemblers’ (75 percent) earned from R801 to R3,200 per month (Table 5). The incomes of most ‘service workers, shop and market sales workers’ (57 percent) fell in the same income categories. Similarly, most ‘clerks’ (66 percent) earned in a slightly higher, but overlapping, income category of R1,601 to R6,400 (Table 1). As far as average earnings were concerned, ‘craft and related trades workers’ earned R3,061 per month and ‘plant and machinery operators and assemblers’ earned R2,413 per month. The monthly earnings of ‘clerks’ and ‘service workers, shop and market sales workers’ was slightly higher, at R4,255 and R4,403, respectively (Table 5).

Even the lowest-paid workers in the ‘service workers, shop and market sales workers’ group, namely ‘housekeeping and restaurant service workers’, still earn more than unskilled ‘elementary workers’. Specifically, ‘housekeeping and restaurant service workers’, earned an average monthly income of R2,233, which is substantially higher than the R1,488 earned by elementary workers and only marginally less than the R2,413 earned by plant and machine operators and assemblers.

**Table 4.** Changes in the occupational distribution of the working population, Cape Town, 1980 and 2001

Occupational Groups	1980	2001	Absolute change 1980-2001	Percentage Share 1980	Percentage Share 2001	Percentage point change 1980-2001	Percentage Change 1980-2001
Managers, legislators & senior officials	27,642	65,060	37,418	4.5	7.0	2.5	135.37
Professionals	51,262	86,193	34,931	8.3	9.3	1.0	68.14
Associate professionals & technicians	36,625	99,519	62,894	5.9	10.8	4.8	171.72
Clerks	98,651	129,461	30,810	16.0	14.0	-2.0	31.23
Service workers & shop & sales workers	61,578	105,644	44,066	10.0	11.4	1.4	71.56
Craft & related trades workers	115,197	107,586	-7,611	18.7	11.6	-7.1	-6.61
Plant & machine operators & assemblers	84,760	71,706	-13,054	13.8	7.8	-6.0	-15.40
Elementary [unskilled] workers	117,603	183,717	66,114	19.1	19.9	0.8	56.22
Undetermined & skilled agricultural occupations	22,932	76,058	53,126	3.7	8.2	4.5	231.67
Total	616,250	924,944	308,694	100.0	100.0		50.09

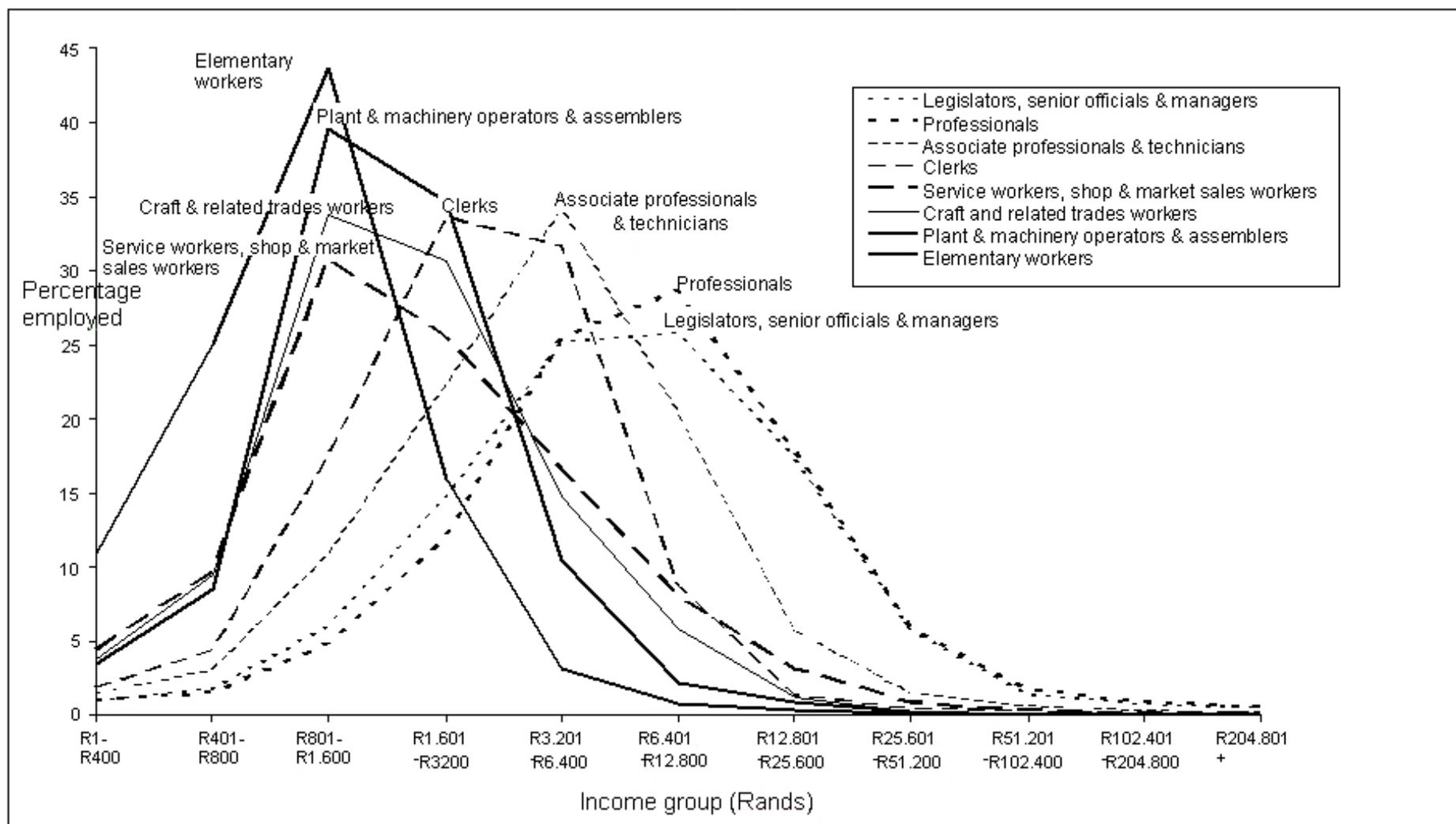
*Source:* Authors' analysis of the South African population census results.<sup>2</sup>

<sup>2</sup> The data for 1980 were calculated from the South Africa 1980 Population Census unit record data that were purchased directly from Statistics South Africa, Pretoria. They are now stored in the Data First Resource Centre at the University of Cape Town. The data for 2001 were calculated using the Census 2001 Community Profiles Database supplied by Statistics South Africa, Pretoria. The data for both 1980 and 2001 are for the areas covered by the Magisterial Districts listed in note 1 above.

**Table 5.** Percentage monthly income distributions of major occupational groups, Cape Town, 2001

Monthly Income	Legislators, senior officials & managers	Professionals	Technicians & associate professionals	Clerks	Service workers, shop & market sales workers	Craft & related trades workers	Plant & machinery operators & assemblers	Elementary workers	All Occupations
R1-R400	1	1	1	2	4	4	3	11	5
R401-R800	2	1	3	4	10	10	8	<b>25</b>	10
R801-R1,600	6	5	11	18	<b>31</b>	<b>34</b>	<b>40</b>	<b>44</b>	<b>26</b>
R1,601-R3,200	15	12	<b>22</b>	<b>34</b>	<b>26</b>	<b>31</b>	<b>35</b>	16	<b>23</b>
R3,201-R6,400	<b>25</b>	<b>25</b>	<b>34</b>	<b>32</b>	17	15	10	3	19
R6,401-R12,800	<b>26</b>	<b>29</b>	<b>20</b>	9	8	6	2	1	11
R12,801-R25,600	17	18	6	1	3	1	1	0	5
R25,601-R51,200	6	6	1	0	1	0	0	0	1
R51,201-R102,400	1	2	1	0	0	0	0	0	0
R102,401-R204,800	1	1	0	0	0	0	0	0	0
R204,801 or more	1	1	0	0	0	0	0	0	0
Total	100	100	100	100	100	100	100	100	100
Average Income	R13,337	R14,150	R7,167	R4,255	R4,403	R3,061	R2,413	R1,488	R5,412

*Source:* Authors' analysis of the Census 2001 Community Profiles Database.<sup>2</sup> This population census recorded the income category of each respondent. The average incomes were therefore calculated using the median income of each income category.



**Figure 2.** Percentage monthly income by occupation, Cape Town, 2001. *Source:* Authors' analysis of the Census 2001 Community Profiles Database.<sup>2</sup>

The growth of employment in these middle-income service sector occupations did not, therefore, contribute to income polarisation. To the contrary, employment growth in these occupations more than made up for the loss of middle-income manufacturing jobs. Over the period 1980 to 2001, for every craft, operative and assembling job that was lost from the manufacturing sector, three clerical, service, shop and sales jobs were created (Table 4).

De-industrialisation in Cape Town did not, therefore, lead to an overall decline in middle-income jobs. If we group the middle-income service sector occupations of 'clerks' and 'service workers and shop and market sales workers' with 'craft and related trade workers' and 'plant and machine operators and assemblers', we see that there was an absolute employment increase of 54,211 middle-income jobs (Table 5). So, one of the criteria for social polarisation, namely the absolute decline of middle-income jobs, has not been met with these results. However, the trend in employment growth is still marginally a polarising one. Although, there was over twice as much growth in high-income jobs than in middle-income jobs, the growth in low-income jobs exceeded the amount of growth in middle-income jobs by only 12 percent (Table 6)

The interpretation of these results must also take into account the shape of this marginally polarising growth pattern, which shows much greater employment growth in high-income occupations than low-income occupations. If we compare the extent of absolute employment growth in the separate occupational groups of 'managers, legislators and senior officials', 'professionals', 'associate professionals and technicians' and unskilled 'elementary workers', the latter group has grown more than all the others (Table 4). However, if we group the high-income occupations together, then the absolute employment change in high-income occupations was two and a half times as much as the change in low-income elementary workers. Specifically, employment in the managerial, professional and associate professional occupations increased by 135,243, whereas employment of elementary workers increased by only 66,114. The bimodal growth pattern is therefore skewed towards the high-income occupations (Table 6).

**Table 6.** Changes in the occupational distribution of the working population, Cape Town, 1980 and 2001

Income level	Occupational class	1980	2001	Absolute Change 1980-2001
High income	Managers, legislators & senior officials, Professionals & Associate professionals & technicians	115,529	250,772	135,243
Middle income	Clerks, Service workers & shop & sales workers; Craft & related trades workers, Plant & machine operators & assemblers	360,186	414,397	54,211
Low income	Elementary [unskilled] workers	117,603	183,717	66,114
	Undetermined and skilled agricultural occupations	22,932	76,058	53,126
	Total	616,250	924,944	308,694

*Source:* Authors' analysis of the South African population census results.<sup>2</sup>

How do these changes in the occupational class structure of Cape Town compare with changes in other de-industrialising cities? It appears that there are at least three types of changes to the occupational structure of de-industrialising cities. The first entails the absolute employment growth of professional and managerial jobs and the absolute decline of employment in all other groups. Such is the case for London in which there was even a decline in the employment of middle-income clerks and service workers (Hamnett, 2003). The second entails growth in managerial and professional jobs as well as in the clerical, sales and personal services workers but a decline in the numbers of both middle-income tradesmen and plant and machine operators and drivers, on the one hand, and of low-income, unskilled workers, on the other. Such is the case for Sydney, provided that we treat clerical and sales and personal services workers as one middle-income group (Baum, 1997). The third type entails the employment growth of high-income managers and professionals and low-income unskilled workers, on the one hand, and employment decline among middle-income manufacturing workers, on the other. Such is the case for Cape Town and Hong Kong (Chiu and Lui, 2004). Both these cities are also characterised by the growth in employment of middle-income clerical, sales and personal services workers.

So, de-industrialisation does have one common result in different kinds of cities: it invariably results in the absolute employment growth of high-income managerial and professional jobs and the decline of middle-income blue-collar manufacturing jobs. However, the fate of middle-income clerical, sales and personal service jobs and unskilled manual jobs varies from city to city.

If the service sector is so much more polarised than the manufacturing sector, as the social polarisation hypothesis would suggest, then how can an increase in service jobs in the face of decreasing manufacturing employment not result in increased polarisation? We would argue that not all sub-sectors of the service sector are as occupationally polarised as proponents of the social polarisation hypothesis contend. For example, the producer services are argued to be both the fastest growing and most polarised of the service sub-sectors. Thus, much of the blame for increasing polarisation is attributed to these types of services (Sassen, 2001: 9). However, our results show that the occupational distribution of FIRE is not so much polarised as skewed towards high and middle-income workers. In 2001, 43 percent of workers in FIRE were high-income, high-skill workers, 46 percent were middle-income workers and only 8 percent were low-income, low-skill workers (Table 7). Just under half of the jobs gained in FIRE from 1980 to 2001 were in high-income, high-skill occupations (39,751 out of 82,358, Table 8). By contrast, this sector gained the second lowest number of low-income, low-skill occupations (8,340) of all four main sectors (second only to manufacturing, in which total employment actually declined between 1980 and 2001). Thus, the contribution FIRE made to overall employment growth was one of many high-income, high-skill jobs and very few low-income, low-skill jobs.

**Table 7.** Percentage distribution of occupations by main sectors, Cape Town, 2001

Occupational Class	Income and skill level	Manufacturing	Commerce	FIRE	Social & personal services
Managers, legislators & senior officials	High-income high-skill	20	23	43	37
Professionals					
Associate professionals & technicians					
Clerks	Middle-income Clerical & sales	17	41	40	22
Service workers & shop & sales workers					
Craft and related trades workers	Middle-income Blue-collar	45	17	6	4
Plant and machine operators and assemblers					
Elementary [unskilled] workers	Low-income, low-skill	15	16	8	33
Undetermined and skilled agricultural workers		3	3	3	3
Total		100	100	100	100

Source: Authors' analysis of South African population census results.<sup>2</sup>

**Table 8:** Change in the occupational composition of main economic sectors from 1980 to 2001, Cape Town

	Manufacturing	Commerce	FIRE	Social & personal services	Absolute difference	Percentage point change
High-income, high-skill	+11,243	+21,569	+39,751	+35,974	+108,537	+8.4
Clerical & sales	+2,119	+22,514	+25,492	+10,176	+60,301	-0.6
Blue-collar	-37,826	+9,997	+5,568	-225	-22,486	-13.1
Low-income, low-skill	+7,144	+15,623	+8,340	+16,777	+47,884	+0.8
Undetermined & agriculture	+1,151	+3,738	+3,207	+5,558	+13,654	+4.5
Total	-16,169	+73,441	+82,358	+68,260	+207,890	0.0

Source: Authors' analysis of South African population censuses.<sup>2</sup>

Arguably then, cities in which most service sector growth has been in FIRE will have a more professionalised occupational structure than cities in which most growth has occurred in other service sub-sectors. For example, whereas the FIRE sector grew to provide 14 percent of all employment in Cape Town in 2001 (Table 9), this same sector accounted for more than double that percentage of employment (32 percent) in London in 1999 (Hamnett, 2003: 35). This is the dominant sector in London in terms of employment. If work in the FIRE sector in London is as heavily skewed towards high-income, high-skill occupations as it was shown to be in Cape Town, then it is not surprising that London has become more professionalised.

It could be argued that the FIRE sector in London is much larger than that in Cape Town simply because Cape Town shows only minimal evidence of being a world city. It is certainly true that Cape Town is not a global city in terms of its role in the world economy. However, Hong Kong is categorised as a global city, and yet the relative distribution of employment across economic sectors in Hong Kong is almost identical to that of Cape Town (Table 9). Employment in the FIRE sector contributed 16 percent to all employment in Hong Kong in 2001 (Chiu and Lui, 2004: 1868). This is not much more than the 14 percent the FIRE sector contributed to total employment in Cape Town in the same year. Thus it could be argued that London has become more professionalised and Cape Town and Hong Kong have become more polarised due, at least in part, to the differing percentages of employment provided by the FIRE sector in these cities.

Cape Town and Hong Kong could also be experiencing polarisation as a result of the growth of employment in 'social and personal services'. The 'social and personal services' sector has a much more polarised occupational structure than all of the other main employment sectors in Cape Town (Table 7). Although the percentage of high-income, high-skill workers in 'social and personal services' was only slightly less (37 percent) than in FIRE, the percentage share of low-income, low-skill workers was four times larger (33 percent) than in FIRE (8 percent) (Table 7). Because 'social and personal services' constitutes similarly large percentage of employment in Cape Town and Hong Kong (about 26 percent in both cities), it is perhaps not surprising that these two cities are becoming somewhat polarised while London, where this service sub-sector comprises only 14 percent of all employment, is becoming more professionalised.

This finding, namely that different service sub-sectors have different occupational distributions, may help explain why de-industrialising cities exhibit such a range of occupational and income distributions. Specifically, these results

suggest that cities with large FIRE sectors will, all other things being equal, tend to have a professionalized occupational structure. By contrast, cities with large ‘social and personal services’ sectors will tend to have a polarised occupational structure. In the case of Cape Town, the impact of de-industrialisation on the occupational structure can be understood in terms of the size and occupational composition of its service sub-sectors.

**Table 9:** Percentage distribution of employment by main economic sectors in Hong Kong, Cape Town and London

Main Economic Sector	Hong Kong 2001	Cape Town 2001	London 1999
Community, social and personal services	26	29	14
Commerce	26	20	22
Manufacturing	12	18	8
Finance, insurance, real estate and business services	16	15	32
Transport, storage and communications	11	6	9
Others	9	12	16
Total	100	100	100

*Source:* Authors’ analysis of the 2001 South African population census results, Chiu and Lui (2004: 1869) and Hamnett (2003: 35).

Why do some de-industrialising cities have relatively more employment in the ‘community, social and personal services’ sector than others? Since this service sector employs relatively more unskilled workers than others, another way of asking this question is to ask why some cities have more unskilled workers than others. Hamnett has proposed that these different occupational outcomes of de-industrialisation may depend upon the nature of the welfare state and the scale and type of migration to de-industrialising cities (Hamnett, 1996). Specifically, he argues that post-industrial cities with polarised occupational structures, such as New York, are fairly exceptional because they are characterised by the large-scale immigration of unskilled workers and the absence of welfare benefits. Consequently, unskilled immigrants have no choice but to accept low-wage service sector jobs. By contrast, post-industrial cities, such as London and Randstad, have no such polarised occupational structure. This is because they have relatively low numbers of unskilled immigrants and because the welfare state plays an important role in both limiting the growth of low-wage service sector jobs through minimum wage legislation and by providing unemployment benefits (Esping-Anderson, 1993; Hamnett, 1994a; 1994b; 1996, 2003).

In Cape Town, these conditions for the growth in employment of unskilled workers have certainly been met. Since 1980, most low-skilled migrants who have come to Cape Town were Africans from the Eastern Cape countryside. Although the apartheid state tried to limit African urbanisation through forced removals and demolitions, it was met with popular resistance that finally won rural Africans the right to live in the city (Cole, 1984). Thus, by the time that urbanisation controls were abolished in 1986, substantial numbers of rural Africans had already migrated to live in Cape Town (Dewar, Rosmarin and Watson, 1991). After the controls over African urbanisation were removed, migration from the Eastern Cape countryside increased (Cross, Bekker and Eva, 1999: 15). According to the 2001 population census, about 85,000 Eastern Cape migrants arrived in Cape Town in the 5 years preceding the census. These low skilled migrants therefore comprised 25 percent of all migrants that moved to Cape Town over the period 1997 to 2001 (Smith, 2005). Most of these African migrants had very little education. A survey of the Cape Town population conducted in 1998 revealed that more than half of the heads of African migrant households were functionally illiterate (Cross, Bekker and Eva, 1999). A survey conducted in 2000 of the African residents of Khayelitsha, also showed that 27 percent of adult African migrants had received less than 6 years of schooling, 53 percent had achieved some level of high school education and only 13 percent had achieved a tertiary qualification.<sup>3</sup> Not surprisingly, the employment prospects for these migrants were bleak. Their unemployment rate was as high as 45 percent.<sup>3</sup> Of those migrants who were employed, just under half (49 percent) held unskilled manual jobs.<sup>3</sup>

These high levels of unemployment are consistent with South Africa's relatively meagre unemployment benefits. Unlike social democratic countries that provide long-term unemployment benefits, the South African state provides only short-term relief from unemployment. The Unemployment Insurance Fund pays a benefit to unemployed workers for a period of only six months (SAIRR, 2004: 318). Furthermore, the benefit does not pay more than about R700 per month over this period, which is less than half the salary of an elementary worker (Department of Labour, 2004: 18). Choosing to drop out of the labour market

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<sup>3</sup> These results are based on the authors' analysis of the Khayelitsha/Mitchell's Plain 2000 Survey unit record data. These data are available from the Data First Resource Centre at the University of Cape Town. For a discussion of the survey sample see Crankshaw *et al.* (2001). The estimation of the unemployment rate is based on the calculations performed by Natrass (2005: 499-501) and refers to workers who are available to work, wish to have a job and have searched actively for work. The sample size of migrants for the calculation of unemployment was 1,169, which gives a confidence interval of 5.8 percent at a probability level of 95 percent (i.e. the estimate is accurate to within 2.9 percent). The estimate of the percentage of unskilled workers is based on a sample size of 478, which gives a confidence interval of 9 percent at a probability level of 95 percent.

and to live on welfare benefits, is therefore not an option for unemployed South Africans.

It is therefore fairly clear that there is an oversupply of unskilled manual labour in Cape Town that is probably resulting in a downward pressure on unskilled wages. This, in turn, may have been an important cause of the growth in demand for unskilled labour, such as domestic servants in private households.

## **Conclusion**

Through this comparative study of de-industrialisation in Cape Town we have argued that the growth in service sector employment can have very different consequences for the occupational class structure of cities. Earlier studies that have addressed the social polarisation/professionalisation debate have generally made the mistake of conceptualising service sector occupational classes as either low-income, low-skill occupations or high-income, high-skill occupations but not as middle-income, semi-skilled occupations. This has meant that scholars have interpreted growing employment in both these high-income and low-income service sector occupations as evidence for social polarisation. Alternatively, growth in only the high-income service sector occupations has been interpreted as evidence for professionalisation. We have presented evidence to show that workers in the occupational classes of ‘clerical workers’ and ‘service workers, shop and market sales workers’ have incomes that are comparable to those of skilled and semi-skilled manual workers in the manufacturing sector. On this basis, we have conceptualised these clerical, service and sales workers as middle-income service sector workers. Our evidence for Cape Town shows that the growth of service sector employment resulted, not only in the growth of high-income, managerial and professional jobs, on the one hand, and low-income, unskilled jobs on the other, but also in the growth of employment in these middle-income service sector jobs. So, although it is true that employment growth was greater at the poles of the occupational distribution, the growth of low-income jobs was only marginally greater than the growth in middle-income jobs. This study therefore suggests that some studies may have overestimated the polarising effects of service sector growth on the occupational structure of cities.

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