

## »We are not done with the state«

An Interview with Saskia Sassen by Christof Parnreiter.  
Held at the University of Chicago.

*A certain discourse on globalization maintains that places in general, and cities in particular, become less important with the emergence of new information technologies and economic globalization. You argue, on the contrary, that place still is crucial.*

It is true that the ascendance of information technologies and the associated increase in the mobility and liquidity of capital are key properties of the current phase. However, that does not make place unnecessary. To have hypermobility of capital, you need also capital fixity and mixes of human talent. Managing and servicing the economy in a context of enormous complexity, of uncertain markets and of changing conditions for firms operating globally requires an enormous mix of state of the art resources, infrastructure and talent. Only cities can offer such an environment, only cities provide the conditions to execute these complex tasks. Likewise, only cities can offer the organizational complexity which is necessary for firms to maximize the benefits they can derive from the new information technologies.

One of the specifics of today is that we see a re-scaling of the strategic territories which constitute the economic sy-

stem. For a long time there have been cross-border economic processes – flows of capital, labor, goods, raw materials, tourists. But to a large extent these took place within the inter-state system, where the key articulators were nation states. This has changed rather dramatically over the last decade as a result of privatization, deregulation, the opening up of national economies to foreign firms, and the growing participation of national economic actors in global markets. Yet, the partial unbundling or at least weakening of the nation as a spatial unit due to privatization and deregulation and the associated strengthening of globalization does not mean a loss of significance of places. Rather, it promotes conditions for the ascendance of a new type of organizational structure and of other spatial units or scales than the state. To capture this theoretically and empirically requires, correspondingly, a new type of conceptual architecture. Constructs such as the global city and the global-city region are, in my reading, important elements in this new conceptual architecture.

*How do you characterize a global city?*

There are seven hypotheses through which I organized the data and the theorization of the global city model. First, the geographic dispersal of economic activities which marks globalization, along with the simultaneous integration of such geographically dispersed activities, is a key factor feeding the growth and importance of central corporate functions. The more dispersed a firm's operations across different countries, the more complex and strategic its central functions – that is, the work of managing, coordinating, servicing, financing a firm's network of operations.

Second, these central functions become so complex that increasingly the headquarters of large global firms outsource them: they buy a share of their central functions from highly specialized service firms: accounting, legal, public relations, programming, telecommunications, and other such services. Thus while even ten years ago the key site for the production of these central headquarter functions were the headquarters of a firm, today there is a second key site: the specialized service firms contracted by headquarters to produce some of these central functions or components of them. This is especially the case with firms involved in global markets and non-routine operations. But increasingly the headquarters of all large firms are buying more of such inputs rather than producing them in-house.

Third, those specialized service firms engaged in the most complex and globalized markets are subjected to agglomeration economies. The complexity of the

services they need to produce, the uncertainty of the markets they are involved with either directly or through the headquarters for which they are producing the services, and the growing importance of speed in all these transactions, is a mix of conditions that constitutes a new agglomeration dynamic. The mix of firms, talents and expertise from a broad range of specialized fields makes a certain type of urban environment function as an information center. Being in a city becomes synonymous with being in an extremely intense and dense information loop. Conversely, the sheer amount of information which is produced and processed today creates a need for a higher order type of information, namely a joining of data and interpretation. In this regard cities can also be thought of as important locations in strategic global information loops. This is a type of information loop which as of now still cannot be replicated fully in electronic space, and has as one of its added value features the fact of unforeseen and unplanned mixes of information, expertise and talent, which can produce a higher order of information. This does not hold for routinized activities which are not yet subjected to uncertainty and non-standardized forms of complexity. Global cities are, in this regard, production sites for the leading information industries of our time.

A fourth hypothesis, derived from the preceding one, is that the more headquarters outsource their most complex, unstandardized functions particularly those subject to uncertain and changing markets and to speed, the freer they are to opt for any location because the more

the work actually done in the headquarters is not subject to agglomeration economies. This further underlines that the key sector specifying the distinctive production advantages of global cities is the highly specialized and networked services sector. In developing this hypothesis I was responding to a very common notion that the number of headquarters is what specifies a global city. Empirically it may still be the case in many countries that the leading business center is also the leading concentration of headquarters, but this may well be because there is an absence of alternative locational options. But in countries with a well developed infrastructure outside the leading business center, there are likely to be multiple locational options for such headquarters.

Fifth, these specialized service firms need to provide a global service which means a global network of affiliates or some other form of partnership, and as a result we have seen a strengthening of cross-border city-to-city transactions and networks. At the limit this may well be the beginning of a formation of transnational urban systems. The growth of global markets for finance and specialized services, the need for transnational servicing networks due to sharp increases in international investment, the reduced role of the government in the regulation of international economic activity and the corresponding ascendance of other institutional arenas, notably global markets and corporate headquarters – all these point to the existence of a series of transnational networks of cities. One implication of this, and a related hypothesis for research, is that the

economic fortunes of these cities become increasingly disconnected from their broader hinterlands or even their national economies. In this we can perceive the formation, at least incipient, of transnational urban systems. It seems to me that to a large extent the major business centers in the world today draw their importance from these transnational networks. There is no such thing as a single global city – and in this sense there is a sharp contrast with the erstwhile capitals of empires.

A sixth hypothesis is that the growing number of high level professionals and high-profit making specialized service firms has the effect of raising the degree of spatial and socio-economic inequality evident in these cities. The strategic role of these specialized services as inputs raises the value of top level professionals and their numbers. Further, talent can matter enormously for the quality of these strategic outputs, and given the importance of speed, proven talent is an added value, the structure of rewards is likely to experience rapid increases. Types of activities and of workers lacking these attributes, whether in manufacturing or industrial services, are likely to get caught in the opposite cycle.

A seventh hypothesis is that one result of the dynamics described in hypothesis six is the growing informalization of a range of economic activities which find their effective demand in these cities yet have profit rates that do not allow them to compete for various resources with the high-profit making firms at the top of the system. Informalizing part or all production and distribution activities,

including services, is one way of surviving under these conditions.

*Critics of the global city debate the question to which extent we can really speak of novel developments. Indeed, neither the term nor the concept of world cities is totally new. Goethe called Vienna a world city, and Patrick Geddes used the term in 1915 for cities where the most important economic transactions were realized. The term was re-launched in the work of Peter Hall in the 1960s and re-specified by John Friedmann in the 1980s. For Braudel a world city is a city of international importance, a city that lies in the center of a world economy. He furthermore points out that world cities are nodes where the flows of information, migrants, money, goods etc intersect. So what is the difference to today's global cities?*

Yes of course, in some ways Genoa and Venice were already global cities, and so was Braudel's »Superville«. Braudel, Arrighi and others already spelled out a number of the issues that we see recurring today. Here Arrighi's analysis is of interest in that it posits the recurrence of certain organizational patterns in different phases of the capitalist world economy, but at higher orders of complexity and expanded scope, and timed to follow or precede particular configurations of the world economy. I don't disagree with that. But my question then is: is that enough to say that it was already there? That for me as a researcher is not enough. The specifics of today need to be recognized and need to be studied. When I first chose to use the term »glo-

bal city« in 1984 I did so knowingly – it was an attempt to name a difference: the specificity of the global as it gets structured in the contemporary period. I did not choose the obvious alternative, world city, because it had precisely the opposite attribute: it referred to a type of city which we have seen over centuries, and most probably also in much earlier periods in Asia than in the West.

The first particular feature of today is the question of the nation. Venice and Genoa were not dealing with a history of a hundred years in which the nation was marked as a strategic scale for economics and politics. While territory has historically been the subject to multiple systems of control, over the last century, territory, law, participation, culture, administration etc. were constructed at the national scale. That makes a big difference to earlier periods. To me it is crucial that today the network of global cities emerges out of that context. That implies a whole series of necessary negotiations between the global and the nation which did not happen in that way in earlier times. One of the outcomes of that negotiation is what I call incipient denationalizing of strategic instantiations of the nation state. Out of which also comes the legal infrastructure for globalization which is quite thick and formalized and institutionalized.

The second major marking condition of the current situation is the technological issue, the specific features of the new technologies. They allow to increase the capacity to dematerialize and liquefy investment which means for instance that this expanding network of global

cities can target more and more countries in a very strategic fashion to suck out national wealth. The global city contains the resources – like material infrastructure or human talent – which make it possible to liquefy that national wealth and to inject it into this global city network. The kinds of instruments that have been invented, the kind of technical infrastructure in which those instruments can maximize the consequences of that liquefaction make an enormous difference to what was the case in the past when so much of economic transaction was just not quite as liquid as it is today. This allows, for example, for these superprofit making capacities. To say that there was finance capital then and there is finance capital today is just not enough because it is much more liquid now, much more intermediated. Finance is no longer the same as it was in the past. It is no longer a simple service. It is a service, it services, but it also becomes something else, we still use the same term, but it really is something else. It becomes its own commodity.

Thus, given what is distinctive about today – first the fact that we have just come out of these hundred years of the nation, and second the new technologies – it is quite possible that there are very, very specific differences in the current period.

*Do you think that a comparative historical study of world or global cities focussing on aspects such as cross-border connections, city networks, finance, global control capacities etc. could be worthwhile?*

It could be interesting but you would need a very particular combination of scholarship to do it well. I think we have two problems. One is that when people like me are going to look at the past we do that with our own conceptual grid that will pick up certain issues. That might produce a different story of Venice than Braudel has produced. And the other problem is that when experts of that period look at the present they also use their own conceptual grid and they will see certain things. In a lot of comparative studies there is an enormous risk of a built in bias. You might gain something, but you also lose something. But it would be interesting to put together experts and then really unpack what is different today compared to earlier periods. I can imagine for example having to do with some version of empire and then the city emerging as partly at least disengaged from that condition of empire, which would probably be similar to what I am calling incipient denationalizing or partial denationalizing which is today the mechanism which negotiates between the condition of the nation and the facility of a global city that is part of a national territory. So, it might be an interesting question, and I have the impression that it is getting on the agenda because enough people are interested in globalization and cities, enough people understand that there is some discontinuity. That does of course not mean that everything is new or that everything has changed. But it is such a common notion that nothing has really changed, that is all the same, so it might be actually a wonderful exploration. However, it should be a very small

group of researchers, no performativity, it is not about winning or losing a debate.

*When Braudel speaks about world cities, he maintains that the world economy allows only for one world city. That means that the rise of Genoa meant the decline of Antwerp, and the rise of Amsterdam meant the decline of Genoa, etc. Could it be a specific feature of today's globalization that a cross border network of cities emerges where cities not only compete with each other but also conduct a certain division of labor?*

Exactly. The importance of cross-border networks connecting global cities is a major marking condition of the current period. Much of the older literature does not have the fact of globalization and the centrality of cross-border networks connecting cities as crucial variables. The earlier literature on world cities is closer to the notion of capitals of empires: one city at the top of the power hierarchy. In the current literature on global cities the determining factor is a cross-border, global network of cities that function as strategic sites for global economic operations. There is no such entity as a single global city as there is with the capital of an empire. By definition, the global city is part of a network of cities. In this regard it could be said that most of today's major global cities are also world cities, but that there may well be some global cities today that are not world cities in the full, rich sense of that term. Miami for example has developed global city functions beginning in the late 1980s, but that does not make it

a world city in that older sense of the term.

In addition, the detailed examination of three particular cities – New York, London, Tokyo – in my 1991 book »The Global City« brought to the fore the extent to which these cities collaborate through their very specific advantages rather than simply competing with each other. In focusing on global finance it became clear that the growth of the major centers was partly derived from the growing network of financial centers. In looking at the broader network it also became clear to what extent it was and remains characterized by a pronounced hierarchy among this growing number of centers which constitute it. Yet, it is not only the network of financial centers. The growth of networked cross-border dynamics among global cities includes a broad range of domains – political, cultural, social, criminal. There are cross-border transactions among immigrant communities and communities of origin and a greater intensity in the use of these networks once they become established, including economic activities which were unlikely until now. We also see greater cross-border networks for cultural purposes, as in the growth of international markets for art and a transnational class of curators; and for non-formal political purposes, as in the growth of transnational networks of activists around environmental causes, human rights, and so on. These are largely city-to-city cross-border networks, or at least, it appears at this time to be simpler to capture the existence and modalities of these networks at the city level. The same can be

said for the new cross-border criminal networks.

*You stressed that the transformations which the nation and the nation state are undergoing mark a specific condition in the era of globalization. Would you agree that the nation state, which had the agency for the last hundred years, loses influence, while cities re-emerge as agents – like once Genoa?*

Venice and Genoa I think so. But it is still different because the state is still the major dominant power. We are not done with the state. Venice and Genoa did not have to cope with questions of the nation state. What confuses this issue is that the state itself scales its strategic operations differently today than it did twenty years ago. The state itself de-centered, relocated some of its functions to other domains. It began to scale its strategic operations both on a subnational and a supranational level, so that the state itself is not always functioning on the scale of the nation. It is not that the state disappears, its not that sovereignty disappears, but state-ness, sovereignty etc., these conditions are transformed.

That means that the agency which New York has is still different from the agency Genoa had. It was clearer, a simpler institutional landscape then. Today, the scale of the nation is still dominant – institutionally, administratively, in terms of power, in terms of authority, in the sense of authorizing, making. The state is still the crucial agent, the engagement by the state is necessary for globalization. But what the state is doing is denationalizing, it is relocating what it

used to incorporate to these other domains. The state itself has authored agency for certain economic actors, for certain capacities in the economy that tend to relocate and to concentrate in the space of the city. Genoa and Venice didn't have to deal with that. So, only if you withdraw to an enormous level of generality can you say: Genoa had agency and so had Venice, as today do New York and London. That is true, and at a certain level it is enormously exciting. But that is only the beginning. Then you need to dig, to excavate, and then, when your stuff becomes to get thick and complex and interesting, that's when you see the specificities of the current condition. The same argument I make in respect to the informal economy: Of course many of the informal activities today look like those activities looked a hundred and fifty years ago. But in between is this incredible history of the regulatory state, which regulated workplaces, regulated the employment relationships etc. And that makes a big difference.

*According to Braudel, »city« and »state« always have been rivals. Historically, strong states implied weak cities and vice versa. So the question arises if, we do not so much experience a new quality in state-city relations, but rather a phase in which the city got again the upper hand over the state?*

On some level most of the history might be characterized by what Braudel says, but not the last hundred years. I don't think that under Fordism there was rivalry between the city and the state. In that epoch the strategic sites for econo-

mics and for politics are two: the factory and the government. The economic project was scaled at the national scale, and the city is truly a servicing function. Further, today's marking condition is not so much the city – state relation in general. It is something different. This relation is throughout there, New York had a city/state relationship for a long time. What I am saying is that in the last hundred years or so the regulatory state was very accomplished in subjecting everything to national rule, constructing the legal and administrative instruments and all the institutional apparatus that made the nation absolutely preeminent. Now, on some very broad, general level one could say that the history of the nation state is exceptional because territory has historically been subjected to multiple systems of control. But the exception that stands out is that hundred years of history of the nation. In this period the nation state constructs its exclusive authority and exclusive rule over territory, over law, administration, participation and citizenship etc.

Out of that comes the unpacking and unbundling that we face today that makes it possible for the cities to gain ascendance. That is a little more specific than just city versus state. Although of course you might say that what emerges now is another form of that city-state relation. But it is not the level I am interested in. I am interested in underpinning how out of this dynamic, which scaled at the national level, where the intention was to construct the nation as preeminent, comes this other dynamic, where strategic operations are scaled on different levels. Among these are the

sub-national, notably cities and regions, cross-border regions encompassing two or more sub-national entities, and supra-national entities, i.e. global digitalized markets and free trade blocs. The dynamics and processes that get territorialized at these diverse scales can in principle be regional, national or global. In the case of global cities, the dynamics and processes that get territorialized are global.

*One of your main arguments is that what specifies a global city is that it is a place where global control capability is produced.*

Power needs to be produced and reproduced, it needs to be formalized, it needs to be institutionalized, given a form etc. That is why I don't like to say: the global city looks like Braudel's Superville. You can't take these categories as given, neither the city nor the state. I want to understand the production of this. In much of the dominant discourse on globalization, technology and cities the end of cities as important economic units or scales is posited. In this respect I perceive a tendency to take the existence of a global economic system as a given, a function of the power of transnational corporations and global communications. My counter argument is that the capabilities for global operation, coordination and control contained in the new information technologies and in the power of transnational corporations need to be produced. By focusing on the production of these capabilities we add a neglected dimension to the familiar issue of the power of large corporations and the capacity of the new



technologies to neutralize distance and place. The focus shifts the emphasis from the production of these capabilities to the *practices* that constitute what we call economic globalization and global control.

A focus on practices draws the categories of place and work process into the analysis of economic globalization. These are two categories easily overlooked in accounts centered on the hypermobility of capital and the power of transnational corporations. Developing categories such as place and work process does not negate the centrality of hypermobility and power. Rather, it brings to the fore the fact that many of the resources necessary for global economic activities are not hypermobile and are, indeed, deeply embedded in place, notably places such as global cities, global-city regions, and export processing zones.

This entails a whole infrastructure of activities, firms and jobs, which is necessary to run an advanced corporate economy. These industries are typically conceptualized in terms of hypermobility of their outputs and the high levels of expertise of their professionals rather than in terms of the production or work process involved and the requisite infrastructure of facilities and non-expert jobs that are also part of these industries. This brings with it an emphasis on economic and spatial polarization because of the disproportionate concentration of very high and very low income jobs in the city compared with what would be the case at a larger scale such as the region or the country. A focus on regions, in contrast will lead to

an emphasis on broad urbanization patterns, a more encompassing economic base, more middle sectors of both households and firms. Emphasizing place, infrastructure and non-expert jobs matters precisely because so much of the focus has been on the neutralization of geography and place made possible by the new technologies.

Recapturing the geography of places involved in globalization allows us to recapture people, workers, communities, and more specifically, the many different work cultures, besides the corporate culture, involved in the work of globalization. It also brings with it an enormous research agenda, one that goes beyond the by now familiar focus on cross-border flows of goods, capital and information. Further, by emphasizing the fact that global processes are at least partly embedded in national territories, such a focus introduces new variables into current conceptions about economic globalization and the shrinking regulatory role of the state. That is to say, the space economy for major new transnational economic processes diverges in significant ways from the duality global/ national presupposed in much of the analysis on the global economy. The duality national versus global suggests two mutually exclusive spaces – where one begins the other ends. One of the outcomes of a global city analysis is that it makes evident that the global materializes by necessity in specific places and institutional arrangements, a good number of which, if not most, are located in national territories.

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