

Four dynamics that explain the development / existence of global cities

Saskia SASSEN

Professor,

Department of Sociology,

The University of Chicago /

Centennial Visiting Professor,

London School of Economics

Four dynamics that explain the development/existence of global cities

- 1. The limits of technical logics: Technology loops through economic, political, social, cultural, subjective environments and is altered by these.
 - The key technical property of the new ICTs: global dispersal and simultaneous system integration. Technically this would mean the elimination of agglomeration economies.
 - But the larger social, economic order contains multiple logics. As a result the outcome is a mix of technical and non-technical features. The relative weight of each will vary depending on case.
 - Key implication: spatial agglomeration may remain as a feature in even the most globalized and digitized sectors, e.g. finance

The global economy needs to be produced, designed, serviced— it is not simply a given

1. The global economy is not merely a function of the power of TNCs or the new technologies.
2. Global dispersal along with simultaneous system integration raises the complexity and importance of central functions because:
 - to a large extent global trade is intra-firm and hence managed
 - financial markets are increasingly becoming corporate owned
3. These functions become so complex that they are increasingly outsourced to specialized services firms. This complexity plus market uncertainty, imperfect knowledge, changing conditions —all sharpened under globalization— means these firms benefit from agglomeration. This is a new logic for the spatial concentration of firms: i) interactivity among these services firms and ii) need for multiple speczd. inputs on the part of hqrtrs.

The geography of ICTs: global span, nodes, the value-added of organizational complexity

- A. ICTs: Designed for long distance communications, capable of neutralizing distance, space/time compression, etc. Yet the most advanced infrastructures servicing leading sectors (such as wholesale finance) have a geography marked by i) long spans and ii) dense nodes with massive concentrations of infrastructure and various technical features.
- B. To maximize the benefits firms and markets can derive from these technologies they need organizational complexity –both internal to firm (e.g. complex needs) and in their settings (e.g. urbanization economies).
- The logics behind A and B have as one outcome the importance of global cities for the most advanced complex economic sectors.
- ((P.S. This is not simply about headquarters, but also, and increasingly much more so, about the networked specialized services sector)).

Information in an information economy: Different types and spatial consequences

- A. Standardized information: no matter how complex, accessible from anywhere and hence no agglomeration advantages.
- B. Higher order information: a mix of A) and guesses, evaluations, inferences. Access to networks of specialized firms and professionals becomes crucial. Hence: agglomeration advantages.
- It is B. that is critical for the most complex and strategic activities of firms and markets with global operations. Firms cannot simply buy B. (as they can buy e.g. credit ratings). They need to make this part of their work process in both formal and informal ways.
- The global city is a strategic site where multiple global, highly specialized/partial information loops intersect and produce a dense, thick “enabling environment” for the production of B.
- ((This also leads to growing demand for professional talent))

Reinventing citizenship and civil society in the global city

- GLOBALIZATION CONTRIBUTES TO:
 - A. Destabilization of existing hierarchies of formalized power
 - B. Destabilization of existing hierarchies of scale
- One set of consequences of A. and B.:
- -Ascendance of sub-national and transnational spaces, e.g. cities
- -New meanings can be read into the concrete politics of cities:
 - Informal, or not yet formalized subjects, can participate in politics
 - Makes legible the unbundling of citizenship: formal rights can be distinguished from citizenship practices and identities
 - Cultural work of internationalizing corporate, government and media elites
 - Non-cosmopolitan forms of global, international or cross-border politics.

Chicago as a global city:

- 1. Conditions/resources: What are Chicago's specialized resources for servicing the global operations of firms and markets?
 - A) Specialized networked corporate services sector: law, accounting, advertising, financial services, global telecommunications services for corporations (?).
 - B) Key is high level of specialization and mix of services
- 2. Infrastructure for ICTs
- 3. Chicago's position on various global information loops
- 4. Professional talent pool

Chicago's social, cultural resources. Cross-border circuits/international links.

- A. Urban economies derive multiple advantages, many as yet unspecified, from high levels of cultural and social diversity. Particular advantages for globalized sectors.
- B. Cross-border circuits (e.g. immigrant communities with active links to their countries of origin) add to A.
- C. Diversity adds to entrepreneurial pool: global cities tend to have many niche markets and hence opportunities for entrepreneurship (immigrant community generated enterprises, new media firms, designer firms)
- D. Official culture, art markets, festivals
- E. Enabling art-making, alternative art/music worlds

General and specific challenges facing global cities: The case of Chicago

- A. Expanded demand for professionals and crucial importance of proven professional talent when it comes to the most complex global city functions leads to growth of high-income class and hence demand for high-quality housing and auxiliary services (restaurants, shops). Urban glamour zone.
- B. Expanded demand for low-wage services creates a demand for low-income housing at a time when A. re-oriens construction of new and renovation of old housing to high-price markets. Flexibility of immigrants.
- C. Combination of A. and B.: growing social and spatial inequality, with often negative consequences for civic fabric of city. Old and new “minorities.”
- D. Growth of international professional class and international low-wage service class: Important to recognize the value of both; high risk of privileging the first and misunderstanding the second.
- E. High cost of creating the enabling environment for global city functions (ICT and conventional infrastructure, security, world-class office districts and culture/education, reliable public services, public schools, public space)

-
- F. Challenges of balancing the new growth sectors (A. and B.) with ongoing importance of other, often shrinking or less visible sectors, such as manufacturing and public sector work.
 - G. Recognizing importance of mix of sectors for a healthy, flexible, sustainable urban economy in a context of a) growing inequality in profit-making capacities of different sectors and b) growing inequality in the share of urban/metropolitan revenues accounted for by different sectors. E.g. risk of privileging financial services and neglecting urban manufacturing, art-making, small low-profit enterprises.
 - H. Environmental sustainability of cities: the high-profit, high government revenue share of leading sectors, such as advanced corporate services, can create disincentives for serious pursuit of environmentally sustainable ways of doing things. Important to recognize that the latter can be more labor intensive (create more jobs) and often more efficient in the long run than non-env. sustainable modes. The value added of clean environments.