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### Spatial-Not social polarisation: social change and segregation in Copenhagen

*Hans Thor Andersen*

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*Hans Thor Andersen\**

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SPATIAL – NOT SOCIAL POLARISATION:  
SOCIAL CHANGE AND SEGREGATION  
IN COPENHAGEN

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INTRODUCTION

The debate on globalization and the associated processes of social and economic changes had given the study of internal differentiation of cities new life. Moreover, the growth of immigrants in all West European countries and in particular their concentration to specific neighbourhoods –often the poorest areas in the cities– has further raised attention to the social structure of big cities. The widespread perception is obviously that globalization first of all manifests itself through the economic sphere and thus puts a strong pressure on local economies. The latter are forced to adjust by trimming the labour market regulation, by opening their markets in order to introduce more competition and so on. The result is rising inequality either by exclusion of labour or by growing differentiation in earnings; the highly trained and competitive specialists in the financial sector can raise their salaries strongly while the employed in simpler services will experience a decline in real earnings as they are exposed to global competition (Sassen, 1991; Mollenkopf and Castells, 1991; Fainstein and Harloe, 1992). Finally, this will break the city up into social communities of quite different living conditions (cf. Lovering, 1997) and cities will experience growing segregation. The outcome has been labelled the dual city (Mollenkopf and Castells, 1991) or the divided city (Fainstein and Harloe, 1992; Musterd et al., 1999).

The dominant position was clearly promoted by the tempting book “The Global City” (Sassen, 1991), which argues that economic restructuring and social change are part and parcel of the same process, namely that of globalization that leads to the emergence of a new hierarchy of leading

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\* Department of Geography, University of Copenhagen, hta@geogr.ku.dk

metropolises (“global cities”). The global orientation does also mean that different social and urban structures develop; the highly paid managers and financial specialists demand a large number of available services, well protected luxury apartments and shopping malls. Thus the physical structure of the city becomes marked by the globalization and polarisation processes.

However, while the argumentation for social polarisation was taken for granted as a necessary consequence of adjustment to the global division of labour, little empirical evidence has been provided except studies of income that demonstrated rising levels of inequality and thus seemed to confirm the polarisation thesis. Most of the early studies were American, but despite this, polarisation and its causes were formulated as universal phenomena. However, it soon appeared to be difficult to find examples of income polarisation in Europe; in most cases income became more unequally distributed (cf. Hamnett in this volume). The reason for a different European social development was found in the construction of the welfare state. Thus welfare was understood as the main reason for maintaining a higher level of social cohesion. Moreover, differences in welfare regimes were considered of major importance for segregation in West European cities (cf. Musterd and Ostendorf, 1998).

The widely used concepts of polarisation, fragmentation and dual society (O’Loughlin and Friedrichs, 1996; Musterd and Ostendorf, 1998) does not bring much clarity; unless explicitly outlined, these concepts remains blurred: Pahl (1988) discussed possible changes of the social structure and found that social polarisation could take different forms: A simple and most often assumed form is that of a growing upper and lower classes, while the middle class is diminishing. But alternatively social polarisation can refer to a situation where a dominant middle class, based on double earnings and home ownership, separates itself from declining lower strata: They are sliced off and find themselves outside normal life expectations.

This paper will focus on the issue of social change and discuss how valid the claim for social polarisation is; the first part of the article is thus a discussion of social changes in major cities in relation to the processes of globalization. Then, after a brief introduction to the overall structure of Copenhagen region, the article studies the changing social structure of Greater Copenhagen and its earnings and income pattern during the last two decades in order to discuss the social impact of globalization and economic restructuring. Moreover, the changes in the city’s spatial structure are discussed in relation to housing tenure. The article concludes that there are no signs of social polarisation in Greater Copenhagen in terms of wage and income distribution. Yet, there are growing disparities between the various residential areas of the

city and the observed social differences can mainly be traced in the residualisation of the rented housing sector.

### GLOBALIZATION AND SOCIAL CHANGE

Globalization is the result of gradual reductions of national barriers to economic activities. This removes the possibility to maintain national monopolies by opening up to outside competitors. Globalization has also an impact on the labour market; rising demand for flexibility, competence and efficiency have led to a growing number of people marginalised in relation to the labour market. Marginalisation as a consequence of economic restructuring is considered to be the main cause behind social polarization: A rising number of high income earners and a even faster growing number of excluded at the other end of the scale. The latter are often understood as “new poverty” or excluded or “advanced marginalisation” (Wacquant, 1996) because this extreme form primarily is found in the most developed or advanced countries. Thus the growth of poverty in such terms cannot be neglected as sign of “backwardness” that is bound to be overcome by future economic development. This change in social conditions is reflected in intensified segregation (“hyper segregation”), where social differences between neighbourhoods are rising. Changes in Western Europe has been more moderate than in Latin America, but the rising social differences are evidently reflected in the social landscape of the cities: While the inner cities represented earlier the poorest and least attractive neighbourhoods, this role was in general taken over from the 1970s by newer estates at the periphery. These estates served well as providers of modern standard dwellings for low income groups, workers and employees during the 1960s and 1970s (Vestergaard, 1998). However, due to a massive out-migration of middle class families with good income, many public housing estates have progressively turned into high concentrations of economically inactive people, single parents, immigrants and people on public benefits. To some the fate of these estates illuminates the fall of the welfare state.

All over the western world such social changes have produced a common understanding and were linked to an overall process: globalization. The cities in Western Europe now consider themselves as participants in a territorial or interurban competition on the European level due to EU’s single market. The largest ones even consider themselves as global players. In the wake of the globalization discourse, local policy is transformed in an attempt to meet the challenges from territorial competition; still more localities invest in “place making”, i.e. in the promotion of specific advantages for investors in their locality.

Currently most localities are seeking to trim their labour market toward flexibility, to improve the general level of education and to support the extent and quality of research, in particular within expected fields of growth such as bio-tech, computing, communication, sometimes including also cultural production such as music, film production etc. In order to achieve this flexible efficiency urban politics in most cities were transformed into networking, privatisation, joint public-private projects and partnerships (Andersen and van Kempen, 2001). Governance is not just a label but a kind of regulation officially strived for (cf. By-og. boligministeriet, 1999). The shift to governance is a sign that governments take a proactive role and attempt to increase their capacity through involving non-governmental partners in policy implementation. However, this does also mean that growth coalitions which stress “productive” investments (e.g. infrastructure development or place making) also change the political agenda. The transformation of urban politics leads to a shifted focus as a consequence of inviting profit based organisations into politics; instead of a political combat between various political parties, urban politics has become a question of mobilising local resources in the struggle for investments and employment. (Mayer, 1995).

Although the first thoughts about an emerging class of “world cities” were formulated by Friedman and Wolf (1982) the discussions on globalization in relation to cities were triggered by Sassen’s “The global city” (1991). She understood ongoing changes of the big cities as a result of a shift in the economy: Advanced communicational technology allows still more decisions to be concentrated in the “command posts” of the global economy, i.e. New York, London and Tokyo. These cities have an over-average share of stock dealers, financial advisers, banking experts, consultancy, advanced services, political and economic decision makers in global leading corporations etc. The global cities thus contain a unique concentration of economic and political power, expertise in business and research. However, this concentration did also transform the economy and the labour market to a dual structure; at the upper end long educated specialists with high incomes, whose daily routine is stressed and therefore need to “out source” whatever they can: Cleaning, washing, shopping and cooking and taking care of children. These functions are then carried out by a number of low skilled, sometimes half way illegal groups, who often lack basic rights and suffer from low wage and precarisation in the labour market. Restaurant attendants, guards, sales staff in shopping malls represent also a part of the labour market with few skilled and well paid workers. The city is thus transformed according to the needs of the elite at the expense of the middle and the working class.

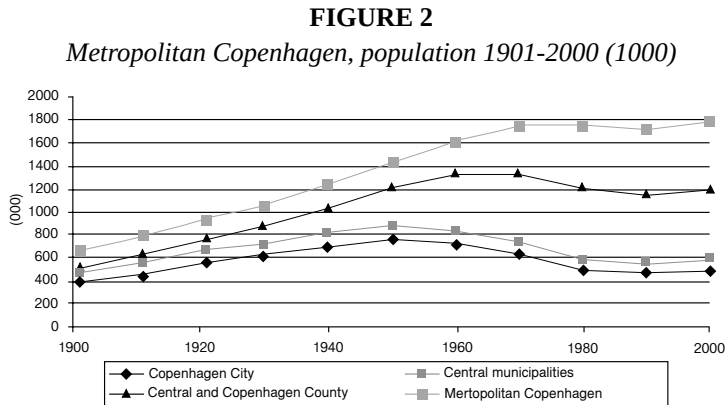
This deterministic vision of the global city has been criticised, most directly by Hamnett (1994) who found signs of upgrading of former unskilled labour and not exclusion in his Amsterdam/Randstad Holland study. Although somewhat reformulated later on (cf. Hamnett, 1996), the main conclusion remains: Contrary to what Sassen and other proponents of the “dual city”-thesis (e.g. Moellenkopf and Castells, 1991) have claimed, empirical evidence of an emergence of a dual social structure rooted in a polarisation of working conditions within Western European cities is difficult to find. The share of unskilled workers is declining, while the overall level of skills is rising. Combined with high unemployment and the debate on social exclusion, the sense of a society falling apart is an obvious conclusion. Some countries in Western Europe have experienced rising income difficulties during the 1980s and 1990s, but others have not. However, none of the countries saw a decline in skills of the active population. A later round of debate has included the institutional settings and especially the welfare state regime to explain the clearly different outcome of globalisation on social relations in Europe (cf. Esping-Andersen, 1990 and 1999; Musterd and Ostendorf, 1998). The main conclusion is that social change in the US and the European Union has different forms and that these forms depend on institutional arrangements, historical traditions as well as present social conditions and government policy. Moreover and most important here, globalisation is not a pre-defined destiny of rising inequalities that will transform all localities into US-like ones: globalization is rather a set of processes performed by localities and thus reflecting local social, economic and political conditions. Instead of taking localities as defenceless victims, they can be seen as having opportunities to react and even to influence the pace and direction of globalization.

Thus, the relationship between globalisation and a corresponding social change within a locality is not a 1:1 relation (van Kempen, 1994): First of all because local institutional differences, e.g. welfare state arrangements and traditions, influence how, and if, enforced economic competition will manifest itself through social inequality. Taxation and redistribution of costs and benefits may prevent rising social differentiation to occur at all. Hence, it is not external processes that determine the outcome of economic restructuring, but political choice or decision making. Second, even when globalisation has led to significant social changes, e.g. in terms of unemployment, rising income differentiation etc, this is far from being identical to spatial polarisation. First of all, the social patterns of cities are remarkably stable over long periods due to established patterns of housing quality, types of tenure and rent levels. Thus, changes within the labour market, that have a direct and important effect on

incomes, may not impact the housing market on short term: People whose income grows or falls are rarely forced to move, but have other opportunities as finding additional income (perhaps part time work or loans) or reducing costs (e.g. selling their car, choosing cheaper holidays and so on). Thus, there is

**FIGURE 1**  
*Metropolitan Copenhagen*





probably no sense in assuming a specific, spatial outcome of a vaguely defined concept as globalization, which involves many intermediary levels of determining factors and processes.

## GLOBALISATION AND SOCIAL CHANGE IN COPENHAGEN

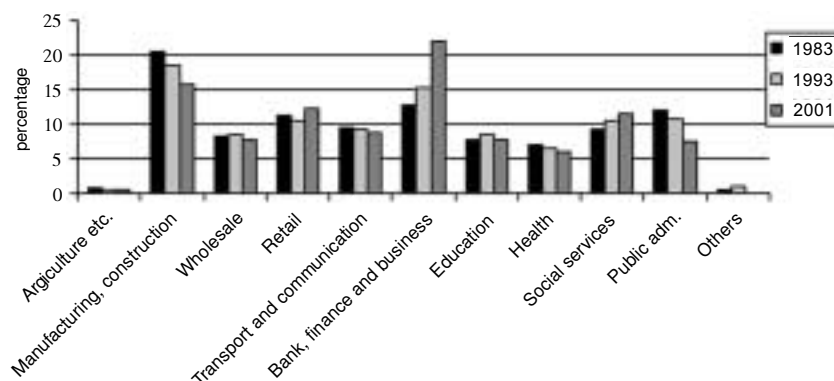
### Social structure of Greater Copenhagen

The Greater Copenhagen Region has about 1,8 million inhabitants, or one-third of the population of Denmark. This gives the city a unique position within the country, as the national capital with many government functions as well as national banking and business functions, but also as the one big city in Denmark.

Until 1940, when the population of Copenhagen first exceeded 1 million, the city had grown steadily by the continuous addition to the existing built-up area of new concentric zones of industry, housing and institutions. The well-known “Fingerplan” of 1947 initiated large-scale planning for the region, based on public transport provision. Most suburban growth only started after 1940, and it has been strongly influenced by the concept behind the Fingerplan - local community centres are located at railway stations, industry and dense residential areas are close to these centres and less dense (often semi-detached) housing is found further away. This pattern was first broken in the late 1960s when private car ownership became common and the areas between the “fingers” were partly developed for urban use. However, there was one exception to this overall schema: already in the 1920s and 1930s the upper and upper-middle classes had started to be involved in suburbanization, and they were massively concentrated in the northern suburbs. This in turn meant that



**FIGURE 3**  
*Greater Copenhagen, employment by sector 1983-2001*



the northern suburban municipalities were fully built up by the late 1950s and this, coupled with their relative administrative independence, prevented them from being the site of social housing construction (Andersen, 1991).

The urban growth of the 1950s and 1960s ended in the early 1970s by a sudden stop of the economic boom due to the oil crisis of 1973-74. A number of grand projects were postponed or reduced substantially such as the ambitious regional plan which foresaw a fast expansion in the 1970s and 1980s. In stead, there was stagnation in population growth, while a substantial decline in manufacturing employment, which was not compensated by rising employment in the public sector as elsewhere in the country, led to a sharp rise in unemployment. A number of political struggles around the built environment and in particular the renewal policy in the City of Copenhagen accentuated the economic decline of the capital. However, the cost of deindustrialisation was mostly felt in the central boroughs that practically lost all of their manufacturing industry: The suburban areas did not feel the negative consequences of economic restructuring.

In the early 1990s, the City of Copenhagen went bankrupt; the debt was huge and growing, demands for social services rising and income through taxation declining. However, the national urban policy had taken a u-turn in the late 1980s/ early 1990s; the leading parties in the parliament recognized that Copenhagen had become one of the poorest areas with the highest unemployment rate. At the same time the central government had primarily directed its infrastructure investments to the provinces. During the same period the government also realized that the emergent Single Market was leading to an intensified competition between regions and localities; in this competition

**TABLE 1**  
*Housing characteristics 1996, Greater Copenhagen*

| Share of house stock (%) |                   | City of Copenhagen | Older Suburbs | Newer Suburbs |
|--------------------------|-------------------|--------------------|---------------|---------------|
| Year of construction     | before 1940       | 69,7               | 18,1          | 19,5          |
|                          | 1940-1980         | 25,5               | 72,6          | 61,9          |
|                          | after 1980        | 4,9                | 9,3           | 18,6          |
| Size of dwelling         | 1-2 rooms         | 49,3               | 24,8          | 18,4          |
|                          | more than 4 rooms | 22,2               | 48,7          | 60,6          |
| Type of dwelling         | detached          | 5,1                | 28,9          | 51,8          |
|                          | semi detached     | 2,3                | 18,0          | 18,1          |
|                          | multi-storey      | 92,7               | 53,2          | 30,1          |

Source: Københavns Statistiske Årbog, 1997.

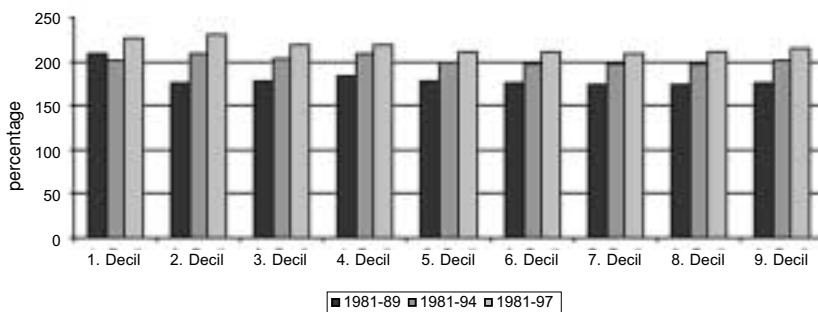
Copenhagen was the only truly international card the government could play (Hansen, Andersen and Clark, 2001).

The 1990s became a much more positive experience for the Copenhagen region in general and the City of Copenhagen in particular: The expansive economic policy promoted by the new government since early 1993 fuelled the economy and created a demand driven growth during the 1990s. Unemployment fell from more than 16 per cent in 1993 to 4 per cent in 2001, the total employment expanded and this time primarily in the central parts of the region. Huge investments were made into the harbour areas from private business, organisations and government institutions. Moreover the construction of the øresundsbridg and a new metro system, the improvement of the rail system, the major investments into depressed areas (kvarter low case) and the expansion of several cultural institutions were all part of the change in national urban policy. The population has been increasing during the 1990s and the surplus of dwellings from former periods has turned into a large deficit.

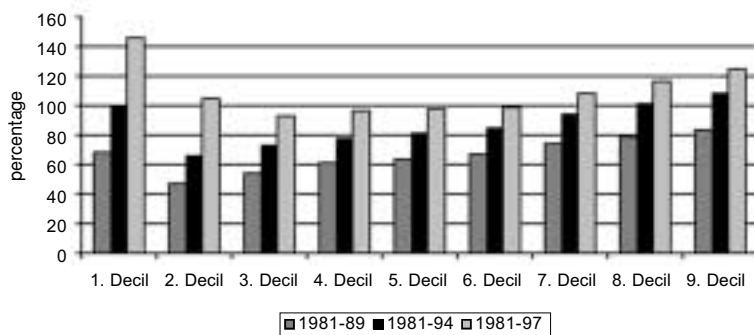
There is a clear difference in the composition of the housing stock between the City of Copenhagen and its older and newer suburbs (Table 1). The central part of the region is dominated by small, old rented dwellings in multistorey buildings, while the suburbs have a predominance of newer, large and owner occupied dwellings. This pattern of housing has a clear influence on the composition of the population in different areas.

The urban social structure of Copenhagen has changed over the last thirty years, as the city passed from suburbanisation to reurbanisation. This transformation forms part of the readjustment to postindustrial conditions, which have also altered its functional structure: industrial areas are in decline,

**FIGURE 4**  
*Income change by decile 1981-1997 individuals*



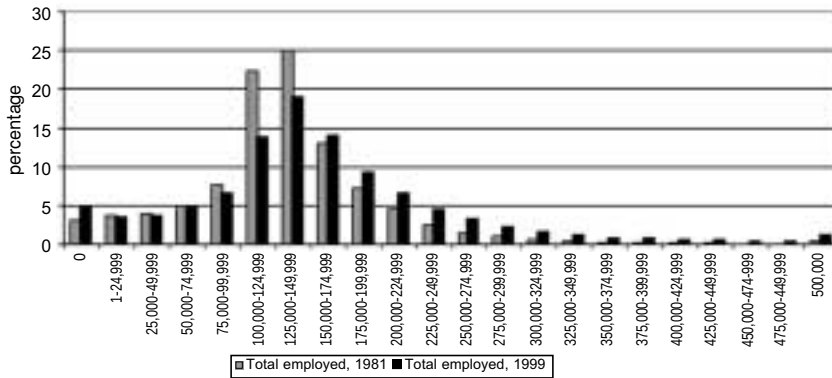
**FIGURE 5**  
*Income change by decile 1981-1997 households*



while new office and service development is taking place at the harbour, in various inner-city locations, and in some favoured locations in the suburbs.

#### INCOME AND WAGE IN GREATER COPENHAGEN 1981-1999

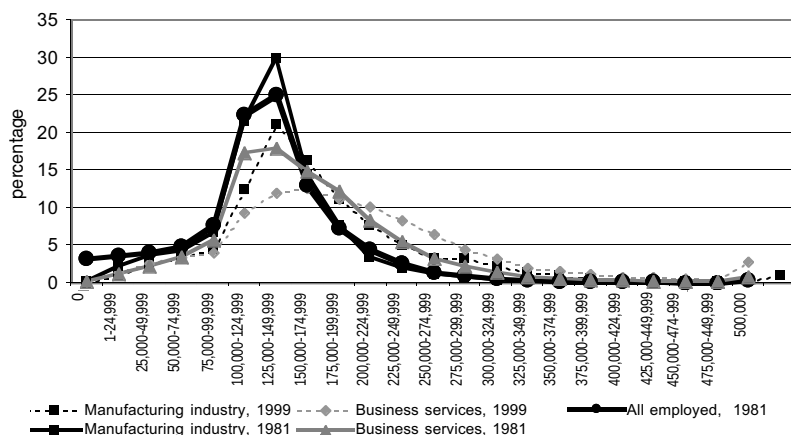
Income and wages are concepts used by most people to describe an individual's or a household's purchase power. The distinction between the two is not always clear and many people are not aware of it. However, in a straight statistical sense the two concepts express different things which in turn make it necessary to use them carefully. A simple definition is that wage or earnings is a payment of labour for work, usually on weekly, monthly or annually basis.

**FIGURE 6***Greater Copenhagen, wage distribution 1981 and 1999, males, full time*

Only employed people will have a wage. Income on the other hand includes all sorts of revenues-wages, profits, dividend, transfers from public authorities. The number of people having an income is much higher than the number of employed persons. Income can be measured in many ways; the simplest, as the sum of all sources, is the gross income. But other forms are possible, e.g. income after taxation, net income (after certain reductions before taxation). Thus any comparison has to acknowledge the type of revenue cautiously. Earnings and income are only indicators, but they seem relatively reliable indicators for differences in life options and the easiest available measure.

The two figures show the development of income in fixed prices in Greater Copenhagen from 1981 to 1997 for individuals and households distributed by decile. Both figures demonstrate a quite similar rate of income growth: In particular the individual incomes have developed at nearly identical rates independently of the deciles studied. During the 1980s income grew by 75-80 per cent in Greater Copenhagen, while they increased between 110-125 per cent during the whole period. The growth rate of the various deciles shows a remarkable pattern; the lower income deciles have the highest growth. The second figure shows the pattern of income growth for household by decile. Household income growth reveals a different pattern; the higher the income the faster the growth rate: In the 1980s the lowest decile presented an income growth of about 50 per cent while the high incomes rose by approximately 80 per cent. The growth rates of household income point at a rising, but still moderate, level of inequality. Most interestingly the lower individual incomes presented a faster increase than the higher and especially the middle incomes

**FIGURE 7**  
*Greater Copenhagen, wage distribution by main sectors*  
*1981 and 1999, males, full time*



**TABLE 2**  
*Greater Copenhagen; employed persons in full and part time work*  
*1981 and 1999*

|           | 1981    |       |         |       | 1999    |       |         |       |
|-----------|---------|-------|---------|-------|---------|-------|---------|-------|
|           | Males   |       | Females |       | Males   |       | Females |       |
|           | N       | %     | N       | %     | N       | %     | N       | %     |
| Full time | 303.448 | 72,2  | 191.688 | 45,2  | 314.902 | 67,7  | 292.241 | 63,8  |
| Part time | 14.676  | 3,5   | 99.976  | 23,6  | 30.626  | 6,6   | 49.274  | 10,8  |
| Unknown   | 102.364 | 24,3  | 132.453 | 31,2  | 119.932 | 25,8  | 116.625 | 25,5  |
| Total     | 420.488 | 100,0 | 424.117 | 100,0 | 465.460 | 100,1 | 458.140 | 100,1 |

Source: Danmarks Statistik.

from the late 1980s: This trend, i.e. the lowest income groups having the highest growth rates, is contrary to the trend generally assumed in the literature. The reason behind this pattern of income growth in Copenhagen is primarily income transfer from government; thus the pattern of income development reveals the impact of the welfare state.

In contrast to income statistics, earnings statistics only include employed and self employed people and thus reflect changes only in the labour market. Figure 6 shows the earnings distribution in 1981 and 1999. The 1981 distribution shows a pattern resembling to a normal distribution where a dominant share of the employed had an income level close to the median. The wage level in 1999, in fixed prices, was clearly above the 1981 level: Fewer people earned less in 1999 than in 1981, and a large number of the employed had a bigger wage in 1999. In other words the overall income level has grown, but the wage distribution has become more spread with no signs of polarisation however.

Figure 7 shows the distribution of employed persons per wage interval (deflated figures) for 1981 and 1999 in two main sectors; manufacturing and business services. Generally it is assumed that manufacturing industry is the archetype of fordist production while business services represent the postfordist production. The data show that manufacturing industry has a much more similar wage structure than business services (note that the data include only full time males). The strong labour unions and their ability to maintain egalitarian agreements on the labour market puts a clear mark on the earning distribution. The share of the employed with income above median income is higher in business services than in manufacturing. The changes 1981-99 show first of all a general trend towards a more spread wage distribution, but the relation between business and manufacturing in terms of earning distribution remains unchanged.

To sum up: although earnings have not been equally distributed during the period, and perhaps have become slightly more unequal, there is no sign of wage polarisation due the economic restructuring. The wage distribution has become more differentiated, but still with a marked peak value. Globalization has thus not created a dual or divided labour market in Greater Copenhagen.

The total number of the employed rose from 844.000 in 1981 to 923.000 in 1999; most of the new jobs have been taken over by males. However, the most interesting fact is the decline of part time work; from about 115.000 to 80.000. This trend runs also against assumed changes; males have traditionally a quite low share of part time employment which has slightly increased. On the other hand females have substantially lowered their percentage in part time employment from 23,6 per cent in 1981 to less than 11 per cent in 1999. Altogether this seems to imply that "normal" forms of employment have survived as the dominant type of work, and that females have almost reached males' rate of full time work.

**TABLE 3**  
*Income characteristics of neighbourhoods in Greater Copenhagen  
 1981 and 1997*

| Designation of neighbourhoods | Decile quotient | Income relations 1981 | Income relations 1999 |
|-------------------------------|-----------------|-----------------------|-----------------------|
| Extreme high income           | < 0,25          | 0,65                  | 0,64                  |
| Very high income              | 0,25 - 0,5      | 7,79                  | 25,64                 |
| High income                   | 0,5 - 0,8       | 29,87                 | 16,03                 |
| Above average                 | 0,8 - 1,25      | 18,83                 | 9,62                  |
| Below average                 | 1,25 - 2,0      | 22,08                 | 11,54                 |
| Low income                    | 2,0 - 4,0       | 18,83                 | 22,44                 |
| Very low income               | 4,0 - 10,0      | 1,94                  | 12,82                 |
| Extreme low income            | > 10,0          | 0,0                   | 1,28                  |

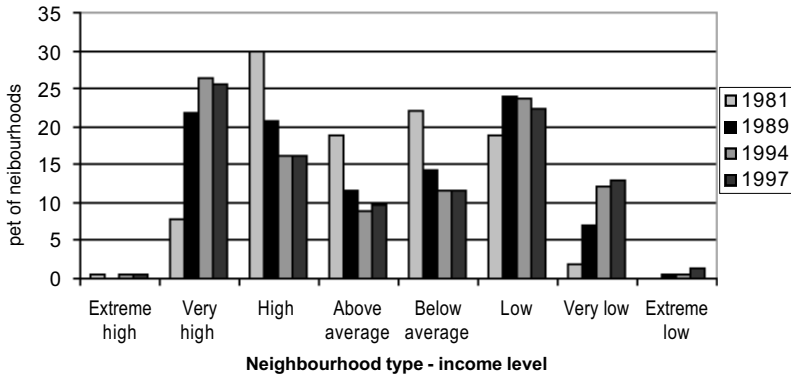
Number of neighbourhoods was 1981: 154 and 1997: 156. Source: Own calculations on data from Statistiscs Denmark. Definition of decile quotient from Delade Städer, Stockholm, 1997

### SOCIAL CHANGE AND SEGREGATION IN GREATER COPENHAGEN

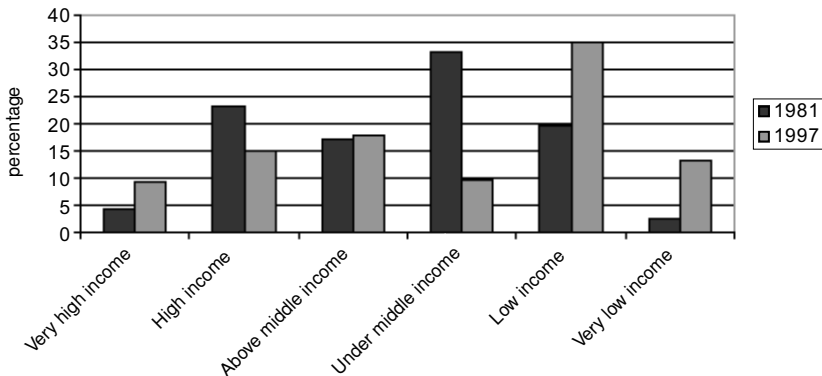
Social changes in the wake of globalization processes do not seem to have produced a polarized city in the Greater Copenhagen region. Economic restructuring, which has completely deindustrialised the central parts of the region and significantly reduced manufacturing in the suburban areas, has not produced a dual wage structure or led to substantial rise in part time work. And women have not been reduced to a marginal position at the labour market in general; their labour market situation has become similar to males. Neither the wage nor the income distributions show signs of polarisation; there is a growing concentration of earnings around the median throughout the period 1981-99. However, the wage distribution has become less equal as a consequence of a growing proportion of highearners. Nevertheless, incomes have also become less equitably distributed at a sub-metropolitan level: while the overall income distribution at metropolitan and even at municipal level is stable throughout the last two decades, income differences between neighbourhoods have grown considerably.

The impact of the spatial dimension can be examined by a more detailed analysis of changes between rather homogeneous residential entities, i.e. the 160 neighbourhoods studied here that are scattered all over Greater

**FIGURE 8**  
*Decile quotient 1980-1997 Greater Copenhagen*



**FIGURE 9a**  
*Low income groups distributed on types of areas (%)*

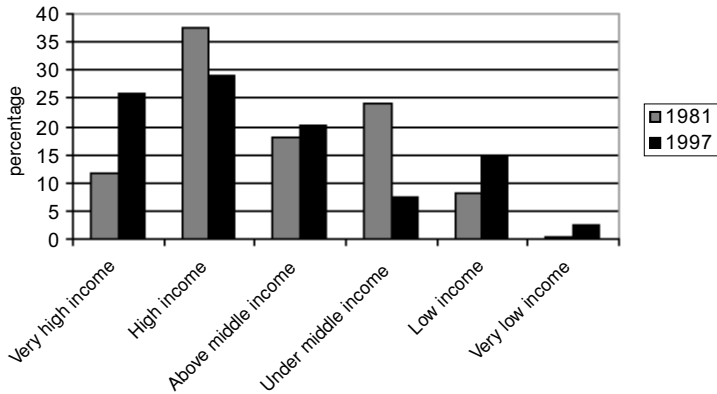


Copenhagen. They have been delimited by natural boundaries (if such could be found), often forming a certain type of housing – e.g. detached, semi-detached, multi-storey buildings, social housing, private ownership etc. The details shall not be given here, but the areas were selected in order to include as many types of urban social change as possible and thus include neighbourhoods in the periphery, the inner city as well as the areas in between.

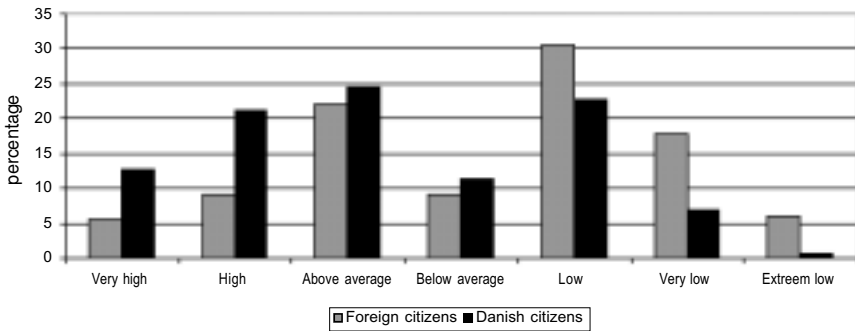
The 160 residential areas have been classified in respect to their decile quotient in terms of income. The population of Greater Copenhagen has been



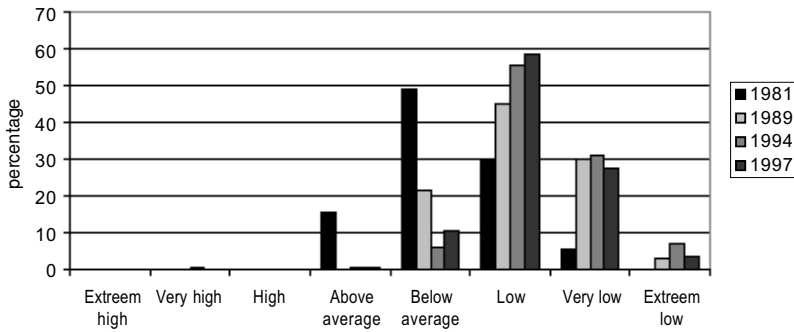
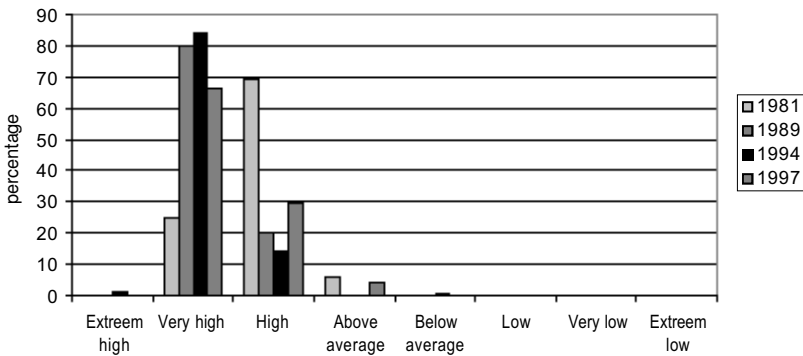
**FIGURE 9b**  
*High income groups distributed on types of areas (%)*



**FIGURE 10**  
*Danish and Foreign citizens 1997 after neighbourhood income level*



sorted according to income; the 10 per cent with the lowest income form decile 1, the next 10 per cent decile 2 and so on. Then, the number of people having an income belonging to decile 1, 2, 3 etc *at the metropolitan level* was calculated for each neighbourhood. Finally, the decile quotient was calculated as the number of income earners belonging to the lowest 20 per cent (deciles 1 and 2) in relation to the highest 20 per cent (deciles 9 and 10). Residential areas with a decile quotient around 1,0 are balanced, i.e. they have an equal number of people with high and low income. Where the decile quotient is above or lower than 1,0 the neighbourhoods can be characterised as poor or affluent areas respectively (Table 3).

**FIGURE 11a***Social housing tenants distributed by neighbourhood income level***FIGURE 11b***Detached housing tenants by neighbourhood income level*

The decile quotient is a simple indicator for social balance at the neighbourhood level. While the middle income group –the balanced type of area which includes the four middle categories in table 3 ranging from low income to high income– included 138 out of 156 areas in 1981 (i.e. 89 per cent), that share was down to 59 per cent in 1997. Thus, there is a clear indication that the middle is shrinking while the extremes are growing. The growth is particularly noticeable at the upper end: Neighbourhoods classified as areas with very high incomes have trebled in number at the expense of neighbourhoods with average income. At the same time, the number of neighbourhoods with very low incomes was also clearly rising. This trend is especially remarkable for the affluent citizens who presumably have a choice in terms of residential location and who seem to voluntarily follow the option of their social seclusion.

At the neighbourhood level the differences between the poorest and most affluent areas have increased. All areas contain adults with lower incomes, one reason being the presence of pensioners and students. As a consequence, there are no areas consisting only of top earning people.

Figure 9 shows the income profile situation in 1981; in the more affluent areas (areas with very high and extremely high income) the share of high income earners (deciles 9 and 10) ranged between 30 and 50 per cent of total earners and in the poor neighbourhoods it was about 10 per cent. The share of low income earners (deciles 1 and 2) was around 20 per cent at both ends of the scale. During the following 16 years (1997 is the last year of comparable income data) two things happened: First, the share of low income earners slightly rose in the neighbourhoods characterised as “very low income” and “extremely low income”. But as the absolute numbers are rather small, firm conclusions should be avoided. Second, the number of high income earners in poor neighbourhoods has clearly diminished and the bulk of high income earners concentrated in the “high income” and “very high income” areas. It should be stressed that the decisive factor in this towards an increasing social imbalance at the neighbourhood level is not the unequal distribution of low income earners between neighbourhoods, but that of high income earners.

Immigrants and refugees have concentrated in the poorest areas over time; in 1981 immigrants accounted for 11 per cent of the population living in neighbourhoods with low, very low or extremely low income. Their share increased to nearly 16 per cent of the total population in 1997, but in the areas characterised by very low and extremely low income their share was respectively 21 and 51 per cent of the population. Figure 10 shows that in 1997 a significantly smaller share of Danes lives in the poorest areas, while the immigrants are strongly under represented in the more affluent neighbourhoods.

Figure 11 shows detached housing tenants and tenants in public housing distributed according to the income type of neighbourhood. The difference between the two distributions is remarkable, as with few exceptions the population of the detached housing is living in affluent areas while social housing is predominately situated in neighbourhoods of low, very low and extremely low income. These figures confirm that housing plays an important role for the social structuration of cities in Western Europe; the residualisation process was not avoided by the Scandinavian welfare states.

## CONCLUSION

Much in contrast to the debate on local consequences of globalization and subsequent economic restructuring, earnings in Greater Copenhagen have not become polarized, and hardly more unequal during the last two decades. Although earnings from manufacturing had, as expected, a more concentrated distribution than earnings from business services, the two distributions not differing radically however. The major changes can be summarised in the growth of the number of high wage earners and in the wider range in the distribution of earnings. The result of the full integration of Copenhagen into global markets has therefore not been a substantial redistribution of the wage pattern. The city has experienced economic and social problems in the wake of the transition from manufacturing to service economy, but the adjustment to the new postindustrial condition has neither caused the deterioration of women's place in the labour market nor the significant growth of part time work. On the contrary, part time work for women substantially diminished between 1981 and 1999.

The distribution of household income evolved more or less in the same way as the distribution of individual earnings and remained relatively similar to the situation in the early 1980s. There are however two interesting features; the first is that the lowest incomes presented the highest growth rate, and the second is that household income grew less for the middle income groups and more for the upper ones as in other OECD countries.

The data presented in this paper demonstrate that Copenhagen has not experienced changes in wage and income distribution that can justify the claim about social polarisation in the 1980s and 1990s. However, the spatial distribution of the social structure has shown clear signs of polarisation during the same period in terms of the changing distribution of residential areas (neighbourhoods) in different income profile types. A growing share of residential areas became either affluent or poor while the middle income areas have decreased markedly.

The welfare state regime has been argued as a dominant factor behind different levels of inequality in the western countries. However, in the light of the data provided here on earnings and income, it is less obvious that welfare states as such influence unequivocally the general level of social equality. The earnings data show a remarkably egalitarian pattern of distribution generated by the labour market and the welfare state impact is presumably reflected in the higher growth rates for the lowest income groups. On the contrary, the rising spatial inequality in Copenhagen does not seem to be occurring despite

the welfare state, but rather appears as the by-product of the welfare state and of the Danish organization of the housing market in particular. Favourable arrangements for home ownership have caused middle and upper middle class households to abandon rented housing to the poorer households. The distressed neighbourhoods, in particular, have experienced a flight of middle class households during the last two decades. Detailed studies show the rising correlation between housing tenure and segregation; present developments can therefore be described as residualisation or tenure polarisation.

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