

SOCIOLOGY FOR A NEW CENTURY

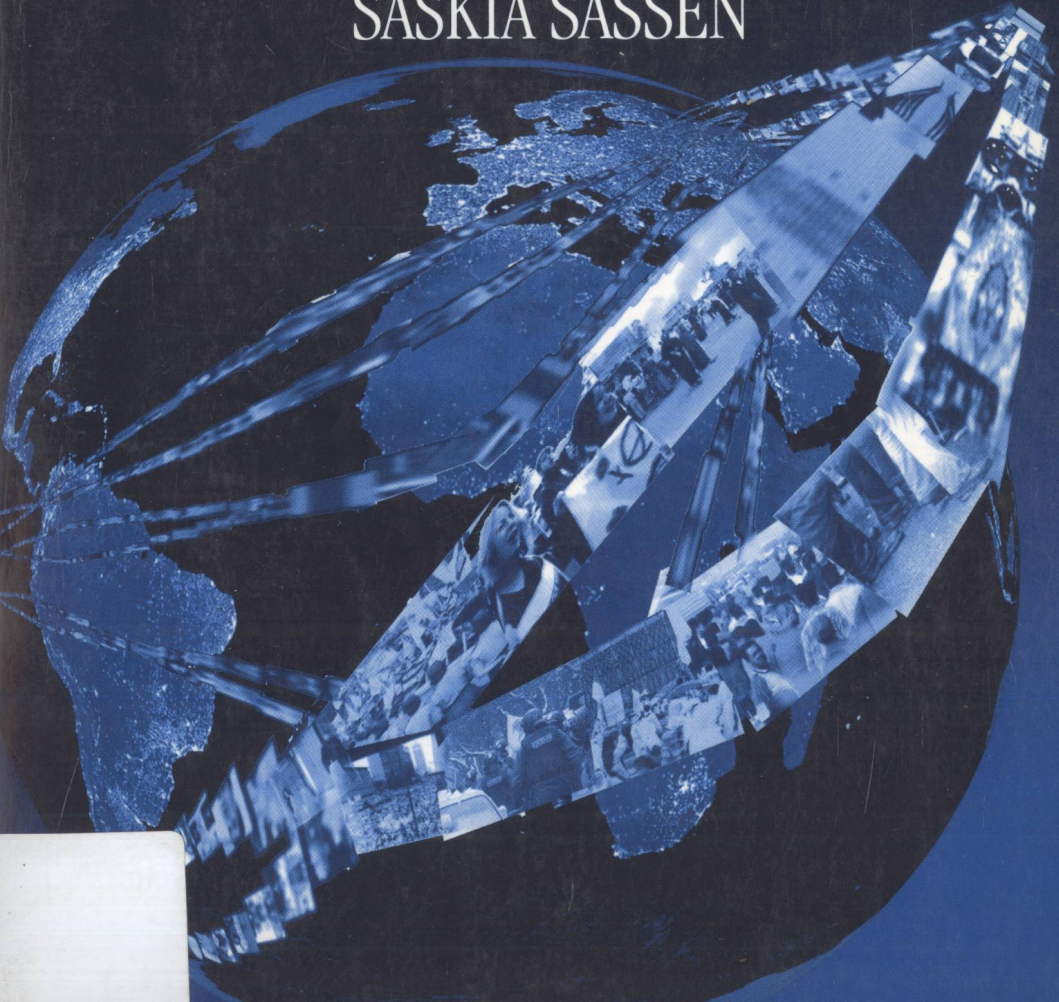


CITIES IN A WORLD ECONOMY

THIRD EDITION



SASKIA SASSEN



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Saskia Sassen

University of Chicago



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CITIES IN A WORLD ECONOMY

THIRD EDITION

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About the Author

Saskia Sassen is the Ralph Lewis Professor of Sociology at the University of Chicago and Centennial Visiting Professor at the London School of Economics. Her recent books are *Territory, Authority, Rights: From Medieval to Global Assemblages* (2006), *A Sociology of Globalization* (2006), *Digital Formations* (coeditor, 2005), *Global Networks, Linked Cities* (editor, 2002), and *Guests and Aliens* (1999). Her books have been translated into 16 languages. She is the editor of the volume on urban sustainability in the new 14-volume *Encyclopedia of Life-Systems* being produced by UNESCO and EOLSS (2006), for which she coordinated a network of researchers and activists in 30 countries.

Preface to the Third Edition

Little did I know that 15 years after the original version I would find myself working on a third edition of this book. The two preceding prefaces contain much of what I would like to repeat here, but the occasion demands brevity. Besides a thorough updating, bringing in the latest available data, this new edition addresses some of the critical questions about a range of processes that have gained prominence over the last several years. One of these is international migrations, examined in Chapter 7, a whole new chapter, and through new material in several other chapters. Women have emerged as key actors in migration processes and in some of the labor markets growing fast in global cities. When it comes to new trends, the second edition showed a strengthening of patterns that had been only dimly detected in the first edition. The data for the late 1990s and into 2005 examined in this third edition show a further strengthening of some of those patterns, such as the sharp concentration of global wealth and the growth of various forms of inequality, as well as the emergence of new patterns. Perhaps most notable among the latter is the rapid growth in the network of global cities and the addition of several new major centers at the top of the system. Further, some of the leading centers, such as Tokyo, have lost ground, while others, such as New York after the attacks of September 11, 2001, have regained power. The data covering social variables show a sharpening in several alignments, further suggesting the emergence of new types of social formations inside these cities.

Much was said already in the prefaces to the two preceding editions, particularly the first, about the genesis of the book and all the institutions and people who made it possible. They made all the difference, and I remain grateful to them. Here, I would like to acknowledge the encouragement of teachers and students who have used the book. Their praise and their comments mean a lot to me. I would like to single out several users of the book for their most helpful suggestions: Professors Rhacel Parrenas (University of California, Davis), Jan Nijman (University of Miami), Daniel Monti

(Boston University), Gerry Sussman (State University of New York, Oswego), and Peter Taylor (Loughborough University, United Kingdom). They wrote detailed comments and suggestions that I have tried to follow.

Finally, the people who made this third edition happen: I am most grateful to the editors of the Series, York Bradshaw (University of South Carolina, Upstate), Vincent Roscigno (Ohio State University), and Joya Misra (University of Massachusetts, Amherst), for asking me to do a third edition. It is not really easy or comfortable to go back to an old book, and to do so word by word, number by number. They persuaded me it was a good idea. Ben Penner, the Pine Forge editor of the series, was contagious in his enthusiasm and was a generous supporter of the project, especially of the vast research necessary to do the updates. Annie Loudon of Pine Forge was extremely helpful. The single largest thank you goes to David Lubin, who did much of the research for the tables and their final preparation; it could not have been done, certainly not on time, without him. Zachary Hooker, Vikas Chandra, Danny Armanino, and Nilesch Patel were enormously helpful at various stages of the work. Last but not least, copyeditor Teresa Barendsfeld made all the difference.

Preface to the Second Edition

Since I completed this book in the early 1990s, the world has seen a recession come to an end, a boom in global financial transactions, and a major crisis in Southeast Asia, parts of Latin America, and Russia. Yet throughout these often sharp and massive shifts, we have also seen the continuation of the major developments that I used to specify the features of the global economy that have made cities strategic. Indeed, many of the updated tables in this edition show the accentuation of some of the trends identified in the earlier edition. They also show the growth of the cross-border network of cities that constitutes a transnational space for the management and servicing of the global economy. As countries adopt the new rules of the global game, their major business centers become the gateways through which capital and other resources enter and exit their economies.

A major new trend that is becoming evident over the last few years is the strengthening of the networks connecting cities, including a novel development: the formation of strategic alliances between cities through their financial markets. 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. We can see here the formation, at least incipient, of transnational urban systems. To a large extent, it seems to me that the major business centers in the world today draw their importance from these transnational networks. The global city is a function of a network—and in this sense, there is a sharp contrast with the erstwhile capitals of empires. This subject is sufficiently new and so little known that I have added a whole new section on it in Chapter 5.

These networks of major international business centers constitute new geographies of centrality. The most powerful of these new geographies of

centrality at the global level bind the major international financial and business centers: New York, London, Tokyo, Paris, Frankfurt, Zurich, Amsterdam, Los Angeles, Sydney, and Hong Kong, among others. But this geography now also includes cities such as Bangkok, Seoul, Taipei, São Paulo, Mexico City, and Buenos Aires. The intensity of transactions among these cities, particularly through the financial markets, trade in services, and investment, has increased sharply, and so have the orders of magnitude involved. At the same time, there has been a sharpening inequality in the concentration of strategic resources and activities between each of these cities and others in the same country.

One of the more controversial sections of the first edition of this book proved to be my analysis and conceptualization of the growth of inequality within these cities. Then and now, the data are inadequate to have definitive proof. Yet I would argue that we continue to see this trend toward inequality. There is an ongoing growth of the highly paid professional classes connected to leading sectors of the global economy and of national economies. And there is also continuing growth of low-wage service workers, including industrial services. In many of these cities, we continue to see a fairly large middle class. But on closer examination, a good part of this middle class is still living at the level of prosperity it gained in the earlier economic phase. It is not certain at all that the sons and daughters of these aging middle classes in various cities around the world will have the, albeit modest, prosperity enjoyed by their parents. Furthermore, the growth of disadvantaged sectors, many excluded from a growing range of institutional worlds—of work, education, and politics—continues to be evident in many of these cities.

It has been fascinating to revisit the earlier empirical information and bring it up to date. The strengthening of many of these patterns took even me a bit by surprise.

Preface to the First Edition

Sociologists have tended to study cities by looking at the ecology of urban forms and the distribution of population and institutional centers or by focusing on people and social groups, lifestyles, and urban problems. These approaches are no longer sufficient. Economic globalization, accompanied by the emergence of a global culture, has profoundly altered the social, economic, and political reality of nation-states, cross-national regions, and—the subject of this book—cities. Through the study of the city as one particular site in which global processes take place, I seek to define new concepts useful to understand the intersection of the global and the local in today's world—and tomorrow's.

It is helpful in this context to recall Janet Abu-Lughod, a leading urban sociologist, who has commented that it is impossible to study the city only from a sociological perspective because it requires an understanding of many other realities. Manuel Castells, another major urban sociologist, has added that it is impossible to study the city only from an urban perspective. These two observations mark an empty space in urban sociology, which I seek to address in this book.

Although there has been an international economic system for many decades and a world economy for many centuries, the current situation is distinct in two respects. On the one hand, we have seen the formation of transnational spaces for economic activity where governments play a minimal role, different from the role they once had in international trade, for instance. Examples of such spaces are export processing zones, offshore banking centers, and many of the new global financial markets. On the other hand, these transnational spaces for economic activity are largely located in national territories under the rule of sovereign states. There is no such entity as a global economy completely “out there,” in some space that exists outside nation-states. Even electronic markets and firms operating out of the World Wide Web have some aspect of their operation partly embedded in actual national territories. Yet the location of the global largely in the

national happens through a significant new development: a change in the ways in which the national state regulates and governs at least part of its economy. Deregulation and privatization are but partial descriptions of this change. The outcome is the formation of transnational spaces inside the national. This new configuration is increasingly being called a global economy to distinguish it from earlier formations such as the old colonial empires or the international economic system of the immediate post-World War II period, in which governments played a crucial regulatory role in international trade, investment, and financial markets.

Understanding how global processes locate in national territories requires new concepts and research strategies. The global city is one such new concept; it draws on and demands research practices that negotiate the intersection of macroanalysis and ethnography. It presumes that global processes, from the formation of global financial markets to the rapid growth of transnational labor markets, can be studied through the particular forms in which they materialize in places.

This book shows how some cities—New York, Tokyo, London, São Paulo, Hong Kong, Toronto, Miami, and Sydney, among others—have evolved into transnational “spaces.” As such cities have prospered, they have come to have more in common with one another than with regional centers in their own nation-states, many of which have declined in importance. Such developments require all those interested in the fate of cities to rethink traditionally held views of cities as subunits of their nation-states or to reassess the importance of national geography in our social world. Moreover, the impact of global processes radically transforms the social structure of cities themselves—altering the organization of labor, the distribution of earnings, the structure of consumption, all of which in turn create new patterns of urban social inequality. In *Cities in a World Economy*, I seek to provide the vocabulary and analytic frames with which students and the general reader can grasp this new world of urban forms.

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