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URBAN RESTRUCTURING: AN ANALYSIS OF SOCIAL AND SPATIAL CHANGE IN LOS ANGELES*

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I should be very much pleased if you could find me something good (meaty) on economic conditions in *California*. . . . California is very important for me because nowhere else has the upheaval most shamelessly caused by capitalist centralization taken place with such speed.

(Letter from Karl Marx to Friedrich Sorge, 1880)

The area circumscribed by a sixty-mile radius from downtown Los Angeles encompassing the built-up area of five counties (Los Angeles, Orange, San Bernardino, Riverside, and Ventura) is one of the largest industrial metropolises in the world. Moreover, since the late 1960s, it has experienced a concentration of industrial production, employment growth, and international corporate finance that may be unparalleled in any advanced industrial country. Between 1970 and 1980, when the entire United States had a net addition of less than a million manufacturing jobs, the Los Angeles region added 225,800 (while New York lost 329,800). In the same decade, total population grew by 1,300,000, the number of non-agricultural wage and salary workers increased by 1,315,000, and an extraordinary office-building boom marked the emergence of Los Angeles as a global city of corporate headquarters, financial management, and international trade [*44*].

Sustaining this rapid centralization of industrial activity, financial control, and corporate wealth has been a series of structural changes which have significantly modified the social and economic geography of the region. A comprehensive process of *urban restructuring* has been taking place since the late 1960s, affecting the organization of the labor process and the composition of the workforce, the location of industry and the sectoral distribution of employment, the organization of the working class and the patterns of class conflict. These changes have juxtaposed substantial aggregate economic growth and expanding concentrations of affluence against extensive job layoffs and plant closures, deepening poverty and unemployment, the re-emergence of industrial sweatshops reminiscent of the nineteenth century, the itensification of ethnic and racial segregation, and increasing rates of urban violence and homelessness.[1]

In many ways, the Los Angeles region appears paradoxically to combine the contrasting dynamics of both "Sunbelt" and "Frostbelt" cities, adding to this mix many of the features of intensified industrialization characteristic of Third World export processing zones. This has created a peculiar composite metropolis that resembles an articulated assemblage of many different patterns of change affecting major cities in the United States and

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[1] A recent article in the *Los Angeles Times* [30A] on the "new homeless" in the United States estimated the number of homeless in Los Angeles County to be 30,000, 40% of whom are considered mentally ill. Homelessness in Los Angeles and throughout the U.S. is thought to be greater today than in any other time since the Great Depression.

elsewhere in the world—a Houston, a Detroit, a Lower Manhattan, and a Singapore amalgamated in one urban region.

Making sense, both theoretically and politically, of this distinctive combination of expansionary growth and urban social and spatial restructuring requires an interpretive perspective which can set the particular local experience into a broader context. The restructuring of the Los Angeles region is not *sui generis*. It is part of a worldwide process of structural change in the organization of capital and labor arising from the series of economic and political crises which marked the end of the post-war boom. Furthermore, as we will argue, the contemporary restructuring process has certain key parallels with earlier periods of crisis and reconstitution within the history of capitalist development. Accordingly, we begin our interpretation of urban restructuring in Los Angeles with a brief exposition of the historical development of capitalist urbanization as an evolving product of periodic crisis, class struggle, and induced social and spatial reorganization. This discussion is followed by an analysis of the contemporary restructuring process as it is being manifested more generally within the capitalist world economy and specifically within the United States. What initially may appear as paradoxical or unique within the Los Angeles region can be more appropriately understood as a particular concatenation of several different patterns of social and spatial restructuring identifiable within the larger economic system. To demonstrate this relationship, we conclude with a detailed empirical examination of the effects of urban restructuring in Los Angeles since the late 1960s.

Crisis, Restructuring, and the Evolution of Urban Form

The history of capitalism has been marked by periodic crises arising from the inherent anarchy of capitalist production—the tendency to over-accumulate by producing more than can be profitably consumed—and from attendant pressures of working class struggles for greater control over the social surplus product. Many of these crises have remained relatively confined to particular countries, regions, or broad sectors of production. During certain periods, however, overaccumulation crises have become "global," extending their effects to all production sectors and their geographical impact throughout the world capitalist economy. The Great Depression was clearly one of these global crises. A comparable period of deep crisis occurred in the last decades of the nineteenth century. And from the accumulating evidence of declining real incomes, increasing unemployment, unused industrial capacity, falling rates of corporate profits, and decelerating rates of productivity growth in most of the world's leading industrial economies, we are again experiencing a crisis of global proportions.

Each of these periods of global crisis has followed several decades of expansionary boom, when recessionary downturns tended to be short-lived and rarely interrupted to any significant degree the established trajectory of capitalist development. Such was the case after World War II, at least until the widespread urban struggles of the late 1960s and the deep recession of 1973–1975, the first pronounced economic downturn since the Great Depression to affect virtually all advanced capitalist countries simultaneously [33]. As in comparable past periods, the shock of crisis shattered the visions of unending economic expansion and ushered in a period of extensive restructuring in the social and spatial relations of production aimed at restoring rising profitability through a reorganization of the production process and increasing labor discipline and control.[2]

[2] This conceptualization of the periodicity of capitalist development and crisis draws heavily upon the Marxist interpretation of "long waves" developed by Ernest Mandel [*31; 32; 33; 34*].

Past periods of capitalist restructuring have had pronounced effects on urban form, reflecting in part what David Harvey [22] has described as a "spatial fix," a significant reconstitution of the spatial configuration of capitalist accumulation under conditions of deepening crisis in established social and spatial structures. Each phase of urban restructuring was part of a wider process of change, readjustment, and social struggle within capitalist social and spatial relations. Thus, during the restructuring period between the 1870s and the 1890s, capitalism was markedly *intensified* through increasing concentration and centralization in the form of monopoly capital, and *extensified* through the expansive internationalization of finance capital in an age of imperialism. Accompanying these changes were major modifications in the social and spatial organization of the capitalist city.[3]

The phase of urban restructuring followed the various "shocks" of the early 1870s—the rise and fall of the Paris Commune, the deep depression of 1873, the associated loss of 300,000 jobs in the U.S., mass evictions in New York City—and continued through the subsequent decades. Increasingly, vigorous working class protests and strikes, led by growing unions and socialist/labor parties, first affected small mining and railway towns in the U.S. but, especially after 1885, spread to the centers of the largest cities [18]. As the formerly efficient centralization of urban form of the classic *Industrial Capitalist City* increasingly became a source of strengthened working class consciousness and militancy (in some ways repeating on a much larger scale the earlier experience of "company towns"), the old urban spatial configuration began to be reshaped, rapidly in some cities, less rapidly elsewhere.

What can be called the *Monopoly Capitalist City* was clearly consolidated after the global depression of the 1890s, shaped by the qualitatively different form of capitalism that led the early twentieth century economic boom. Greater corporate centralization, an increased segmentation of the labor force into monopoly and competitive sectors, and the separation of management and production functions had widespread effects on the urban division of labor [*14; 20*]. In the Industrial Capitalist City of the nineteenth century, social production was heavily agglomerated around the city center, an unprecedented geographical concentration of production that gave rise to the characteristic urban morphology so acutely perceived by Engels in Manchester and later described by the urban ecologists of the Chicago School. Beginning during the restructuring period of the late nineteenth century, in part as a means of escaping agglomerated working class militancy, industrial production decentralized into the formerly residential inner rings and to satellite centers such as Gary, East St. Louis, and Pontiac.

Simultaneously, there was a progressive tertiarization of the urban core, with its expanding number of corporate headquarters (by 1929, 56% were located in New York and Chicago alone), government offices, financial institutions, and supportive service activities. Combined with a surge in residential suburbanization (led by managers, supervisors, and professionals) and an attendant political fragmentation (the multiplication of incorporated municipalities replacing annexation as the major pattern of urban expansion), these changes created a significantly modified urban spatial division of labor [*51*]. Among other advantages to expanding capitalist accumulation, this

[3] Within a comparable framework to that presented here, long-wave analysis has been applied effectively in recent years to the historical evolution of capitalist urban form, especially by David Gordon [*18; 19*] and Richard Walker [*51*]. Johnston [*24*] also uses the long wave model in a geography textbook dealing with the American urbanization process, while Gordon et al. [*20*] have recently applied a long-wave schema to the historical development of labor markets and labor segmentation in the U.S. Gordon, Walker, and Mandel should be referred to for a fuller elaboration and explanation of long-wave periodicity and urban restructuring.

allowed employers more effectively to escape union pressures, isolate and segment the workforce, capture the positive externalities of production, and avail themselves of increasing subsidies from the local and national state [*18; 19*].

The major recession following World War I, the impact of the Russian Revolution, and the onset of the Great Depression shattered the early twentieth century boom and generated another round of restructuring which deepened and widened the same patterns of intensification and extensification that shaped the rise of monopoly capitalism and imperialism. Although it too can be seen as a matter of degree vs a radical shift, the most significant difference between the late nineteenth century restructuring and that of the Great Depression concerned the role of the state. Through Keynesian policies of demand stimulation, monetary and fiscal controls, state-directed investments, and social welfare programs, the state intervened more directly and deeply into the production process than ever before, playing a crucial role in the eventual recovery of a reconstituted capitalism from its most severe economical crisis. State-managed and directed capitalism took shape during the restructuring period and became, after the massive devalorization associated with World War II, the key foundation for post-war expansion.

In the *State-Managed Capitalist Metropolis,* a much larger scale suburbanization process took place, now with substantial state support, to include sizeable portions of the working class, blue as well as white collar [*51*]. Expanding metropolitanization, an even greater fragmentation of political jurisdictions, and accelerated decentralization (not only of industrial plants but also of corporate headquarters, retail, and other services) led to a selective abandonment of the now relatively smaller central cities. The established urban cores were left with a residual mix of competitive sector firms, older industries, some luxury shops and hotels, key agencies of the state and finance capital, remaining corporate headquarters, and a bloated irregular marginal economy comprised of minorities and the poorest segments of the metropolitan population—a geographically concentrated reserve army of labor.

The major devaluation of inner city assets associated with the consolidation of the state-managed Capitalist Metropolis was linked almost from the very beginning to persistent and usually state-assisted efforts at downtown "rebirth"—through urban renewal, gentrification, and changes in landownership and regulatory patterns aimed at maintaining a substantial corporate presence. The balance between deterioration and renewal varied from city to city and changed significantly over time, creating an uneasy situation which required massive expenditures by the state in the form of welfare subsidies for both the poor and the wealthy. The tensions associated with this uneasy mix permeated urban politics throughout the post-war period.

The ability to finance the growth and maintenance of the State-Managed Capitalist Metropolis was rooted in the expansionary boom beginning in 1940 for the U.S. and after 1948 for Europe and Japan. The automobile (produced by state-owned companies in some countries), air transport (most often state run), the oil industry (heavily subsidized to cheaply fuel expanded physical mobility), housing construction (fostered by government programs for mortgages and loans), and the production of durable consumer goods (televisions, washing machines, and other commodities allowing for increased privatization of formerly more collectively organized activities) led the economic boom and contributed to major changes in urban form, especially through the concurrent suburbanization process [*51*]. More than ever before, the social and spatial relations organizing production and consumption and the conflicts and struggles arising from these relations came to be channeled, absorbed, and managed by the state.

This most recent expansionary period was shaken by a series of events which may be described as an urban crisis (the inner city riots of the 1960s, the massive disturbances in France and Italy in 1968 and 1969). Much more than crises of urban form, however, these events signified a crisis of the state and the whole system of management, planning, welfare, and ideological legitimization that underpinned postwar economic expansion. The successfully restructured state-managed capitalism which survived the Great Depression to promote a prolonged boom entered its own period of crisis and attempted readjustment, especially with what Ernest Mandel [33] called "The Second Slump," the global recession of 1973–1975. Since the late 1960s, expensive Keynesian policies have become increasingly difficult to sustain, while the financial pressures accompanying the huge expansion of credit which fueled the boom have required heavily inflationary government programs to mitigate.[4]

The very same social and spatial structures of accumulation that had facilitated expansion now appear as sources of economic stress and decline. The post-war "productivity deal," which brought major wage and welfare benefits to organized labor, the demand-driving suburbanization process, the delicately balanced devaluation/renewal of inner cities, the system of state regulation and management, and the rapid expansion of government employment, shifted from being part of the solution to be seen as part of the problem. Exacerbated by a rise in petroleum prices and energy costs and successful challenges to U.S. global military hegemony, another classic overproduction crisis has shattered the confidence and optimism that marked the 1950s and 1960s in the U.S. and other core capitalist countries. The post-war "order" has begun to crumble, creating a growing sense of *deja vu* over the reappearance of many of the same conditions which characterized interwar years and the Great Depression.

Faced with economic decline, widespread unemployment, rising business failures, mounting public fiscal deficits and imminent unrest, we are again experiencing a phase of capitalist restructuring characterized by attempts to restore greater profitability (i.e., increasing rates of surplus value extraction, especially in the form of realizable superprofits) and to re-establish the effective labor discipline and control necessary to achieve expanding rates of accumulation. As in comparable past periods of global crisis, the current restructuring process involves both an *intensification* of capitalist relations of production (a deepening of the division of labor, the generation of new consumption needs, the incorporation of new spheres into capitalist production, and especially the greater concentration and centralization of capital) and their *extensification* (the opening of new markets, geographical expansion to tap new sources of cheap labor and raw materials, the increasing exploitation of geographically uneven development through the transfer of value).

Neither the specific paths chosen nor the ultimate outcome of this restructuring process is predetermined. Indeed, Mandel [*31; 32*] has argued that past restructuring periods have successfully transformed capital to create a new round of reinvigorated expansion only with a set of "exogenous shocks," such as unusually dramatic defeats of the working class (as in the rise of fascism), such fortuitous events as the discovery of important new gold fields or the massive destruction of fixed assets associated with major world war.[5] As yet there are no indications of a

[4] Recent efforts to reduce inflation have re-aggravated these same financial pressures with regard to credit and interest rates. For an interesting view of fiscal crisis and Reagan's budget policy, see O'Connor [33].

[5] The distinction between endogenous and exogenous forces, and thus between the forms of crisis associated with the downturn after a boom vs the upswing following prolonged decline, is of crucial importance. Capitalist development is inherently

transition from the downturn initiated in the late 1960s. What has emerged from the restructuring process, however, has been a significant reorganization of capitalism on a world scale, manifested in a changing international division of labor, modifications in the role of the state, accelerated regional economic shifts within countries, and widespread changes in the urbanization process, employment patterns, and the internal structure of cities.

The particular forms being taken by this reorganization of capital and labor vary from place to place, due to the uneven development of existing social and spatial configurations, the differential speed and intensity of restructuring, and the varying incidence of struggles and resistance against restructuring efforts. Nevertheless, some general patterns of structural change can be identified, described, and applied to an analysis of the specific experience of the Los Angeles region.

THE RESTRUCTURING OF CAPITAL

Paralleling past periods of structural reorganization, another round of increasing centralization and concentration of capital has been taking place since the late 1960s, creating a more pronounced oligopolistic structure of world capitalist production. Expanding beyond earlier forms of centralization/concentration—the horizontal mergers of the late nineteenth century, the later vertical mergers and state-managed monopolies—huge corporate conglomerates have been organized combining industrial and finance capital and operating in many different sectors and at many different locations. This intensification, linked with the extensification brought about the increasing internationalization of industrial and finance capital (both often assisted and encouraged by state policies and programs), has led to the formation and vigorous expansion of transnational corporations able to explore and exploit global commodity, financial, consumer, and labor markets to a degree never before achieved. Increasingly mobile and "footloose" from localized territorial constraints (including direct state control), these giant firms operating collectively as *global capital* have markedly expanded their role in the current period of economic and political restructuring.

One indication of this expansion of global capital is the increased international involvement of financial and industrial firms in core countries, with both profits/earnings and investment allocations expanding rapidly outside the "home" market.[6] Moreover, the expansion of transnationalized capital has focussed increasing emphasis on facilitating capital mobility through elaborate international credit schemes and the increasing priority given to liquidity and access to cash to allow greater flexibility of investment. Accompanying these shifts has been a significant weakening of the ties of productive capital to specific loca-

constrained by the tendency of rates of profit to fall even with a rapidly growing volume of surplus, i.e., for some form of overproduction to take place from the collective decisions of individual producers under conditions of competition and aggregate growth. Major economic downturns have been associated with the various manifestations of these periodic overproduction crises. Although Marx and others pointed to powerful counter-tendencies arising in response to overproduction, falling profits, and deepening crisis, the survival of capitalism has not been so easily predictable. Recovery and subsequent boom are thus more historically *contingent* and depend on a variety of particular circumstances and events, not the least of which is the intensity and nature of working class struggles (which do not fit so neatly into long-wave patterns). With regard to the current situation, one could have predicted the crises of the late 1960s—early 1970s (as Mandel did well before the events). However, the eventual outcome of the present global crises is not foreordained nor analytically predictable in the same way.

[6] Citicorp, parent company for the second largest bank in the U.S., earned as much as 80% of its profits abroad in the late 1970s, and many comparable examples can be found. Another manifestation of internationalization is the increasing proportion of U.S. GNP accounted for by overseas trade and direct foreign intestment [*13*]. More examples can be found in Bluestone and Harrison [*4*].

tions, be they cities, regions, or whole countries [*42*].

Internationalization and heightened capital mobility, fostered by major innovations in communications and transportation technology, have resulted in extensive changes in the international division of labor. The initiation of these changes can be traced back to before World War II, but they accelerated most rapidly and systematically after the late 1960s as integral parts of the restructuring process. One prominent example is the global deconcentration of industrial production linked to the selective industrialization of the periphery. Cheap labor supplies, weak labor organization, and strong managerial states supplying subsidies, infrastructure, and tight political control have increasingly attracted global capital, especially with deepening crisis in the core, to the point that the long historical-geographical monopoly of large-scale industrial production in core countries has been partially broken. A series of "industrial miracles" has taken hold in certain appropriately receptive countries in eastern Asia (Hong Kong, Singapore, Taiwan, South Korea) and Latin America (Mexico and Brazil, where the industrial expansion of Sao Paulo has made it rival Los Angeles as the world's largest industrial growth pole over the past 40 years). Additional expansive industrialization programs have been established in several oil-rich countries as well. This "superexploitative" industrialization (in the sense of the relationship between surplus value extracted and the costs of labor) has characteristically taken the form of created export platforms serving the world market or, when conditions permit, large-scale import substitution programs for domestic markets (as in Brazil). Both forms of peripheral industrialization are organized primarily by global capital, typically in conjunction with the peripheral state and some state-related domestic capital, with international bureaucratic/financial agencies such as the International Monetary Fund and the World Bank helping to regulate and monitor capital movements.

The complement to these changes has been a selective deindustrialization of core economies, initiating what can be described as a "peripheralization" of the center—an attempt to create the same conditions of superexploitative industrialization that have fuelled industrial growth in certain peripheral countries. Current proposals for Enterprise Zones in U.S. cities and in Britain reflect this trend. The potential implementation of such policies reflects the already significant labor disciplining which has been taking place during the current period of restructuring. An integral part of this labor disciplining process in the U.S. has been the pronounced decline (often despite massive state expenditures) of most of the industrial sectors which both led the postwar boom and contained the most organized and best paid industrial workers: the automobile and related steel, tire, glass, and auto product industries, civilian aircraft construction, the housing construction and related construction materials industry, etc. Largely due to declines in these and several other key sectors, the contributions of manufacturing industry to total U.S. production of goods and services, after a century of increase, declined from 30% in 1960 to 24% in 1980 [*13*].

One must not underestimate the continuing importance of manufacturing in the U.S. economy or assume that peripheral industrialization has come close to tilting the balance of world production away from the core countries. But there is little doubt that many long-term trends in the U.S. and world economies have begun to change their direction, and new trends have emerged, especially since the late 1960s. And underlying nearly all of these shifts and changes, at least with regard to the organization of capital, has been the growing centralization/concentration, flexibility and mobility, and transnationalization associated with the emergence of global capital.

The expansion of global capital must

be seen as a consequence of capitalist crisis and restructuring rather than as its cause. Its growing importance, however, has clear historical antecedents in previous long-waves of capitalist development. Out of prolonged past periods of crisis and restructuring there emerged a recomposition of capital in which particular combinations of the "many capitals" comprising capitalism as a whole were able to achieve a major regulatory, disciplinary, and expansionary leadership. This process began with the ascendance of competitive industrial capital itself and was followed, out of struggle and crisis, first by a combination of monopoly-finance capital-imperialism and then by a state-managed capitalism (not as an independent fraction but through a new articulation with existing commodity, industrial, and finance circuits).

Today, following the past periodicity of capitalism, the reconstituted form which led the recent expansionary boom (i.e., state managed and directed production and consumption) has plunged into deepening crisis and no longer appears able to sustain the continued reproduction of capitalist social and spatial relations. Restructuring thus again must involve a recomposition, a new articulation of capitals, a transformed division of labor. Under these conditions, the expansion of global capital and its increasingly important leadership role in the regulation of capitalist production (often at the expense of state regulation), the disciplining of both labor and other forms of capital (e.g., smaller industrial firms, state organized or domestic capital, petty commodity producers), and the exploitation of sources of superprofits (through, for example, increased capital mobility) are emerging as the focus of the contemporary restructuring process.

The impact of restructuring on "smaller" capitals has been complex and variable. Centralization/concentration is bringing about a destruction of many smaller and less efficient firms, while others are being absorbed into larger corporate units. At the same time, however, many firms have experienced significant expansion—as subcontractors to larger firms, independent enterprises able to take advantage of particular labor market conditions, small businesses subsidized and/or protected by the state, technologically innovative firms in particular sectors, etc. Ascertaining the differentiated localized impact of capital restructuring requires specific empirical analysis, a task to be taken up later in our discussion of Los Angeles.

THE RESTRUCTURING OF LABOR AND THE LABOR PROCESS

The restructuring of labor and the restructuring of capital are tightly interwoven processes that are neither automatic and conflict-free nor solely the result of the logic, needs, and successful initiatives of capital. The reorganization of capital and labor is a competitive struggle over the social and spatial relations of production and reproduction, a struggle waged unevenly over time and space, with unevenly developed consequences. Nevertheless, it is again possible to identify certain empirical trends over the past 15 years which, despite significant resistance, indicate what appears to be an advantageous (for capital) reorganization of labor and the labor process in response to crisis conditions.

One effect of labor restructuring in the United States has been a reversal of the post-war rise in working class living standards, especially among the most organized and formerly secure segments of the workforce. This dramatic shift began in the late 1960s with the reduction of real wages and salaries through taxation and rising inflation and has been reinforced under conditions of deepening recession in many different ways: recent union "givebacks" and acceptance of poorer working conditions; the deterioration of public service systems under increasing fiscal pressures on the local and national state; the virtual elimination in many

TABLE 1

POSTWAR TRENDS IN WAGES, UNEMPLOYMENT, AND INDUSTRIAL ACCIDENT RATES IN SUBORDINATE PRIMARY SEGMENT

Years	Average annual percentage change in real wages	Average annual percentage change in unemployment rates	Average annual percentage change in accident rates
1948–1966	+3.52	−6.02	−1.54
1966–1973	+1.14	+4.22	+2.94
1973–1979	+0.26	+8.77	+3.33

Source: Gordon, Edwards and Reich [*20*, p. 218].

areas of available and affordable private working class housing (and the virtual disappearance of large-scale public housing construction); expanding unemployment and worker layoffs accompanied by sectoral shifts into lower paying service employment; the increased use of "illegal workers" and other laborers (immigrants, women) who work for lower wages under poorer working conditions; intensified mechanization of production in many sectors, effectively reducing the economic power of skilled labor (unusually also the most organized); and the mounting of anti-union offensives unmatched since the 1920s.

Real weekly earnings (in 1977 dollars) declined for the whole private nonfarm economy from $187 in 1970 to $173 in 1980. For what has been called the "subordinate primary" segment of the workforce—the generally more unionized blue collar and clerical workers employed primarily by the largest corporations and core manufacturing industries—post-war trends associated with increasing real wages (relative to "secondary" labor markets), greater job security, and improving working conditions show either a marked slowdown or a complete reversal in direction (Table 1).

Important changes have also affected the "independent" primary segment of the labor force, the professional-technical-managerial workers whose post-war earnings growth was even greater than that of the subordinate primary group [*20*]. Not only is the income gap no longer widening between the two groups, some occupations, such as university professors, have suffered much greater declines in real earnings than most of the subordinate workers [*5*]. Furthermore, unemployment rates for professional, technical, and managerial employees have all risen more rapidly than those for blue collar workers [*49*] and increasing standardization and mechanization of job functions has eroded the relative "autonomy" once characteristic of the independent primary segment. All this has been accompanied by increasing expressions of job dissatisfaction [*41*] and, contrary to the prevailing post-war pattern, increased unionization (albeit from a very low starting level).

The most pronounced overall decline occurred in the secondary labor market. Gordon et al. [*20*] estimated that the real earnings for peripheral manufacturing workers declined almost 5% between 1973 and 1979. Increasing foreign competition, selective deindustrialization, and the expanding use of immigrant labor from Mexico and the Caribbean have contributed to this drop in average earnings, while simultaneously creating the conditions for an expansion and reconstitution of the reserve army of labor. Depleted during the expansionary boom and made less potent in its disciplinary effect on the organized working class given growing government welfare programs, the urban labor reserves has increased rapidly since the late 1960s with spreading unemployment and reductions in those same welfare programs. Larger numbers of people have currently abandoned an active search for permanent jobs than at any time since the Great Depression.[7]

[7] These figures reached a new high of over 1.5 million "discouraged workers" in mid-1982 [*26*].

The composite effect of these changes is a reduction in the value of labor power or, more concretely, a reduction in the relative costs of labor. Its achievement can be interpreted as part of a comprehensive process of labor disciplining brought about by a deepening and widening of the social and spatial division of labor, for both increased labor control and restoring the bases for expanding profits. A new, more finely segmented division of labor, blurring long established distinctions, has begun to emerge through a restructuring of the whole pattern of labor market segmentation that prevailed in the post-war boom.

This decomposition and resegmentation has been interpreted by some analysts as part of the rise of *Neo-Fordism* [*1; 27; 38*]. Up to the mid-1960s, the organization of the labor process in the core sectors of the economy was built heavily upon Taylorist principles, which consisted of the separation of mental and manual tasks (conception and performance) and the organization of work based on detailed time and motion studies. "Fordism" represented the systematic application of these principles to industrial production work through the highly mechanized assembly line process (overseen by an expanding proportion of supervisory employees).[8] Fordism impressively increased productivity and allowed for a greater control over workers by reducing their ability to interrupt the flow of work and fragmenting their knowledge of the whole production process. Its success, however, rested upon the post-war truce between large corporations and their workers—the so-called "productivity deal" which guaranteed the freedom of "scientific management" and corporate control over the production process (the "management prerogative") in return for rising wages, reliable employment security, and improving working conditions [*20*, p. 216ff].

Since the 1960s, abundant evidence points to the disintegration of the post-war agreements and to a deepening crisis in the established Fordist systems [*1*]. Fordism appears increasingly to be changing into a new, extended form based on: (a) further reductions in skill content and control over work by workers through the use of electronic information systems and computer programming; (b) the increasing breakdown and dispersal of functions that had previously been carried out under one roof into multiple locations (epitomized in the production of the "World Car"); and (c) the intensified fragmentation of tasks *outside direct production*—in management and control functions, technical design, research and development, and the full range of supportive production services. These changes have been associated with an intensification of capital mobility as a strategy for increasing both profits and labor control. The ramifications of this "widening and deepening" of the division of labor are numerous.

Over the past 15 years, there has been a broad geographical dispersal of employment and a decentralization of production associated with increasing capital mobility, plant closures and relocations, and the development of elaborate subcontracting networks. This has contributed to significant changes in both the international division of labor and the distribution of economic activities within the U.S. Breaking with nearly two centuries of precedent, for example, the 1980 census revealed a more rapid population growth in small towns and non-metropolitan areas than in the metropolitan cores and suburbs, a demographic reversal based in large part on a pronounced, if selective, geographical dispersal of industry and industrial workers away from centers of high unionization and labor militancy. There has also been an increased tendency for large corporations to replicate virtually identical production

[8] The increasing reliance on foremen and supervisors is discussed in Gordon et al. [*20*, p. 135]. See also their Table 6.1 on the rising ratio of non-production to production workers: .077 (for 1900), .154 (1930), .231 (1950), .334 (1970).

facilities at different locations (in different regions of the U.S. and overseas as well). Parallel production and second-sourcing affords greater flexibility to capital and makes labor still more vulnerable (through, for example, the more feasible threat of plant closure and relocation, a key factor in recent union "givebacks" and weakened bargaining power).

Neo-Fordism has also been associated with the extension of modern management procedures, technological innovation, and corporate control more deeply into the sphere of consumption and the provision of services than ever before. One particularly visible manifestation is the fast food franchise, which functions as a veritable mini-factory tightly scheduled and timed. Similarly, the use of technologically advanced electronics in the form of computers, word processors, mechanical robots, etc. has expanded rapidly in almost every service sector. As in manufacturing, Neo-Fordism has polarized service workers by squeezing out the middle skill level between those jobs which require extensive training and routinized non-skilled positions. Although the top and bottom levels have expanded most rapidly in employment, the whole service and trade sector has grown at an extraordinary rate since 1970, giving the U.S. by far the most rapid growth in total employment of any major industrial country. Services and retail trade alone accounted for more than 70% of all new private jobs created between 1973 and 1980. The general characteristics of these new jobs, however are very revealing. As Rothschild [*43*] has noted: these jobs primarily employ women; involve shorter working hours and lower pay than manufacturing occupations (with average hourly wages actually declining over this period); are more typically part-time or dead-end positions in terms of advancement; are less protected by union agreements and benefits; and, assuming the validity of such a measure for service activities, have unusually low levels of productivity.

The aggregate effect of the comprehensive restructuring of labor, where it has advanced without significant resistance, is an increased flexibility for capital, allowing it more easily to mobilize cheap labor supplies, to avoid areas and occupations of traditional labor militancy or to discipline organized labor sufficiently to achieve a more favorable "business climate" and to shift to sectors and locations with the highest potentials for superexploitation and superprofits, wherever they are found. This represents nothing less than another crisis-induced acceleration of the inherent tendency for capital to attempt to destroy the social and spatial barriers to accumulation associated with labor organization, localization, militancy and struggle.

THE URBAN RESTRUCTURING PROCESS

Urban restructuring is an integral part of the crisis-induced reorganization of capital and labor. Since the late 1960s, significant and widespread changes have been taking place in the social and spatial structure of capitalist urbanization, introducing major modifications in the urban patterns which prevailed in the post-World War II period. In general terms, we have argued that these changes are indicative of an emerging transformation of the *State-Managed Capitalist Metropolis* in conjunction with the increasing role of global capital in shaping urban social and spatial relations. More specifically, the urban restructuring process in the U.S. and other advanced capitalist countries can be linked to a series of manifest tendencies reflecting contemporary attempts at intensification and extensification in the organization of capital and labor relations. Among the most important of these tendencies are:

The increasing centralization and concentration of capital, most typically in the form of large conglomerates combining diversified industrial production, finance, real estate, information processing and other service activities.

A more pronounced internationalization and global involvement of productive and finance capital, sustained by new arrangements for credit and liquidity and by heightened capital mobility (associated with a decreasing role of purely domestic capital in the national economy).

A growing loss of local control and regulation of increasingly footloose capital, combined with increasing expenditures of public funds to attract or maintain capital investments (resulting in intensified territorial competition among government units).

An accelerating rationalization of manufacturing sectors, especially those which led the post-war boom (automobiles, steel, construction, civilian aircraft, consumer durables), expressed in a varying mix of deindustrialization and plant closures, the introduction of new labor-saving technology, increased internationalization, and more direct forms of labor discipline (e.g., deunionization, labor give-backs).

A selective reindustrialization based primarily on high-technology and less-unionized sectors which are best able to compete within an international market or achieve some protection against international competition through the local or national state.

Rapid growth in those employment sectors (including old as well as new industries; office, retail and business services; banking and international finance and trade) which can most easily avail themselves of cheap, weakly organized, manipulating labor pools, especially immigrants and women.

An overall decrease in the relative proportion of manufacturing employment (led by older heavy industries) accompanied by an even more rapid increase in tertiary employment, contributing to significantly reduced (if not negative) rates of growth in wage levels and real income for workers and in aggregate statistical indices of productivity in the national economy.

Deeper segmentation of the labor market, marked by a more pronounced polarization of occupations between high pay/high skill and low pay/low skill workers and reflected in a greater segmentation/segregation of residential space based on occupation, race, ethnicity, immigrant status, income and other employment related variables.

Major locational shifts of industry and employment concentrations associated with the decline of older established manufacturing areas and the accelerated growth of new centers of industrial production, reproducing at many different scales what is commonly described as the Sunbelt-Frostbelt shift in the U.S.

Increasing fiscal crisis associated with reductions in certain social services, pressures to abandon the welfare functions of public planning and to weaken public employee unions, and more generally to transform the role of the state established during the post-war boom.

All of these tendencies will not be evident in every metropolitan region, nor will the overall direction and pace of change necessarily be the same. As we must emphasize again, the restructuring process involves active struggle and conflict under conditions of crisis, with no predetermined outcome. The struggle and competition is not only between capital and labor, but it is occurring between different fractions of capital, different segments of the working class, and in association with often incompatible functions of the state. Moreover, there will be unique locationally specific conditions which filter the effects of these tendencies in particular urban regions, contributing to their uneven development over time and space. Recognizing these complicating factors, we turn next to an interpretation of the urban restructuring process in Los Angeles.

RESTRUCTURING IN THE LOS ANGELES URBAN REGION

Los Angeles never experienced the intensive geographical centralization of production that characterized the nineteenth century *Industrial Capitalist City* and shaped the early expansion of most large American cities east of the Rockies. Although founded in 1781, the city of Los Angeles remained a small peripheral outpost until a century later, when the urbanization process had become more decentralized, extensive residential suburbanization had begun, and clusters of separately incorporated municipalities started to rim the central metropolitan city. The rapid population growth between 1880 and 1920, when Los Angeles County expanded from 35,000 to nearly a million inhabitants, was thus primarily shaped by the social and spatial relations of the *Monopoly Capitalist City*.

Government, financial, and commercial activities were concentrated in the downtown core and a sizeable industrial zone developed just to the south, toward the port of San Pedro (annexed in 1909) and adjacent Long Beach (to this day the second largest city in the multi-county region). The prevailing pattern of residential and industrial location, however, was already polynucleated and decentralized, with relatively low overall densities. Even with the aggressive annexation policies which increased the size of the city of Los Angeles from 85 to 362 square miles in the decade 1910–1920, the incorporated areas of the county grew more rapidly in population than the city itself. From 1920 to the present, the city of Los Angeles was never again to experience an intercensus population growth rate greater than the suburban areas of the county [23].

From 1920–1940, covering the years of the Great Depression, Los Angeles County added nearly 2 million inhabitants, roughly evenly divided between city and suburbs. Petroleum refining and the aircraft industry were solidly established, and during the depression four major auto manufacturers opened assembly plants, attracting rubber tire and other auto-related industries to the area. Los Angeles remained, however, an economic center of relatively small firms, engaged in food-processing, garment manufacturing, furniture production, tourism, and movie-making. Despite a history of vigorous workers' struggles, Los Angeles also remained a preeminent center of effective labor control, an area where the open shop was virtually a law in the 50 years following the 1890s depression.[9]

The impact of the Great Depression, although somewhat cushioned and delayed in Los Angeles given its particular employment mix, was accentuated by the influx of large numbers of homeless and unemployed seeking jobs and housing. This accumulating and manipulable labor pool, sustained through the depression by New Deal programs and California state welfare policies, smoothed the way for massive war-based expansion of the economy. Manufacturing boomed from the beginning of World War II, moving far ahead of the previously larger service and trade sectors in employment by the early 1960s. During the Korean War period, 1950–1953, total employment increased by 415,000 jobs, 95,000 in the aircraft industry (by then reoriented from an emphasis on aircraft frames to a more diversified aerospace-electronics-guided missile manufacturing). By the early 1960s, the city of Los Angeles contained two and a half million people, matching almost exactly the total population of the surrounding incorporated areas. Los Angeles County's population reached over six million, more than doubling its size in 1940.

The Los Angeles region was the exemplary American "growth pole" of state-managed capitalism, with its economy keyed directly to defense expenditures,

[9] Perry and Perry [*40*, p. vii] claim that "With the possible exception of San Francisco in the 1920s, it is doubtful if the labor movement has ever faced anti-union employer groups so powerful and well organized as those in Los Angeles."

government housing assistance and mortgage programs, and the propulsive industrial growth sectors of the national economy. A low density sprawl of residences and workplaces was meshed with a network of freeways, and another round of decentralization brought new industrial and residential expansion to Orange and other surrounding counties. One of the largest urban industrial zones in the world stretched over 20 miles from downtown to the port, cutting through rigidly segregated areas of Black and poor White workers, tens of thousands of whom had migrated there during the war. The downtown core, never as dense or as developed as in major eastern cities, was reduced further as a regional focus with the accelerated growth of peripheral shopping centers and massive suburban expansion. Flexing their muscles again, powerful corporate interests crushed what had promised to be one of the largest public housing programs in the country under the banner of "fighting socialism" [39], shifting the focus of public expenditure toward major renewal programs aimed at reviving the central city business district and upgrading the extensive areas of deteriorated housing surrounding it.

As the quintessential center of state-managed capitalist urbanization, Los Angeles also epitomized the crises borne by it from the mid-1960s to the global recession of 1973–1975. The Watts riots in 1965 and the less widely known Chicano demonstrations in the following years[10] challenged the foundations and ideological legitimacy of the post-World War II economic order and marked a period of widespread urban rebellion in the U.S. and western Europe. Recession in 1969 and 1970 ended a decade in which many different trends were either reversed or rapidly accelerated. The proportion of the Los Angeles County workforce employed in manufacturing peaked at 32% and began to decline precipitously with the concurrent surge of employment in services, wholesale and retail trade, finance, and government. The aerospace sector intensified its shift away from airframe construction to electronics and ordnance, contributing to a dramatic increase in industrialization in Orange County. The relative economic stagnation in Los Angeles County was reflected in enormous increases in welfare expenditures. Total welfare payments more than doubled between 1964–1969 while Aid to Families with Dependent Children nearly trebled.[11] After the end of the 1973–1975 global recession, there was a brief period of recovery and rapid economic expansion in Los Angeles and elsewhere, but only after a significant social and spatial restructuring had begun.

Since 1979, another round of deepening crisis had accelerated the restructuring process. Recognizing three subphases (roughly from the 1960s to the early 1970s, 1972–1979, and from 1979 to the present), it is possible to identify a series of empirical trends in the restructuring of the Los Angeles region, trends which can be linked back to the historical and theoretical arguments introduced earlier.

THE CHANGING SECTORAL STRUCTURE OF PRODUCTION AND EMPLOYMENT

Post-war employment growth in the Los Angeles five-county region has been rapid and relatively steady. Around half a million new jobs were added in the 1950s, over 800,000 in the 1960s, and more than 1.3 million between 1970–1980, pushing the regional total to over five million

[10]These ranged from the high school boycotts in 1966 to the Chicano Moratorium anti-war demonstration in August, 1970. The latter involved 30,000 people and was thought to have been the largest Hispanic political demonstration in recent U.S. history.

[11]*Fact Sheets*, published by the Los Angeles County Department of Public School Services in 1979, noted a 1964–1969 rise of total welfare payments from \$20.3 to \$43.7 million and of AFDC payment from \$7.4 to \$22.2 million. Although not as severe as in New York City, urban fiscal problems and related austerity programs (including financial bailouts, cuts in public services, and reductions in public employment) have characterized the city and county of Los Angeles since the early 1970s.

today. Other large urban areas—Atlanta, Miami, Dallas, and Houston—grew at a somewhat faster rate from 1970 to 1980, but even Houston's net addition of 685,900 non-agricultural wage and salary workers was barely half the L.A. total [45].

Accompanying this aggregate job growth has been a significant change in the sectoral and spatial distributions of employment manifested clearly in the late 1960s and continuing to the present, a restructuring of employment patterns which is largely masked by persistent expansion in job numbers. Some of the changes which have occurred, such as the declining share of manufacturing in total employment and the concurrent expansion of the service, trade, and finance, insurance, real estate sectors reflect broad national trends. So too does the relative decline in government employment (especially federal), a dramatic contrast to the preceding decades. Other changes, although not unique, are more specific to the L.A. region, at least in their particular combination.

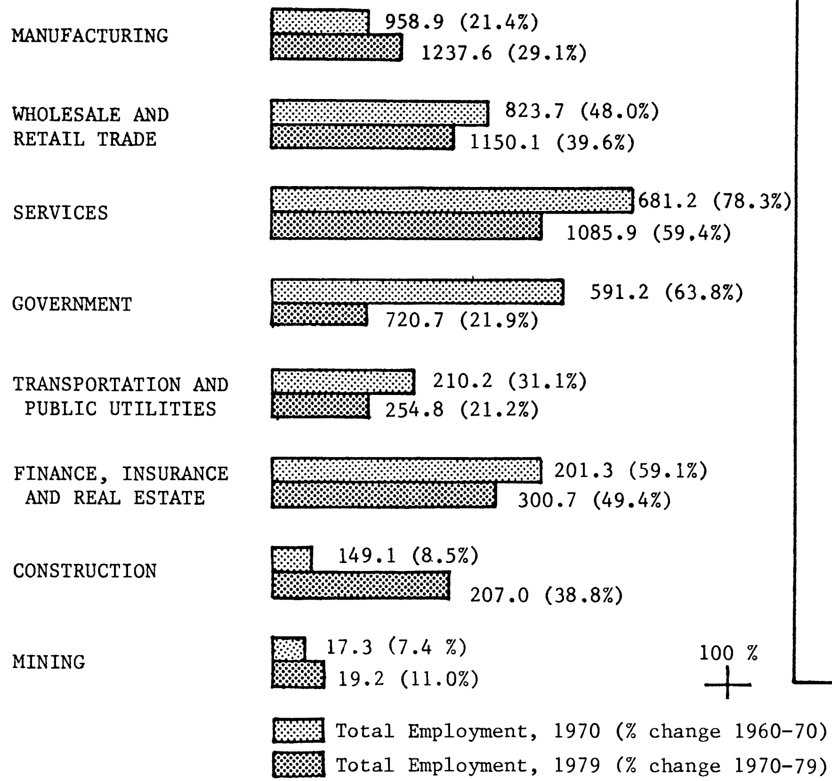
To describe the broad patterns of sectoral growth and change, considering both national trends and localized divergences, a series of shift-share analyses were conducted for the L.A. region on employment changes across all sectors and within manufacturing for three time periods, 1962–1967, 1967-1972, 1972–1977, based on available Census of Manufacturing data [36]. Particular attention is given here to estimated regional share indices, which represent the residual number of jobs "gained" or "lost" after considering aggregate national growth rates and national sectoral growth patterns.[12] Regional share values are presented in Figure 1 for seven sectors (excluding government) in the region as a whole and for Los Angeles, Orange, and San Bernardino-Riverside counties.[13] Also shown are sectoral growth patterns (including government) for the 1960s and 1970s.

Major changes between the two decades include the increasing percentage growth of manufacturing and construction and the decelerating growth of most other sectors, with the decline most pronounced for government. The accompanying regional share values for the whole period 1962–1977 bring out the relative growth of regional manufacturing even more prominently, with most of the +92033 value accounted for by a +75865 for the period 1972–1977. Also evident is the marked contrast between Los Angeles County sectoral growth patterns and those in surrounding counties, especially Orange, which show positive increases in virtually every category, topped by manufacturing and trade. What these regional share values show is an internally differentiated and increasingly decentralized urban area which is growing much faster than the rest of the country in trade, finance, insurance, and real estate, and especially manufacturing, and slower in services and construction.

Although its margin has been decreasing considerably, manufacturing remains the leading employment sector in the region. Moreover, relative to the rest of the U.S., manufacturing has been expanding significantly, reinforcing Los Angeles' post-war position as a leading industrial growth pole in a slowly and selectively deindustrializing advanced capitalist

[12]Shift-share analysis breaks down the actual employment change in a sector into three components: national growth (the number of jobs that would have been added assuming the sector grew at the aggregate national growth rate across all sectors); industrial mix (the number of jobs that would have been added or lost assuming that the sector changed at the same rate it did at the national level); and regional share (the derived change in employment after national trends are accounted for). For example, the actual increase of 219,288 in regional manufacturing employment 1962–1977 is apportioned into +393.853 (reflecting a national growth rate of 48% for all sectors together), -265,598 (showing the negative growth of manufacturing nationally), and +92,033 (an indication of the degree to which the departed from national norms).

[13]Ventura County was excluded due to problems of suppressed data in the Census of Manufacturing. It is included, however, in all other regional statistics.



REGIONAL SHARE INDEX, 1962-77(*)

REGION	L.A. COUNTY	ORANGE	S.B./RIV.
92033 + - +	-25803 - - +	96310 + + +	21515 + + +
41429 + + +	-81157 - - -	99639 + + +	22946 + + +
-20544 - - +	-113500 - - -	79863 + + +	13.092 + + +
N.A.	N.A.	N.A.	N.A.
9411 + + -	-10647 + - -	13663 + + +	6395 + + +
33692 + + +	-5250 + + -	33.741 + + +	5201 + + +
-34980 - + +	-47348 - - -	12616 - + +	-248 - + +
-4439 + - -	-4788 + + -	104 + - +	244 + - -

(*) Shift Share Analysis covers only 4 counties, omitting Ventura. + and - below index indicate positive or negative growth over 3 time periods (1962-67, 1967-1972, and 1972-77).

Source: California Employment Development Department and [36]

Fig. 1. Changes in Sectoral Employment, 1960-1979.

world. According to Bureau of Labor Statistics estimates, of the less than one million net increase in manufacturing jobs for the entire country in 1970–1980, the Los Angeles region accounted for 225,000 more than the next two leading urban areas (San Francisco and Houston) combined [*45*]. In contrast, New York, Chicago, Philadelphia, and Detroit together lost a total of 651,000 jobs. Within manufacturing, this job growth has been concentrated primarily in durable goods production (68%), led by the machinery, electrical machinery, primary and fabricated metals, and transportation equipment subsectors (SIC codes 33–37 accounted for 45% of total manufacturing employment growth). By far the leading subsector in non-durable goods manufacturing was apparel, which grew nearly 60% between 1970–1980, representing 12% of manufacturing employment growth and the net addition of over 32,000 jobs.

Probing more deeply into these changing employment patterns, especially with regard to manufacturing and to the geographical distribution of changes across the five counties, brings out the strikingly *composite character* of the region and its structural reorganization. Since the 1960s, Los Angeles has shifted from being a highly specialized industrial center focussed on aircraft production to a more diversified and decentralized industrial/financial metropolis. This shift has been the product of a combination and complex linking together of several different patterns of restructuring which exist individually in other major regions but appear as an integrated ensemble in Los Angeles to a degree that is perhaps unmatched anywhere else in the U.S. On the one hand, the region has been experiencing a characteristically "Sunbelt" expansion of high technology industry and associated services, centered around electronics and aerospace, at a rate which compares with developments in Houston or northern California's Silicon Valley. At the same time, however, there has been an almost Detroit-like decline of traditional, highly unionized, heavy industry, a deindustrialization centered in the huge industrial zone stretching from the downtown south to the twin ports of San Pedro and Long Beach. This combination of stereotypically Sunbelt and Frostbelt dynamics has produced many of the features of a recycled labor force, successfully disciplined to sustain a new round of industrial expansion based upon more manipulable pools of highly skilled and unskilled workers. In this sense, a better comparison might be made to the current industrial "revival" of the Boston region [*21*].

Added to this combination (and very much an integral part of it) has been the growth of "peripheralized" manufacturing and service sectors which resemble the superexploitative industrialization of a Hong Kong or Singapore, based on a tightly controllable supply of cheap, typically immigrant and/or female labor. Many of the same conditions which characterize the numerous Export Processing Zones that have multiplied throughout the Third World have developed within the L.A. region, well before the idea of "Enterprise Zones" was suggested by the Reagan administration.

Finally, Los Angeles has also emerged as a control and managerial center for international capital, the "New York of the Pacific Rim," a global capitalist city of major proportions. This has brought about a dramatic transformation of downtown Los Angeles and the corridor, running along Wilshire Boulevard twenty miles to the Pacific, into a major focus for transnational capital headquarters, financial, accounting, and insurance firms, and a full range of supportive business, entertainment, hotel, and restaurant services. Once true to its popular description as "a hundred suburbs in search of a city," Los Angeles now has a downtown which is becoming commensurate with its size and global economic influence.

Through this combination of changes, Los Angeles has concentrated many different aspects of the contemporary restructuring process in one region. As the

TABLE 2

EMPLOYMENT CHANGE IN THE AEROSPACE/ELECTRONICS INDUSTRIES

SIC Code	Sector		Total Employment: 1972	Total Employment: 1979	% U.S. Employment in sector 1972	% U.S. Employment in sector 1979
372	Aircraft and Parts	*Region*	108,501	100,956	21.8	19.2
		LA Cty	103,076 (95.0)	90,153 (89.3)		
		Orange	3,581 (3.3)	7,369 (7.3)		
		SB/R/V	1,844 (1.7)	3,434 (3.4)		
376	Guided Missiles and Space Vehicles	*Region*		56,805	—	44.4
		LA Cty	not a separate SIC category	47,297 (83.3)		
		Orange		7,500 (13.2)		
		SB/R/V		2,008 (3.5)		
357	Office and Computing Machines	*Region*	20,146	30,967	9.2	9.1
		LA Cty	15,815 (78.5)	14,431 (46.6)		
		Orange	3,969 (19.7)	15,886 (51.3)		
		SB/R/V	362 (1.8)	650 (3.5)		
365	Radio and TV Equipment	*Region*	8,016	8,695	6.6	9.3
		LA Cty	8,016 (100)	7,514 (86.4)		
		Orange	—	1,181 (13.6)		
		SB/R/V	—	—		
366	Communications Equipment	*Region*	50,179	64,158	11.7	12.1
		LA Cty	27,699 (55.2)	36,698 (57.2)		
		Orange	22,480 (44.8)	25,984 (40.5)		
		SB/R/V	—	1,476 (2.3)		
367	Electronic Components and Accessories	*Region*	28,043	53,384	8.6	11.4
		LA Cty	19,715 (70.3)	29,308 (54.9)		
		Orange	4,879 (17.4)	17,510 (32.8)		
		SB/R/V	3,449 (12.3)	6,566 (12.3)		
382	Measuring and Controlling Devices	*Region*	7,224	17,485	7.9	8.1
		LA Cty	7,224 (100)	12,807 (73.2)		
		Orange	—	4,266 (24.4)		
		SB/R/V	—	412 (2.4)		
	TOTAL	*Region*	222,109	332,450		
		LA Cty	181,545 (81.7)	238,208 (71.6)		
		Orange	34,909 (15.7)	79,696 (24.0)		
		SB/R/V	5,655 (2.6)	14,546 (4.4)		
	Total as % of Regional Manufacturing Employment		23	26		

Source: Department of Commerce, *County Business Patterns*, 1972 and 1979.

following examination of each of these aspects will attempt to show, the result of this distinctive mix has been the emergence of a particularly successful example, from the point of view of capital as a whole, of the social and spatial reorganization of capital and labor in response to economic crisis and social unrest.

THE EXPANSION OF "HIGH-TECH" INDUSTRY AND SERVICES

Table 2 presents employment growth statistics between 1972–1979 in the Aerospace/Electronics (A/E) cluster of seven industrial sectors, the core manufacturing segment of the L.A. region, and the largest such employment concentration in the U.S., perhaps in the world. During this period, the A/E cluster grew by 50%, adding over 110,000 jobs and raising its percentage of total manufacturing employment from 23% to 26%. Leading this growth were the electronics sectors, especially electronic components and accessories (SIC 367), while aircraft and parts (SIC 372), still the largest single manufacturing sector at the three-digit SIC level, declined slightly.

This cluster not only covers aerospace and electronics but also combines civilian and military-related production, all of which have become increasingly difficult to separate. Indeed, what ties the seven industries together most directly is a shared dependence upon technology arising out of Department of Defense and

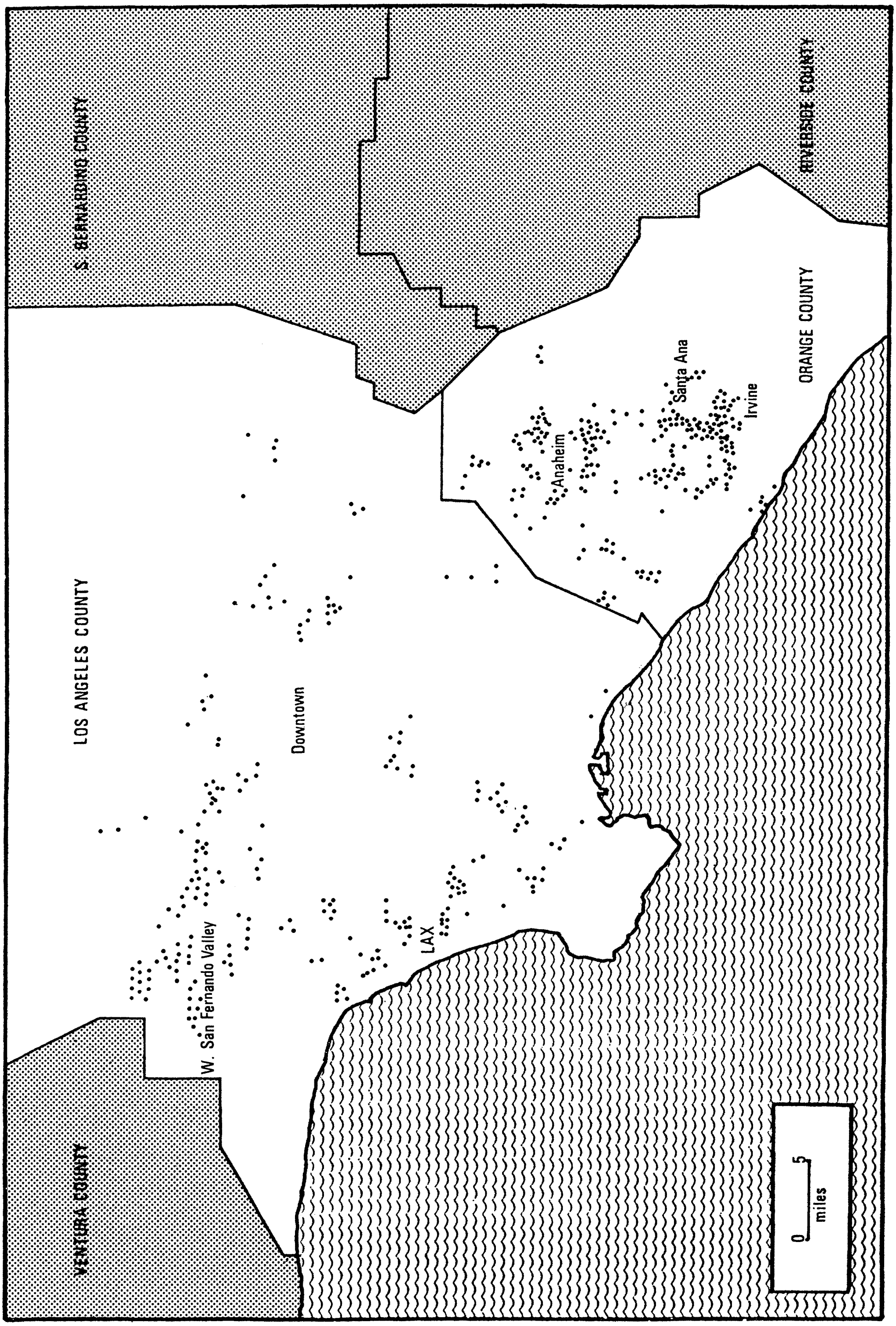


Fig. 2. Location of Electronics Component Plants, 1981.

NASA research and development activities and a heavy reliance on military and defense contracts. The L.A. region has been a leading recipient of prime defense contracts ever since the war, averaging around 10% of the total in recent years. Employment directly attributable to military spending in the A/E sector was at least 70,000 in 1978, probably even higher, and there is no doubt that the recent increases in defense spending are further swelling these figures substantially, albeit somewhat more slowly than expected [*29a*].

The rapid expansion of this cluster of high technology industries represents an augmentation of employment equivalent to the addition of a Silicon Valley to the L.A. regional economy[14] and is greater than the entire increase of manufacturing employment in Houston over the same time period, 1970–1980. Moreover, it has been closely associated with significant changes in the geographical distribution of industry and in the organization of the labor process, changes which relate closely to the rise of Neo-Fordism discussed earlier.

Geographically, what might be called the "new Houston" of the Los Angeles region is centered in Orange County and in the area around Los Angeles International Airport (LAX), with a smaller subcenter emerging in the West San Fernando Valley (Figure 2).[15] Employment growth in these areas has been part of the development of what some have called "outer cities," a contemporary manifestation of the urban decentralization begun in the nineteenth century.[16] Rather than being satellites of heavy industry and blue collar workers or suburbanized office and retail nodes, these new outer cities are large conglomerations of technologically advanced industry and services, huge new shopping and leisure-oriented complexes, and high-income and expensively-housed technicians, managers, and professionals, sprawling science-based New Towns described by one developer as having a "work oriented, highly scientific, no-nonsense atmosphere" [*30b*].

The "atmosphere" so described referred specifically to the LAX region, which contains a resident population of about 550,000 but an estimated daytime population of over 750,000 and more adjacent hotel and office space than any other urban airport, a product primarily of the past fifteen years. Also clustered around the airport focus are such aerospace and electronics corporations as Hughes Aircraft (the largest military electronics producer in the country, which in its several locations employs more people throughout the region than any other single manufacturing employer), Hughes Helicopter Division and offices of the parent Summa Corporation, Northrop Aviation, North American Rockwell, TRW (specializing in guided missiles and space vehicles), Xerox, The Aerospace Corporation, and Control Data as well as major banks, insurance companies, and business service organizations. Such communities as Marina Del Rey, Redondo Beach, and El Segundo have received thousands of new residents since 1970, primarily those employed in the occupations which have experienced the largest percentage increases in the country: computer systems analysts, designers and other professional and technical workers, managers and administrators, computer equipment operators, banktellers, etc. [28]. The LAX region also contains some of the largest areas of undeveloped urban land in the country, currently being pro-

[14] Total employment for the same seven sectors in Santa Clara County, California (which contains Silicon Valley) was 146,658 in 1979. Its employment is ahead of the L.A. region only in office and computing machines, is slightly less for electronic components, and much less in the other sectors.

[15] The data for Figure 2 were collected by David Angel (Department of Geography, UCLA). All maps were drawn by Marco Cenzatti.

[16] Other examples of these outer cities include Silicon Valley in Santa Clara County, the Texas "Metroplex" between Dallas and Fort Worth, Nassau and Suffolk Counties on Long Island, Florida's "Gold Coast" between Fort Lauderdale and Palm Beach, and the string of communities along Routes 128 and 495 around Boston.

posed as the sites for massive new housing and office projects, the most ambitious under the aegis of the Summa Corporation.

Of even greater magnitude has been the growth of Orange County, especially in the sprawling development master-planned by the Irvine Company around Irvine New Town, Tustin, and Newport Beach. While aircraft production has remained highly concentrated in Los Angeles County, the electronics industry has become more decentralized. About 33,500 new electronics jobs were added to Orange County during the 1970s, mainly around the booming Irvine complex, the densest cluster of the over 500 electronics firms currently operating. Total manufacturing employment in the county is now estimated to be 255,000 (Houston had 251,000 in 1980), of which nearly 60% are in various high technology sectors [*6*]. Further indication of this wave of expansion in the 1970s can be seen by comparing the employment growth rates of L.A. and Orange counties in certain key service activities: business services (69.2 vs 232.5%); banking, credit, and securities (26.3—161.4); insurance (10.2—124.3); real estate (39.2—133.0); health (48.4—123.9); legal (80.0—186.3). From all available evidence, this trend has continued, if not accelerated, since 1979, with 30,000 jobs added in Orange during the recession year April, 1981 to April, 1982.

The decentralized expansion of the high technology industries into these science-based outer cities has had important repercussions on the labor process. It has contributed to increasing labor control by further dispersing and segregating certain segments of the workforce[17] and by polarizing workers into a "felicitous balance" of very high-skilled, capital intensive operations (e.g., engineering and circuit design) and low-skilled, labor intensive processes (e.g., the cutting of wafers and packing of circuits). The latter can take maximum advantage of available, cheap, unskilled, non-unionized labor supplies (or alternatively be exported overseas, an always effective bargaining threat). Workers in the middle are thereby reduced in numbers and influence (draftsmen being bypassed by engineers, machine operators and traditional office workers mechanized or computerized out of jobs), while knowledge of the whole production process by the individual worker is further fragmented.

Associated with these changes has been a marked reduction in unionization and the attendant improvement in what is called the "business climate." Following national trends, the percentage of California workers in unions declined from 30.9% in 1971 to 23.5% in 1979, figures which are very close to those for L.A. County. The change in Orange County, however, was even more pronounced, dropping nearly ten percentage points over the same period to 13.8%. In Orange County manufacturing, there was an almost total collapse, with the unionized workforce moving from 26.4 to 10.5%, representing an *absolute decline* of over one-quarter of the union membership existing in 1971.[18]

[17] 1980 census data on occupations were not available at the time this paper was written, but existing evidence strongly suggests increasing occupational segregation in the Los Angeles region. See, for example, the series on Orange County in the *Los Angeles Times*, beginning July 4, 1982. For a more general analysis of the residential sorting out of the "high-tech" labor force in space, see Storper and Walker [*46*].

[18] Also interesting are figures for average days idle per employee per year (a measure of work stoppages). For 1971-1980, the U.S. average was .44; Los Angeles County scored slightly higher at .48; while Orange County's average was .23, with 1975-1980 figures dropping to an average of .08. Data sources for unionization were calculated from the California Department of Industrial Relations reports on union membership [*8*] and Employment Development data [*10*]. Work stoppage data were calculated by dividing the number of man-days lost in the ten-year period (as reported by the Bureau of Labor Statistics [*47*]) by the size of the workforce (based on annual *Employment and Earnings* [*48*]).

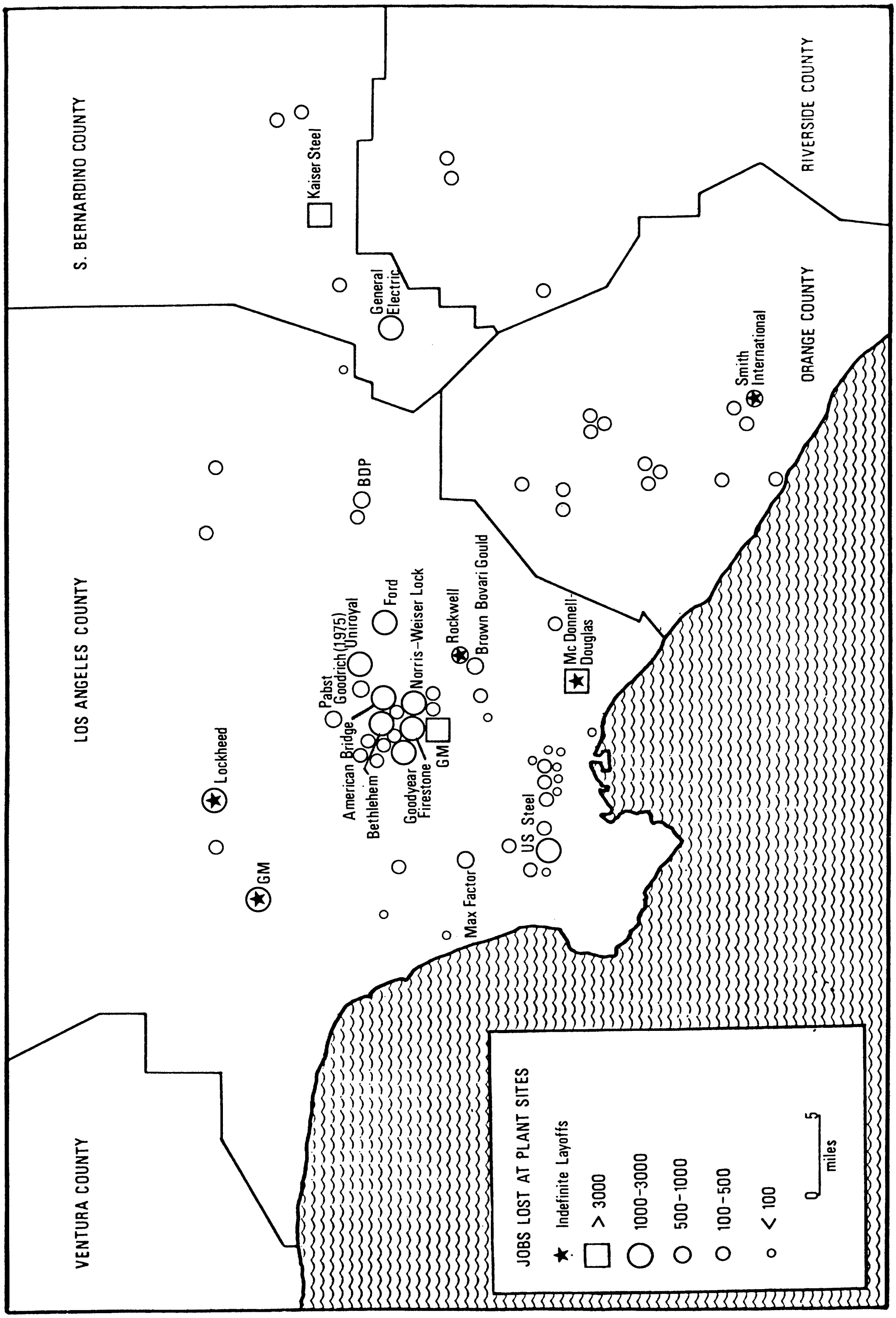


Fig. 3. Plant Closings and Major Layoffs, 1978–1982.

SELECTIVE DEINDUSTRIALIZATION: PLANT CLOSURES, LAYOFFS, AND CAPITAL MOBILITY

Closely associated with the rise of high-tech industries has been an accelerating decline in older, established manufacturing activities, especially over the past four years. During this period, Los Angeles automobile production, once second only to Detroit, virtually disappeared, as did the entire rubber tire industry (Goodrich in 1975, followed more recently by Firestone, Goodyear, and Uniroyal) and a major portion of the auto-related glass, steel, and steel products sector. Counting a few major "indefinite" layoffs, over 70,000 workers have lost their jobs due to plant closures since 1978, almost 75% of the jobs in the auto, tire, steel, and civilian aircraft sectors.[19] Most (about 75%) of this job loss was concentrated in the old manufacturing belt running from downtown L.A. to the ports of San Pedro and Long Beach, and secondarily in a band stretching east of downtown into San Bernardino County (to the industrial area called the "Inland Empire"). Even Orange County, however, has not been totally immune, although the firms closed have been relatively small (Figure 3).

Industry has been decentralizing from its traditional core in Los Angeles County for decades, and some plant closures and business failures are to be expected in any urban economy. However, the quickening pace and the particular sectoral and locational focus of recent closings demands a more conjunctural interpretation. It is no coincidence that actual and threatened plant closures have been concentrated in areas and industries which are the most highly unionized, pay relatively high blue-collar wages, and have employed large numbers of minorities. The corporations involved also represent the core of U.S. domestic capital: General Motors, Ford, Firestone, Goodyear, Lockheed, McDonnell Douglas, General Electric, Kaiser, U.S. Steel, and Bethlehem Steel—all major leaders and beneficiaries of the post-war boom. Boom and successful working class initiatives fostered a national decentralization and rapidly rising real wages and benefits in these core, primary sector industries. Crisis and recession, however, has subsequently engendered major changes in the post-war order.

An interpretation of plant closings in Los Angeles, therefore, brings us back to the broader processes affecting the contemporary restructuring of capital and labor. Faced with excess capacity, heavy foreign competition, and falling profits, domestic capital in the U.S. has moved in many different directions over the past fifteen years in its effort to rationalize older heavy industries. Some large corporations (Lockheed and Chrysler are the obvious examples) have survived primarily through massive state subsidies, often reinforced by labor givebacks (essentially another form of subsidy). Others have increasingly moved out of their traditional industrial specialization to conglomerate more diverse activities, at times "milking" their older and often still profitable plants to capitalize other segments of the conglomerate network [*4*]. U.S. Steel is one of many examples of this diversification. Another related strategy has been a pronounced internationalization—of investments, production, and profits—representing a partial abandonment of domestic labor. There is also some recent evidence of a corporate strategy of reconsolidation into older areas of production, particularly in the auto industry, to take advantage of advanced forms of mechanization (e.g., the use of robots) [*2*].

All these strategies have several key features in common. They are aimed clearly at a restoration of increasing profits under conditions of crisis and general

[19] Measuring plant closings is extremely difficult because of the absence of any centralized reporting agency. Even the Employment Department data [*9*, *29b*], the primary source for the estimates used, are considered to be incomplete. Figure 3 was based upon firm-specific data collected by the Plant Closure Research Project, a group affiliated with the state-wide Coalition Against Plant Shutdowns.

economic decline. They also have involved an accelerated pace of capital mobility and locational change, extending not only throughout the U.S. but abroad as well. And they have been accompanied by vigorous attempts to discipline and restructure the labor force, especially the most unionized sectors. This whole process of corporate restructuring and labor discipline has been facilitated by state policies, ranging from a tariff system which encourages internationalization through direct government bailouts, anti-union legislation, and tax policies which indirectly encourage relocation to "greenfield" sites versus modernization of older plants.

This attempted restructuring of both capital and labor has made certain areas in the Los Angeles region resemble parts of Detroit or the South Bronx, at least in terms of selective deindustrialization, population decline, extraordinarily high unemployment rates, increasing crime, and general urban decay.[20] A more appropriate comparison, however, may be with Boston and other parts of New England, where a deep and prolonged process of labor disciplining, plant closures, and capital flight has created the basis for a renewed expansion based on high technology industries and services and a polarized labor force increasingly segmented along the lines discussed earlier with respect to the technical division of labor in the electronics industry.[21] This has allowed the Boston region to be added to the list of booming national electronics centers (along with Silicon Valley, Houston, and Orange County) and to have maintained relatively low levels of unemployment due to an expansion of low-paying service jobs.

The deindustrialization and recycling of labor in Los Angeles has been described as a "K-Marting" of the population. When the President of the United Electrical Workers Local was asked what jobs her 1,000 members—the majority of whom were skilled women earning $10 to $12 an hour—would be able to find after General Electric closed down its flatiron plant in Ontario (San Bernardino County), she replied: "Clerks at the local K-Mart store." In recent years, however, even retail trade has felt the impact of deepening recession, with increasing store closures and bankruptcies.[22] Concurrently, the "public face" of plant closings must also be recognized. Although state and local governments accounted for over 10% of regional job growth in the period 1972–1978, a fiscal crisis, exacerbated by the Proposition 13 "tax revolt" in 1978, led to a severe contraction in the

[20] Parts of south-central Los Angeles, including Watts, are economically worse off than they were at the time of the Watts riots in 1965. During the 1970s, the area experienced the greatest deterioration of any community in the city of Los Angeles. Population fell by 40,000; the labor force was reduced by 20,000; and by 1977 the unemployment rate hit 11.1%. Median family income in the city areas around Watts fell to $5,887 in 1977, over $8,000 below the citywide median and $2,500 below the city median for Blacks [*30c*].

[21] Harrison [*21*] summarizes the findings of the New England Economy Project, a major collection of studies which chart the regional restructuring of New England since World War II.

[22] Plant closings have not gone forward without struggle. Leading the effort against economic displacement has been the Los Angeles Coalition Against Plant Shutdowns (LACAPS). As plant closures have confronted various communities, LACAPS has provided organizational and technical assistance (as in the United Electrical Workers fight against the shutdown of the General Electric flat iron plant) and applied pressure on state and local government agencies to help create or increase the level of special services and programs for displaced workers. The coalition was also instrumental in introducing and pushing for state legislation requiring advance notice of plant closings and compensation to displaced workers and affected local communities. Significantly, a national campaign which seeks to link plant closings, runaway shops, and union busting has recently targeted Litton Industries, the Beverly Hills-based multinational conglomerate, as a leading representative of the corporate assault against the working class. In the past year, the national campaign has resulted in several major demonstrations in Los Angeles, bringing together independent unions, the AFL-CIO, community, and church groups. Reports of these events have appeared in the *Wall Street Journal* (December 7, 1982) and *Business Week* (December 27, 1982).

expansion of government employment. Indeed, state and local govenment employment declined by 3% between 1978 and 1981 and was accompanied by a concomitant reduction in public services.[23]

Whereas the public sector had previously absorbed large portions of the growing labor force, that buffer against expanding unemployment is now gone. The leading areas of job growth in Los Angeles County today, according to California Employment Development Department projections, are very revealing. The following figures present estimated average annual job opportunities and 1982 average wages: secretaries-typists (17,637, $4.70–$8.20), bookkeepers (4,820, $9.40), assemblers (3,928, $5.50), cooks (3,630, $5.70–$7.10), cashiers (3,539, $5.50), sewers-stitchers (3,493, $4.50), janitors (3,469, $5.00–$6.80), registered nurses (3,440, $10.10–$11.60), waiters-waitresses (3,394, $3.35+), and real estate agents (3,254, N.A.). Except for janitors and real estate agents, these are all occupations primarily held by women. Given current conditions, however, male competition is likely to increase significantly over the coming years.

"PERIPHERALIZATION" AND THE ROLE OF UNDOCUMENTED LABOR

Tied directly into the restructuring process has been an enormous influx of immigrants into Los Angeles, primarily from countries along the Pacific Rim. The magnitude and diversity of the immigration since the 1960s can be compared only with the wave of European migrants to New York City in the late nineteenth and early twentieth centuries. If one includes the increasing Black population (now approaching one million), the county of Los Angeles has become a Third World metropolis. Thirty years ago, Los Angeles County was over 85% "Anglo." Today, Hispanics (or Latinos), Blacks, and Asians together comprise over 50% of the population, with the Latino segment expected to surpass "Anglos" (non-Hispanic-Whites) as the largest single group some time in the present decade. Although proportionately smaller, the Asian population, especially Philippinos, Chinese, Thai, Vietnamese, and Koreans, has also been expanding at a very high rate in recent years. Koreans, for example, grew from less than 9,000 in 1970 to perhaps as many as 180,000 in 1982.

Greatly underestimated in the ethnic map of Los Angeles (Figure 4) derivable from the 1980 Census [52] is the large "undocumented" or "illegal" immigrant population, numbering somewhere between 400,000 and 1.1 million.[24] Mexicans are by far the largest portion of this group, but there are representatives from almost every country in the world. Together with the majority of the new "legal" immigrants over the past decade, the "undocumented" population has provided the Los Angeles economy with perhaps the largest pool of cheap, manipulable, and easily dischargeable labor of any advanced capitalist city. While transforming the cultural geography of L.A., it has also radically altered the local labor market by introducing a peripheral workforce and working conditions that approximate those existing in the huge export processing zones of East Asia or in the Mexican maquiladoras.[25]

Accompaning this peripheralization and mass immigration has been a process of intensified segregation based on eth-

[23] Cutbacks in health services, for example, have involved the closing down of health centers, the introduction of new fees for services, direct job layoffs, and more extensive "contracting out." The latter, affecting other public services as well, reprivatizes public employment and union-organized jobs such as dietary workers, laundry, and client financial services, jobs which are overwhelmingly held by black and brown minorities.

[24] For more details on the politically sensitive debates estimates of the size of the undocumented population in Los Angeles, see Wolinsky [*56*] and Cornelius et al. [*12*].

[25] "Maquiladoras" are assembly plants in Mexican export processing zones. They have increased rapidly in numbers after the initiation of the Border Industrialization Program in 1965.

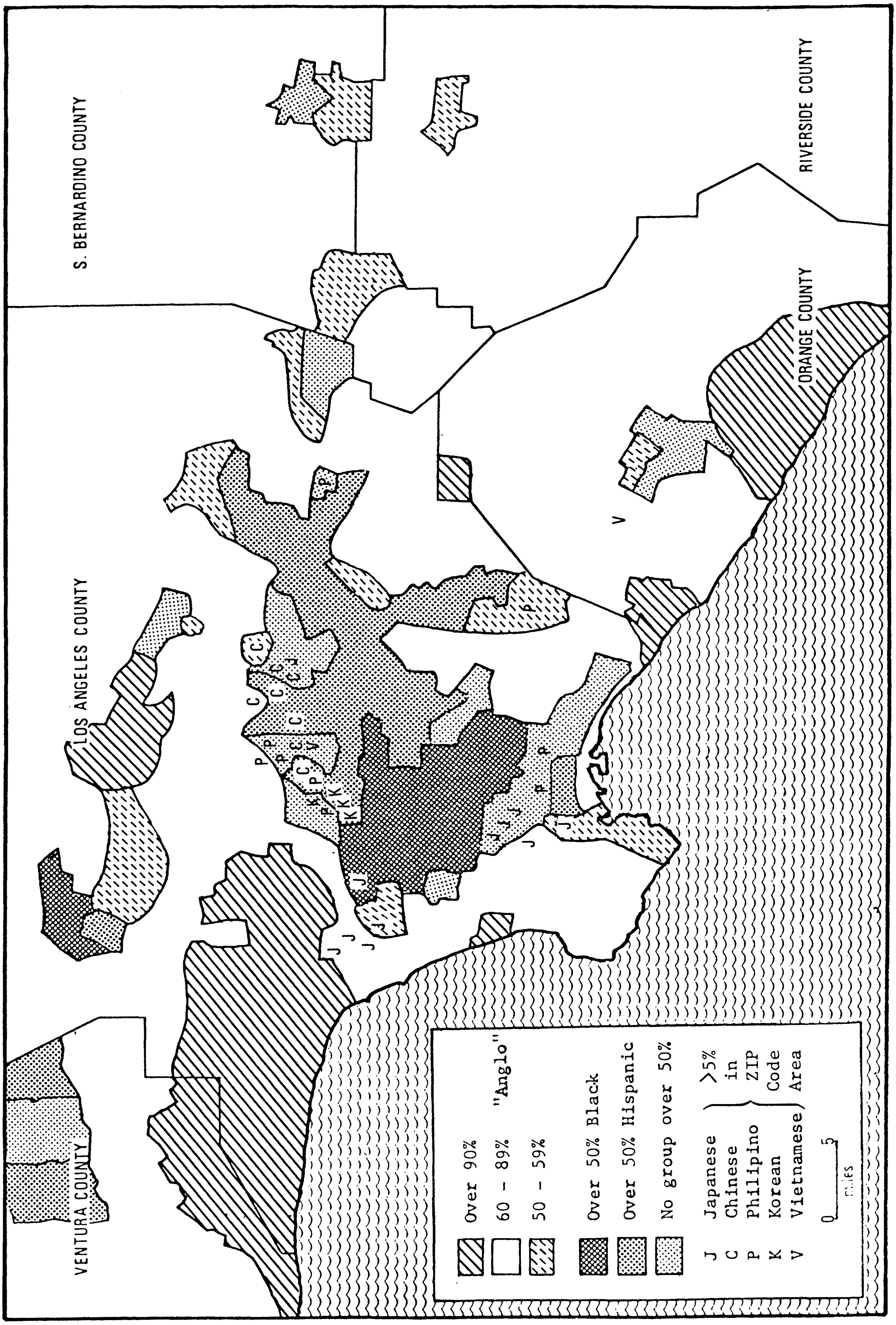


Fig. 4. Distribution of Major Ethnic Groups, 1980.

nicity and income [25]. Using a simple "Index of Dissimilarity," a recent study showed a marked increase in what was called "ghettoization" for the Latino population, with percentages of Hispanics reaching over 95% in some parts of the *barrio* of East Los Angeles [*30d*]. Black ghettoization declined slightly, but the Black population of Los Angeles County was by 1970 one of the most geographically segregated in the country. Comparisons with New York City (Manhattan), Chicago, Birmingham, and other large cities marked Los Angeles to be, across all groups combined, the most highly ghettoized. An examination of census tract income data also shows an increasing concentration in the lowest income tracts since the 1960s, particularly in the ring of communities surrounding downtown, south-central, East Los Angeles, and the Pacoima-San Fernando area in the San Fernando Valley—precisely those areas which stand out in Figure 4 as more than 50% Hispanic or Black.

Closely tied to the peripheralization process and the resulting pool of cheap manipulable labor has been the rapid expansion of the garment and apparel industry, noted earlier as being one of the leading manufacturing growth sectors in the regional economy. Almost 20% of the net increase of manufacturing jobs in Los Angeles County between 1970–1979 was in SIC 23, apparel. Most of this was concentrated in women's, misses', and juniors' outerwear which, because of its need to be flexibly adaptive to rapidly changing fashions, has tended to be more labor intensive, less technically innovative, and more organized in small shops than the more standardized men's garment sector (still heavily concentrated in New York City). The apparel industry in Los Angeles, for this and other reasons, is very volatile, with many openings and closings occurring each year. Although California Employment Development Department figures show a decrease in employment for the apparel sector in 1980 in L.A. County, the County Health Department noted that 2,746 garment factories were founded and licensed in the same year.

Estimates of current employment in the garment industry range up to 125,000, with perhaps 80% consisting of undocumented workers and more than 80% being women. Only 20% of the industry is unionized and in a recent investigation by the County Health Department, nearly 80% of the shops surveyed fell below legal health and safety standards [55]. Similarly, labor standards enforcement officials found in 1979 that over 80% of L.A. County garment firms were in violation of minimum wage and/or overtime provisions. Garment factories which bring to mind the unsanitary working environments, long working hours, meager wages, and other exploitative labor practices of the sweatshops of the nineteenth century have multiplied rapidly throughout the Los Angeles region. They exemplify vividly the localized effects of the recomposition of the regional labor market due to massive immigration.

It must be recognized, however, that immigrant labor forms a key part of the entire rationalization and restructuring process in Los Angeles, affecting virtually all sectors of the regional economy. In the last decade, undocumented workers have become particularly important in three employment areas [35]. The first consists of small highly competitive firms that depend on low-skilled, often transient labor that can be paid extremely low wages. This would include not only the garment industry but also other light manufacturing activities: hotel, office, and restaurant services, and even many firms in electronics. In Los Angeles, many companies too small or, for other reasons, unable to go abroad have expanded locally due to the advantageous approximation of Third World labor market conditions. They are the primary violators of labor standards, health, and safety laws, the revivers of sweatshop conditions, and the subcontractors most likely to turn to homework (the taking of assembly work home by workers to do on a piece rate basis, be it sewing articles of clothing or cleaning circuit boards for electronic components). Much of the expansion in office space, restaurants, and hotels has been facilitated by the specialized labor market conditions provided by undocumented workers.

A second group of employers, overlapping somewhat with the first, pay at least the minimum wage and are able to operate within the legal boundaries of what constitutes adequate employment. Given that the minimum wage produces an annual salary for a family of four (with only one worker) that is below the federally determined poverty level, many U.S. residents cannot afford to take these jobs. The immigrant workers who do take up employment in these firms—which include food processing, glass, plastics, and metal fabricating—are almost *forced* to be transient, for they too cannot live permanently in the U.S. with their families at such low wages. The outcome of Project Jobs, the factory sweep by the Immigration and Naturalization Service and Border Patrol during the last week of April, 1982, in nine U.S. cities, including Los Angeles, sustains this interpretation. A follow-up study in Los Angeles showed that 80% of the undocumented workers were back on the allegedly good-paying jobs, expected to be eagerly taken up by the native unemployed, within three months [*30e*].

The third major group of employers of undocumented workers in Los Angeles are firms in those core, primary sector industries that are undergoing major structural changes. One study of auto-industry firms which employ undocumented workers found that the companies usually pay well and may even be unionized, but the employers seemed to value having easily controllable workers who can be released when necessary [*35*]. For these firms, the employment of undocumented workers represented a temporary strategy, maintaining production until a longer-term market solution could be established, such as moving to Mexico or elsewhere overseas, changing the product line, or automating. Most of these firms were subcontractors or subsidiary branches forced to bear the market uncertainties passed on to them by the main assemblies or headquarters.

To this pattern must be added the expansion of the Los Angeles economy acrosss the Mexican border. Not only has the periphery been brought into Los Angeles, but many Los Angeles-based firms have reached into the most proximate periphery to construct plants in the nearby U.S.-Mexico borderlands. Of the over 200 U.S. firms listed in a recent congressional hearing as having factories in the Mexican border towns of Tijuana, Tecate, and Ensenada, approximately 50% were headquartered in Los Angeles [*50*]. They include not only such giant corporations as Hughes Aircraft, Northrop, and Rockwell but dozens of small firms involved in apparel, food processing, furniture, auto parts, and electronics. The boundaries of the L.A. regional labor market thus need to be stretched to include this special outlier which occupies an important position in the urban restructuring process.

INTERNATIONALIZATION AND THE CONCENTRATION OF INDUSTRIAL AND FINANCIAL CONTROL

Over the past 15 years, Los Angeles has drawn ahead of San Francisco and consolidated its position as the financial hub of the western U.S. and the primary gateway to the Pacific Basin. Moreover, it has emerged to rival New York City as a management and control center for global capital, a development that is tightly intertwined with the combination of trends previously discussed. The internationalization of the labor force has been accompanied by both an expanding global reach of firms and institutions based in Los Angeles and a large-scale penetration of the regional economy by foreign capital. The result of this two-way movement has been a growing concentration of

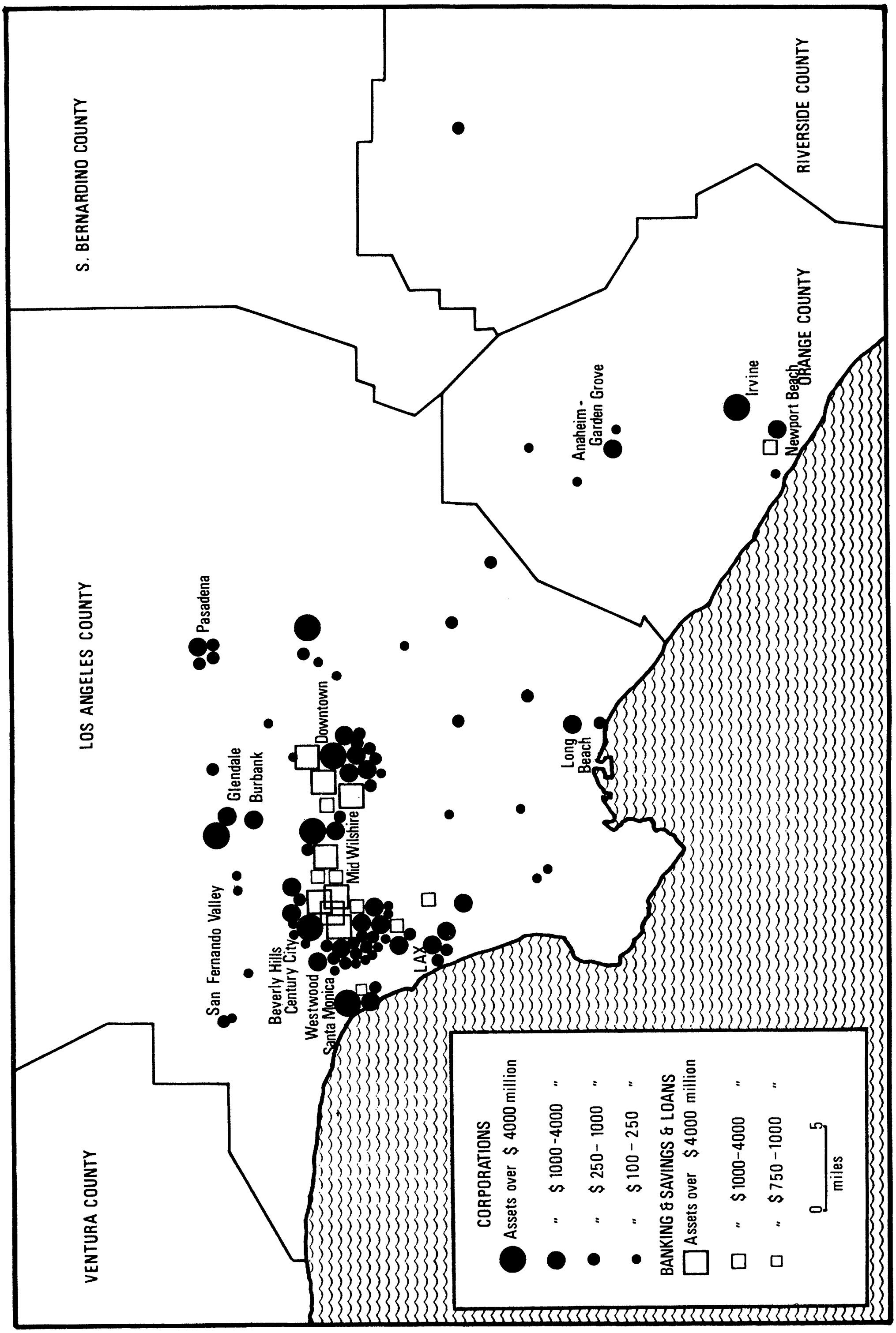


Fig. 5. Corporate and Banking Headquarters in the Los Angeles Region.

finance, banking, corporate management, control, and decision making functions that has significantly transformed the urban landscape (Figure 5).

By 1980, the Los Angeles region was second only to the 21-county Greater New York Area in total deposits and savings in financial institutions. The gap remained large ($294 to $104 billion) but had narrowed in the 1970s, while L.A. leads by a substantial margin in the holdings of savings and loan associations and credit unions [45]. The largest California banks are still about evenly divided between Los Angeles and San Francisco, but 11 of the 12 largest U.S. banks headquartered outside California have their sole California office in Los Angeles [3]. The L.A. region has been increasing its share of Fortune 500 headquarters and contains over 60% of California's largest industrial firms.[26]

Complementing this domestic concentration is the increasingly international character of banking and finance in Los Angeles. Crocker and Union Banks are owned by British fims; the Bank of California is owned by the Bank of Tokyo; while the former Manufacturers Bank is now Mitsui Manufacturers. Recent newspaper headlines are indicative of this trend: "Singapore Group to Buy American City Bank," "Danish Bank Signs Preliminary Pact to buy Long Beach Bank," "First L.A. Bank Okays Takeover by Italian Firm." Of the 78 foreign agents of international banks in California, 57 are based in Los Angeles, the largest number being Asian, especially Japanese [3]. Four of the "Big 8" international accounting firms are located in downtown Los Angeles, occupying nearly 400,000 square feet of office space, and a fifth is in the Mid-Wilshire area. All are British owned.[27]

Accompanying this expansion has been a major office building boom. The low density sprawl of the Los Angeles region and the unusually low level of development of the downtown area resulted in many prime locations being undervalued when compared to the office markets of other major world cities. This latent potential for expansion, however, has only recently begun to be fully realized, primarily in conjunction with a major influx of foreign capital, the expansion of military and defense based industries,[28] and the availability of cheap labor to service high-rise office buildings and related food provision and hotel activities, all important features of the contemporary restructuring process. Over 30 million square feet of high-rise office space was added between 1972 and 1982, representing more than a 50% increase. Although accurate figures for smaller scale office buildings are not available, all evidence points to an equivalent boom. New buildings recently completed or under construction (with 45,000 square feet or more, regardless of height) as of October 1982 contain another 20 million square feet in Los Angeles County [30], while similar estimates for Orange County run well over an additional 6 million.

Nowhere has the internationalization, financial expansion, and office boom in Los Angeles been more visible and pronounced than in the downtown area. Today, downtown Los Angeles contains over a third of the high-rise office space in the region, 13 major corporate headquarters (including Atlantic Richfield, Union Oil, First Interstate Bank, Security Pacific Bank, Crocker Bank,[29] and Coldwell

[26] The number of Fortune 500 firms in L.A. increased from 14 to 21 between 1957 and 1982. Information on headquarters of California's largest industrial and financial firms was derived from *California Business* [2] and the 1982 *Los Angeles Times* "Roster" of leading California firms (May 18, 1982).

[27] The accounting firms are: Price Waterhouse; Peat, Marwick, Mitchell; Coopers Lybrand; Deloitte Haskins and Sells; and in the Mid-Wilshire area, Touche Ross.

[28] It has been estimated that 25–30% of the total new office space in the Los Angeles region is being absorbed by defense related industries [30f].

[29] Crocker Bank, now British owned, has a dual headquarters, having added a Los Angeles center to its original headquarters in San Francisco.

Banker, the nation's largest real estate broker), and the southern half to the Pacific Stock Exchange (including its computer headquarters). An unusually high turnover of landownership (a third of all land parcels recently surveyed by the *Los Angeles Times* had changed hands at least once since 1976) and continuing land bargains (although rental rates are among the highest in the country, the price of land remains well below comparable sites in Chicago, Manhattan, San Francisco or Denver) have drawn in large domestic and foreign capital at a rapid pace. It is currently estimated that at least 21 of the 75 most valuable properties on the downtown's western edge are owned by foreign companies or by partnerships with foreign-based companies [*30h*]. Japanese capital (in the Crocker Bank Plaza, the Bonaventure Hotel, the New Otani Hotel) and Canadian firms have been the most active, with Canadian capital building the new Manufacturer's Life Insurance building (with over 400,000 square feet of office space) and the proposed new California Plaza development (to include when completed 3,200,000 square feet of office space, 220,000 square feet of retail space, 750 residential units, a 100,000 square foot museum, and a five-acre urban park). British, Chinese, German, Dutch, Swiss, and Iranian interests have also invested heavily in the downtown. The remaining high value properties are owned by bank subsidiaries (about a fifth of the total), insurance companies, oil companies, the Times-Mirror Corporation, and other industries and local businesses.

Downtown Los Angeles is the anchor of a control-headquarters complex which stretches westward to the Pacific in Santa Monica and contains such major nodes as Beverly Hills, Century City, and Westwood. In this almost unbroken ribbon of office development are another 49 major corporate headquarters and an additional one-third of the region's 100 million square feet of high-rise offices [*53*]. The rapidly growing western half of this ribbon has specialized in professionals and service-oriented tenants, with 25% of recent office leases made to attorneys alone and much of the remainder to business service firms, engineers, architects, and accountants [*11*]. Recent completions and current construction are expected to add 5.5 million square feet of new office space to the whole Wilshire Corridor, matching the equivalent new additions to the downtown area.

Branching off from this corridor is the LAX region, a center for aerospace and related high technology industry, services, and military activities. This booming outer city contains 7.5 million square feet of high-rise office space (an increase of 150% in the past decade) and many additional major projects under construction which are expected to add another 5.4 million square feet of high- and low-rise office space in 1982–1984. This new space, added to the growth of the Wilshire Corridor and downtown, comes to a total of nearly 17 million square feet currently being brought on the market.

The Orange County outer city matches the LAX area in high-rise office space and high-technology orientation, but it has become an even larger concentration of medium-sized research, development, and management firms and "middle-market" banking (to the point of claiming the title of Wall Street West). The primary office clusters are in Santa Ana-Orange and along the MacArthur Boulevard Corridor, stretching from just south of the Latino *barrio* of Santa Ana to the luxury resorts of Newport Beach. Thousands of small and many large firms are located in these areas, which also contain or connect with the University of California-Irvine, John Wayne International Airport, several of the largest regional shopping complexes in California, and major branches of the financial and banking firms headquartered in the city of Los Angeles. The total inventory of office space in Orange County reached almost 25 million square feet in mid-1982, up from 17.6 in December 1980 [*6*].

Smaller nuclei of corporate headquarters and office buildings found in the San Fernando Valley (which between 1977 and 1980 absorbed more new office space than any other area in Los Angeles County and is currently adding 2.4 million square feet in new construction), the San Gabriel Valley (Burbank, Glendale, and Pasadena), the port-industrial complex of San Pedro-Long Beach (the third busiest in the U.S. after New York and New Orleans), and in such locations as the City of Industry and the City of Commerce. The latter sites are peculiar cities, with very small residential populations. They were incorporated primarily as industrial parks during the post-war boom and remain relatively free from the tax burdens associated with providing local social services [23]. Both Industry and Commerce have moved over the past ten years from heavy manufacturing to warehousing and distribution and now to research and development activities and corporate management.[30]

Not surprisingly, the office boom and internationalization process have spawned a major increase in highly specialized industries that service the growing concentration of control and management functions. Employment in the finance, insurance, and real estate sector grew by 47% between 1972–1979 (vs. 32% nationally) and even higher rates of growth were experienced in various business services (SIC 73), especially in management consulting, and public relations. Particularly revealing is the new service category of *temporary help*, for which the L.A. region has one of the highest concentrations in the country.

All of these developments have contributed to making the Los Angeles region an epicenter for global capital, an *internationally* defined growth pole which combines substantial industrial production, rapidly expanding financial management and control functions, and a social and spatial environment unusually conducive to international investment.[31] Under these conditions, overseas capital has continued to flow into Los Angeles even during the current deep recessionary period, not only into real estate, office development, banking, and industrial production but also into a wide range of supportive services: hotels and restaurants, luxury shops and boutiques, country clubs and recreational facilities, entertainment, and the media. Twenty years ago, this international presence was virtually nonexistent.

CONCLUSION

The pace and scope of urban restructuring in the Los Angeles region since the 1960s has been truly extraordinary. More than any other major urban area, Los Angeles has combined and linked together many different structural shifts and readjustments arising in response to the still deepening crisis of contemporary capitalism. Out of this amalgamation of trends has emerged a restructured social and spatial environment organized for more effective labor control and for the restoration of rising profits, at least for certain key fractions of capital. Selective deindustrialization and reindustrialization have been occurring simultaneously, polarizing the labor force and resegmenting the labor and housing markets. A growing cluster of technologically skilled and specialized occupations, claimed to contain the largest concentration of scientists, mathematicians, and engineers in the world, has been complemented by the even more rapid expansion of a massive reservoir of low-skill, poorly organized, low-wage workers, fed from above by a recycling of labor out of declining heavy industry and pressured from below

[30] Los Angeles County (Los Angeles-Long Beach SMSA) has the largest square footage of industrial floor space of any SMSA in the county, estimated by Coldwell Banker [*11*] to be 526 million in 1980 (vs. 516 for New York and 512 for Chicago). In Commerce, Industry, and the LAX area, much of this space is currently being recycled into office construction.

[31] The formation of "World Cities" is explored in more general terms by Friedmann and Wolff [*16*].

by a growing pool of Third World immigrants and part-time workers. Homework and sweatshop conditions, labor code violations and job accident rates, the complete abandonment of job search, and the amassing of an expanded "underclass" have all increased concurrently.

Sprawling, low-density Los Angeles has always been a centrifugal, fragmented metropolis with a pervasively privatized urban environment having a reputation for more unlisted phone numbers, more fenced or walled-in residences, and more conspicuously consumption-oriented households than any other American city. Its rapid population growth before 1960 was built most heavily upon a stream of migrants from small-town America eager to fulfill personal dreams and to escape the tightness of small-town social life. An accommodative urban spatiality absorbed the newcomers into a compartmentalized mosaic of municipalities and household clusters, connected by the automobile into spread-out networks rather than propinquitous communities. In much of Los Angeles, the casual pedestrian was an oddity—or a walking threat to the civic order.

In so many ways, Los Angeles epitomized the State Capitalist Metropolis as we have described it. Not surprisingly, it was also directly and immediately affected by the crises which emerged in state-managed capitalism at the peak of its postwar economic expansion. The already socially fragmented and geographically segregated labor force, however, combined with a still tractable land market filled with speculative bargains (not the least of which was the underdeveloped downtown) to provide a particularly attractive and manipulative context for the transformation of the quintessential State Capitalist City into an internationalized focus for global capital, an emerging *Global Capitalist City*. A heavy stream of foreign investment along with a concentration of banking, finance, and corporate management (itself increasingly involved in global economic ventures) fuelled an office-building boom and reshaped the urban landscape, while selective deindustrialization and massive immigration peripheralized and disciplined the labor force and segmented it even more finely than before. Long dominated by real estate and development interests and without a strong tradition of local community solidarity, the congeries of local governments tended to be willing and encouraging partners in this expansion, even when fiscal stress increased.

The growth of global capital is keyed to local control over labor and the accentuation of capital mobility, enabling investment to move anywhere higher profits can be assured. The "settling" of global capital in the Los Angeles region (however temporary it may be) is an implicit recognition of its accommodative ecology. It is not surprising then that there has been relatively little direct reaction and mass resistance to urban restructuring. The struggles which have developed have, for the most part, tended to be relatively weak and disconnected. Indeed, the ineffectiveness of collective struggles against deindustrialization and plant closures, union breaking, heightened capital mobility and economic dislocation, increasing unemployment, declining real wages, increasing ethnic segregation, fiscally decimated local communities, reduced public services, and unresponsive local governments has been an integral component of the urban restructuring process.

Will the urban region which has combined the many facets of contemporary restructuring most completely become the locus for a particularly pronounced political response to continuing crisis and further restructuring efforts? Or will Los Angeles continue in the vanguard of a reconstituted capitalism, successfully able to recover from the current crisis and, with the assistance of new exogenous "shocks" to the global economy, to establish the basis for renewed economic expansion? These are not academic but political questions.

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