SAIS Review vol. XXIX no. 1 (Winter–Spring 2009)

Cities in Today's Global Age

Saskia Sassen

As recently as the 1970s, many of our great cities were in physical decay and losing people, firms, and economic clout. New York was officially bankrupt, and so was Tokyo; London was informally bankrupt. As we moved out of the 20th century and into the 21st, however, a rapidly growing number of cities had reemerged as strategic places for a wide range of activities and dynamics. Critical, and partly underlying all the other dimensions of this reemergence, has been the new economic role of cities in national economies and in an increasingly globalized world.

Much is known about the wealth and power of global firms and financial exchanges. Their ascendance in a globalizing world is no longer surprising. And the new information and communication technologies are generally recognized as the handmaidens of economic globalization. Now we are also learning that these firms and exchanges are highly susceptible to crisis. Since the 1980s there have been five major financial crises that have affected most firms, in good part due to the high level of financializing in more and more economies.

Less clear is why cities should matter more in the globalized world that began in the 1980s than they did in the Keynesian world of the mid-1900s. Nor is it clear in what ways the financializing of a growing range of economic sectors affects cities, especially global cities. Finally, while inequality has long been a feature of cities, major structural trends in today's phase generate novel types of social and spatial inequality which, at the limit, alter the very meaning of urbanity and civic life. This is especially evident in global cities, which become the site for new kinds of political practices and political actors.

These are the subjects examined in this brief article.

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1. From The Keynesian City to The Global City.

In the Keynesian period, cities were above all centers for administration, small-scale manufacturing, and commerce—in short, spaces for rather routinized endeavors. The strategic spaces where major innovations occurred were the government (e.g. the making of social contracts, such as the welfare state) and mass-manufacturing (e.g. the mass construction of suburban regions and national transportation infrastructure).

In the Keynesian period, cities were above all centers for administration, small-scale manufacturing, and commerce.

The most common and easiest explanations for why cities became strategic in a global corporate economy are the ongoing need for face-to-face communications and the need for creative classes and inputs. Both are part of the answer. But in my reading these are surface conditions and cannot fully explain the new phase.

The rise of cities as strategic economic spaces is the consequence of a deeper structural transformation evident in all developed economies. It affects cities at multiple levels, from the provincial to the global. At the heart of this deep structural trend is that even the most material economic sectors (mines, factories, transport systems, hospitals) are now buying more insurance, accounting, legal, financial, consulting, software programming, and other such services for firms. These so-called "intermediate services" tend to be produced in cities, even if the mine or steel plant being serviced is in a non-urban location. Thus, even an economy centered in manufacturing or mining will feed the urban corporate services economy. Firms operating in more routinized and sub-national markets increasingly buy these service inputs from more local or regional cities, which explains why we also see the growth of a professional class and the associated built environments in cities that are not global. The difference for global cities is that they are able to handle the more complex needs of firms and exchanges operating across national borders. It is only in its most extreme forms that this transformation feeds into the growth of global cities; it cuts across the binary national-global.

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The outcomes of this structural condition get wired into urban space. The growth of high-profit corporate service firms and of a high-income professional class becomes legible in urban space through the growing demand for state-of-the-art office buildings, luxury residences, and luxury consumption spaces. The growing demand for both leads to often massive and visible displacements of the more modest-income households and modest profit-making firms, no matter how healthy these may be from the perspective of the economy and of market demand. In this process, urban space itself becomes an object for contestation: the gentrifiers versus the displaces.[1]

This partly explains why architecture, urban design and urban planning have each played such critical roles when the new global phase began in the 1980s, compared to the Keynesian post-war period. Beginning in the 1980s we see the partial rebuilding of cities as platforms for a rapidly growing range of globalized activities and flows, from the economic to the cultural and political. But it also explains why global cities became an object of investment, beyond being a place for investing in, when this global phase took off in the 1980s, and why the number and types of cities that became such objects expanded rapidly as globalization spread in the 1990s and onwards.

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When I first developed the global city model in the 1980s, my starting point was the global networks of affiliates of firms, global financial exchanges, global trade routes, and global commodity chains. The emergent scholarship examining these global operations emphasized geographic dispersal, decentralization, and deterritorialization. This was indeed all happening. But I was interested in the territorial moment of all these increasingly electronic and globally dispersed operations. At that time my idea was to focus on New York and Los Angeles, which seemed to be major territorial nodes. But sticking to my own methodology—starting with the global operations of firms and exchanges, and tracking the sites where they hit the ground—forced me to recognize that in the 1980s it was New York, London, and Tokyo that stood out, with Los Angeles much further down the list.

Applying this methodology today leads one to a vastly expanded global geography of sites. There is more of everything, from export processing zones and off-shore banking centers to massive warehouses that serve as stops on global trade routes. Most importantly, there are many more global cities, and one important question is how the financial crisis affects these cities and whether it affects some more sharply than others.

2. The Multiple Circuits of the Global Economy

There is no such entity as 'the' global economy. There are global formations, such as electronic financial markets and firms that operate globally. But the key feature of the current era is a vast number of highly particular global circuits that criss-cross the world connecting specific groups of cities. These circuits vary enormously: some are specialized and some are not, some are regional and some are global. While many of these global circuits have long existed, what began to change in the 1980s was their proliferation and their increasingly

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complex organizational and financial framings. Together these circuits began to constitute inter-city geographies which function as an infrastructure for globalization. And they increasingly urbanized global networks.

Different circuits connect particular countries and cities. For instance, Mumbai is today part of a global circuit for real-estate development that includes investors from cities as diverse as London and Bogotá. Coffee is mostly produced in Brazil, Kenya, and Indonesia, but the main trading place for futures on coffee is Wall Street, even though New York does not grow a single bean. Specialized circuits in gold, coffee, oil, and other commodities involve particular places, which will vary depending on whether they are production circuits, trading circuits, or financial circuits. There are also the types of circuits a firm such as Wal-Mart needs to outsource the production of vast amounts of products, which include not only manufacturing and trading, but also financial and insurance servicing circuits. If we were to track the global circuits of gold as a financial instrument, we would see that London, New York, Chicago, and Zurich dominate. But the wholesale trade in the metal brings Sao Paulo, Johannesburg, and Sydney onto the map, and the retail trade incorporates Mumbai and Dubai. New York and London are the biggest financial centers in the world. But they do not dominate all markets. Thus Chicago is the leading financial center for the trading of futures, and in the 1990s Frankfurt became the leading trader for, of all things, British treasuries. These cities are all financial leaders in the global economy, but they lead in different sectors and they are different types of financial centers.

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Yet another pattern, the combination of global dispersal and ongoing spatial concentration of certain functions, becomes evident in the following cases. The 250,000 multinational corporations in the world together have over a million affiliates worldwide, but they tend to keep their headquarters in their home countries. So do the 100 top global advanced services firms, which together have operations in 350 cities outside their home base. While financial services can be bought everywhere electronically, the major headquarters of leading global financial services firms tend to be concentrated in a limited numbers of cities, and these are the cities that directly experience the unemployment crisis of the sector. Each of these financial centers is particularly specialized and strong in specific segments of global finance, even as they also engage in routinized types of transactions that need to be executed by all financial centers.

It is not only global economic forces that spur this proliferation of circuits. Migration, cultural work, and civil society struggles to preserve human rights, the environment, and social justice also feed the formation and development of global circuits. Thus NGOs fighting for the protection of the rainforest function in circuits that include rainforest locations such as Brazil and Indonesia, the global media centers of New York and London, and the places where the key forestry companies selling and buying wood are headquartered, notably Oslo, London, and Tokyo. There are particular music circuits that connect specific areas of India with London, New York, Chicago, and Johannesburg, and even more particular music circuits that connect parts of China with Los Angeles.

Adopting the perspective of any one of these cities reveals the diversity and specificity of its location on some or many of these circuits. The critical nodes in these intercity circuits are not simply the cities themselves, but more specifically, the particular, often highly specialized capabilities of each city. For instance, the globalized sectors of Los Angeles are very different from those of Chicago and they require different types of specialized services: these two cities have different specialized capabilities.

Yet another critical trend is that, ultimately, being a global firm or market means entering the specificities and particularities of national economies. This explains why such global actors need more and more global cities as they expand their operations across the world. Handling these national specificities and particularities is a far more complex process than simply imposing global standards. This process is easier to understand if we consider consumer sectors rather than the organizational/managerial ones addressed in this piece. Thus even such a routinized operation as McDonald's adjusts its products to the national culture in which it operates, whether that is France, Japan or South Africa.

Being a global firm or market means entering the specificities and particularities of national economies.

When it comes to the managerial and organizational aspects, matters grow complicated. The global city contains the needed resources and talents to bridge between global actors and national specifics. Even a highly imperfect global city is better for a global firm or exchange than no such city; and a particular global city which may rank rather low for the most advanced finance, may be the ideal city for a Walmart headquarters. This then explains why the many and very diverse global cities around the world do not just compete with each other, but also collectively form a globally networked platform for the operations of firms and markets.

The network of global cities has expanded as more and more firms go global and enter a growing range of foreign national economies. The management and servicing of much of the global economic system takes place in this growing network of global cities and city-regions. And while this role involves only certain components of urban economies, it has contributed to a repositioning of cities both nationally and globally.

This repositioning of cities and the move away from inter-city competition is further strengthened by the emerging fact that cities are at the forefront of a range of global governance challenges. Because of this, many cities have *had* to develop capabilities to handle these challenges long before national states signed international treaties or passed national laws. The air quality emergency in cities such as Tokyo and Los Angeles back in the 1980s is one instance: these cities could not wait until an agreement such as the Kyoto Protocol was ratified, nor could they wait until national governments passed mandatory laws for car fuel efficiency and low emissions. With or without a treaty or law, they had to address air quality urgently. And they did. Cities have even shown a willingness to go against national law when the urgency of confronting particular conditions demands it. For instance, in 2006, over 800 municipal governments in the US signed on to a declaration for joint action banning dioxide, which the US Environmental Protection Agency at the time had designated as safe.

> Many cities have *had* to develop capabilities to handle these challenges long before national states signed international treaties or passed national laws.

Finally, the urgency of such global challenges in cities takes on a further practical character through the urbanizing of war. The new military asymmetries arising out of conventional armies confronting networked insurgencies tend to produce an increasingly urban geography of warfare.[2] Against this context, the expanding presence of cities in global networks and the expanding number of inter-city networks take on added meanings.

3.The Specialized Differences of Cities Matter: There Is No Perfect Global City

While there is competition among cities, there is far less of it than is usually assumed. A global firm does not want one global city but many. However, given the level of specialization of globalized firms, the attributes of preferred cities will vary according to the firm. Firms thrive on the specialized differences of cities, and it is this that gives a city its particular advantage in the global economy. This also points to the possibility of alliances among cities on similar circuits that confront similar corporate giants and can work together at extracting concessions.

> Insurgencies tend to produce an increasingly urban geography of warfare.

Recognizing the value of the specialized differences of cities and urban regions in today's global economy shows how the deep economic history of a place matters for the type of knowledge economy that a city or a city-region ends up developing. This goes against the common view that globalization homogenizes economies. The relative importance of this deep economic history varies, and partly depends on the particulars of a city's or a region's economy. But it matters more than is commonly recognized, and it matters in ways that are generally overlooked. Globalization does indeed homogenize standards—for managing, for accounting, for building state-of-the-art office districts, and so on. But the global economy needs diverse specialized economic capabilities.

> The global economy needs diverse specialized economic capabilities.

Table 1. Political and Legal Frameworks and Selected Subindicators

Rank	Indicator 1: Political and Legal Frameworks	Dealing with Licenses	Registering Property	Trading Across Borders	EX-IM Bank Exposure Premiums for Sovereign and Non Sovereign Risk Transactions
1	Stockholm	Copenhagen	Riyadh	Hong Kong	London
2	Copenhagen	Bangkok	Stockholm	Copenhagen	New York
3	Singapore	Tokyo	Atlanta	Singapore	Singapore
4	Atlanta	Stockholm	Boston	Berlin	Tokyo
5	Boston	Singapore	Washington D.C.	Frankfurt	Chicago
6	Washington D.C.	Dublin	Chicago	Munich	Hong Kong
7	Chicago	Paris	Houston	Montreal	Paris
8	Houston	Berlin	Los Angeles	Toronto	Seoul
9	Los Angeles	Frankfurt	Miami	Vancouver	Frankfurt
10	Miami	Munich	New York	Stockholm	Amsterdam
11	New York	Atlanta	San Francisco	Vienna	Madrid
12	San Francisco	Boston	Zurich	Dubai	Sydney
13	Montreal	Washington D.C.	Geneva	Atlanta	Toronto
14	Toronto	Chicago	Dubai	Boston	Copenhagen
15	Vancouver	Houston	Singapore	Washington D.C.	Zurich
16	Berlin	Los Angeles	London	Chicago	Stockholm
17	Frankfurt	Miami	Montreal	Houston	Philadelphia
18	Munich	New York	Toronto	Los Angeles	Los Angeles
19	London	San Francisco	Vancouver	Miami	Osaka
20	Tokyo	Seoul	Beijing	New York	Milan
21	Zurich	Montreal	Chengdu	San Francisco	Taipei

Table 1. Continued.

Rank	Indicator 1: Political and Legal Frameworks	Dealing with Licenses	Registering Property	Trading Across Borders	EX-IM Bank Exposure Premiums for Sovereign and Non Sovereign Risk Transactions
22	Geneva	Toronto	Shanghai	Amsterdam	Boston
23	Vienna	Vancouver	Shenzhen	London	Atlanta
24	Melbourne	Mexico City	Bangkok	Tel Aviv	Berlin
25	Sydney	Melbourne	Amsterdam	Barcelona	Miami
26	Amsterdam	Sydney	Santiago	Madrid	Munich
27	Barcelona	Santiago	Copenhagen	Melbourne	Vienna
28	Madrid	Zurich	Moscow	Sydney	San Francisco
29	Dublin	Geneva	St. Petersburg	Paris	Dublin
30	Dubai	Copenhagen	Vienna	Tokyo	Brussels

Source: Table prepared by Saskia Sassen (Columbia University). Mastercard Worldwide Centers of Commerce Report 2008.

Table 2a. Ease of Doing Business and Subindicators (Part 1 of 2)

Rank	Indicator 3: Ease of Doing Business	Starting a Business	Employing Workers	Getting Credit	Closing a Business	Conventions/ Exhibitions/Meetings
1	Vancouver	Sydney	New York	Kuala Lumpur	Singapore	London
2	Toronto	Melbourne	Chicago	London	Tokyo	Paris
3	Montreal	Toronto	Philadelphia	Edinburgh	Osaka	Berlin
4	Singapore	Montreal	Los Angeles	Frankfurt	Toronto	Vienna
5	London	Vancouver	Boston	Berlin	Montreal	Singapore
6	Dublin	Dublin	Atlanta	Munich	Vancouver	Hong Kong
7	Copenhagen	Brussels	Miami	Hamburg	Copenhagen	Prague
8	San Francisco	Singapore	San Francisco	Dusseldorf	Amsterdam	New York
9	New York	Paris	Houston	Sydney	Brussels	Istanbul
10	Los Angeles	Stockholm	Dallas	Melbourne	Dublin	Munich
11	Washington D.C.	New York	Washington D.C.	New York	London	Shanghai
12	Hong Kong	Chicago	Singapore	Chicago	Edinburgh	Barcelona
13	Boston	Philadelphia	Copenhagen	Toronto	Seoul	Dubai
14	Chicago	Los Angeles	Sydney	Philadelphia	Taipei	Seoul
15	Stockholm	Boston	Melbourne	Los Angeles	Sydney	Madrid
16	Tokyo	Atlanta	Hong Kong	Boston	Melbourne	Tokyo
17	Miami	Miami	Toronto	Atlanta	Hong Kong	Bangkok
18	Brussels	San Francisco	Montreal	Miami	New York	Moscow
19	Sydney	Houston	Vancouver	San Francisco	Chicago	Sao Paulo
20	Atlanta	Dallas	London	Montreal	Philadelphia	Beijing
21	Houston	Washington D.C.	Edinburgh	Houston	Los Angeles	Milan
22	Melbourne	Hong Kong	Tokyo	Dallas	Boston	Budapest

Table 2a. Continued.

Rank	**Indicator 3: Ease of Doing Business**	**Starting a Business**	**Employing Workers**	**Getting Credit**	**Closing a Business**	**Conventions/ Exhibitions/Meetings**
23	Zurich	Copenhagen	Osaka	Washington D.C.	Atlanta	Chicago
24	Frankfurt	London	Dublin	Vancouver	Miami	Edinburgh
25	Geneva	Edinburgh	Zurich	Buenos Aires	San Francisco	San Francisco
26	Amsterdam	Zurich	Geneva	Dublin	Houston	Brussels
27	Munich	Geneva	Kuala Lumpur	Tel Aviv	Dallas	Amsterdam
28	Berlin	Tel Aviv	Bangkok	Hong Kong	Washington D.C.	St. Petersburg
29	Paris	Lisbon	Riyadh	Madrid	Stockholm	Sydney
30	Vienna	Amsterdam	Santiago	Barcelona	Madrid	Dublin

Source: Table prepared by Saskia Sassen (Columbia University). Mastercard Worldwide Centers of Commerce Report 2008.

Table 2b. Ease of Doing Business and Subindicators (Part 2 of 2)

Rank	Indicator 3: Ease of Doing Business	Banking Services	Ease of Entry and Exit	Investor Protection	Corporate Tax Burden	Contract Enforcement
1	Vancouver	London	Singapore	Singapore	Singapore	Singapore
2	Toronto	New York	Hong Kong	Hong Kong	Hong Kong	Hong Kong
3	Montreal	Singapore	Frankfurt	Kuala Lumpur	Dubai	Vienna
4	Singapore	Hong Kong	Amsterdam	New York	Riyadh	Sydney
5	London	Paris	Toronto	Chicago	Dublin	Melbourne
6	Dublin	Frankfurt	Copenhagen	Philadelphia	London	New York
7	Copenhagen	Amsterdam	Stockholm	Los Angeles	Edinburgh	Chicago
8	San Francisco	Madrid	Berlin	Boston	Copenhagen	Philadelphia
9	New York	Copenhagen	Munich	Atlanta	Santiago	Los Angeles
10	Los Angeles	Zurich	Vienna	Miami	Stockholm	Boston
11	Washington D.C.	Stockholm	Hamburg	San Francisco	Toronto	Atlanta
12	Hong Kong	Berlin	Montreal	Houston	Montreal	Miami
13	Boston	Munich	Vancouver	Dallas	Vancouver	San Francisco
14	Chicago	Vienna	Dusseldorf	Washington D.C.	Amsterdam	Houston
15	Stockholm	Dublin	Prague	Tel Aviv	Johannesburg	Dallas
16	Tokyo	Brussels	Paris	Toronto	Zurich	Washington D.C.
17	Miami	Hamburg	Seoul	Montreal	Geneva	Seoul
18	Brussels	Barcelona	Zurich	Vancouver	Lisbon	Paris
19	Sydney	Dusseldorf	Shanghai	Dublin	Beirut	Dublin
20	Atlanta	Geneva	Milan	Johannesburg	Sydney	Budapest
21	Houston	Dubai	Taipei	London	Melbourne	Tokyo
22	Melbourne	Edinburgh	Dublin	Edinburgh	New York	Osaka

Table 2b. Continued.

Rank	**Indicator 3: Ease of Doing Business**	**Banking Services**	**Ease of Entry and Exit**	**Investor Protection**	**Corporate Tax Burden**	**Contract Enforcement**
23	Zurich	Tokyo	Brussels	Tokyo	Chicago	Brussels
24	Frankfurt	Sydney	Geneva	Osaka	Philadelphia	Frankfurt
25	Geneva	Toronto	Dubai	Brussels	Los Angeles	Berlin
26	Amsterdam	Los Angeles	Lisbon	Copenhagen	Boston	Munich
27	Munich	Osaka	Rome	Bogota	Atlanta	Hamburg
28	Berlin	Milan	Santiago	Lisbon	Miami	Dusseldorf
29	Paris	Montreal	Beijing	Mumbai	San Francisco	Moscow
30	Vienna	Dallas	Budapest	Santiago	Houston	St. Petersburg

Source: Table prepared by Saskia Sassen (Columbia University). Mastercard Worldwide Centers of Commerce Report 2008.

Table 3a. Financial Dimension and Selected Subindicators (Part 1 of 2)

Rank	Indicator 4: Financial Dimension	Total Value of Equities Trading	Total Number of Derivatives Contracts	Total Number of Commodities Contracts
1	London	New York	Seoul	New York
2	New York	London	Chicago	London
3	Frankfurt	Tokyo	Frankfurt	Chicago
4	Seoul	Frankfurt	London	Shanghai
5	Chicago	Shanghai	Philadelphia	Tokyo
6	Tokyo	Singapore	Mumbai	Mumbai
7	Mumbai	Paris	Sao Paulo	Osaka
8	Moscow	Milan	Johannesburg	Kuala Lumpur
9	Shanghai	Hong Kong	New York	Sao Paulo
10	Madrid	Shenzhen	Mexico City	Johannesburg
11	Singapore	Seoul	Amsterdam	Paris
12	Paris	Zurich	Boston	Dubai
13	Hong Kong	Toronto	Taipei	Sydney
14	Sydney	Amsterdam	Osaka	Buenos Aires
15	Milan	Sydney	Tel Aviv	Singapore
16	Sao Paulo	Moscow	Paris	Bangkok
17	Amsterdam	Mumbai	Sydney	Taipei
18	Copenhagen	Taipei	Hong Kong	Budapest
19	Taipei	Stockholm	Moscow	Jakarta
20	Zurich	Philadelphia	Buenos Aires	Hamburg
21	Toronto	Madrid	Copenhagen	Dusseldorf
22	Johannesburg	Riyadh	Stockholm	Moscow
23	Stockholm	Sao Paulo	Singapore	New Delhi

Table 3a. Continued.

Rank	Indicator 4: Financial Dimension	Total Value of Equities Trading	Total Number of Derivatives Contracts	Total Number of Commodities Contracts
24	Bangkok	Johannesburg	Milan	St. Petersburg
25	Philadelphia	Istanbul	Tokyo	Hong Kong
26	Buenos Aires	Osaka	Montreal	Seoul
27	Dubai	Copenhagen	Madrid	Frankfurt
28	Kuala Lumpur	Brussels	Warsaw	Amsterdam
29	Mexico City	Dusseldorf	Athens	Madrid
30	Shenzhen	Barcelona	Budapest	Toronto

Source: Table prepared by Saskia Sassen (Columbia University). Mastercard Worldwide Centers of Commerce Report 2008.

Table 3b. Financial Dimension and Selected Subindicators (Part 2 of 2)

Rank	Indicator 4: Financial Dimension	Banking/Financial Services Companies	Insurance Companies	Investments/ Securities Firms	Total Value of Bond Trading
1	London	London	London	New York	London
2	New York	New York	New York	London	Copenhagen
3	Frankfurt	Tokyo	Hong Kong	Tokyo	Madrid
4	Seoul	Hong Kong	Singapore	Hong Kong	Moscow
5	Chicago	Frankfurt	Paris	Singapore	Bogota
6	Tokyo	Singapore	Dublin	Chicago	Istanbul
7	Mumbai	Paris	Beijing	Paris	Seoul
8	Moscow	Shanghai	Shanghai	Seoul	Frankfurt
9	Shanghai	Milan	Milan	Frankfurt	Milan
10	Madrid	Madrid	Chicago	Madrid	Tel Aviv
11	Singapore	Amsterdam	Los Angeles	Sydney	Zurich
12	Paris	Sao Paulo	Boston	Toronto	Santiago
13	Hong Kong	Seoul	Toronto	Zurich	Barcelona
14	Sydney	Moscow	Tokyo	Los Angeles	Mumbai
15	Milan	Beijing	Madrid	Shanghai	Buenos Aires
16	Sao Paulo	Sydney	Sydney	Milan	Berlin
17	Amsterdam	Zurich	Zurich	San Francisco	Dublin
18	Copenhagen	Chicago	Atlanta	Bangkok	Prague
19	Taipei	Mumbai	Houston	Beijing	Shanghai
20	Zurich	Kuala Lumpur	Bangkok	Sao Paulo	Singapore
21	Toronto	Mexico City	Melbourne	Miami	Amsterdam
22	Johannesburg	Jakarta	Santiago	Dubai	Paris
23	Stockholm	Brussels	Mumbai	Amsterdam	Toronto

Table 3b. Continued.

Rank	Indicator 4: Financial Dimension	Banking/Financial Services Companies	Insurance Companies	Investments/ Securities Firms	Total Value of Bond Trading
24	Bangkok	Bangkok	Frankfurt	Boston	Cairo
25	Philadelphia	Geneva	Copenhagen	Atlanta	Shenzhen
26	Buenos Aires	Istanbul	Stockholm	Houston	Tokyo
27	Dubai	Munich	Vienna	Geneva	Stockholm
28	Kuala Lumpur	Warsaw	Montreal	Mumbai	Kuala Lumpur
29	Mexico City	Toronto	Mexico City	Mexico City	Sydney
30	Shenzhen	Los Angeles	Bogota	Buenos Aires	Budapest

Source: Table prepared by Saskia Sassen (Columbia University). Mastercard Worldwide Centers of Commerce Report 2008. Directed by Michael Goldberg.

Table 4. Business Center and Selected Subindicators

Rank	Indicator 5: Business Center	Air Passenger and Aircraft Traffic Through City Ports	Number of 5-Star Hotels	Volume of Commercial Real Estate Development	TEU Traffic Through City Ports	Air Cargo Traffic Through City Ports	International Air Passenger Through Traffic City Ports
1	Hong Kong	London	London	Hong Kong	Singapore	Hong Kong	London
2	London	Chicago	Dubai	New York	Shanghai	Tokyo	Paris
3	Singapore	Atlanta	Paris	Singapore	Hong Kong	Shanghai	Amsterdam
4	New York	Paris	Madrid	Sao Paulo	Shenzhen	Seoul	Frankfurt
5	Tokyo	Tokyo	Cairo	Toronto	Dubai	Frankfurt	Hong Kong
6	Los Angeles	Dallas	Singapore	Buenos Aires	Hamburg	Paris	Tokyo
7	Paris	New York	Bangkok	Vancouver	Los Angeles	Miami	Singapore
8	Chicago	Houston	Hong Kong	Dubai	New York	Singapore	Dubai
9	Amsterdam	Los Angeles	Shanghai	Milan	Tokyo	Los Angeles	Seoul
10	Shanghai	Frankfurt	Berlin	Rio de Janeiro	Jakarta	London	Bangkok
11	Seoul	Washington D.C.	Seoul	Seoul	Manila	Dubai	Madrid
12	Frankfurt	Madrid	Mumbai	Tel Aviv	Barcelona	Amsterdam	Milan
13	Miami	Shanghai	Beijing	Tokyo	Vancouver	Taipei	Munich
14	Bangkok	Amsterdam	Sao Paulo	Miami	Taipei	New York	Rome
15	Toronto	Beijing	New York	Osaka	Melbourne	Chicago	New York
16	Dubai	Moscow	Sydney	Bangalore	Osaka	Bangkok	Moscow
17	Atlanta	Milan	Buenos Aires	Madrid	Sydney	Beijing	Dublin
18	Sydney	Toronto	Frankfurt	Caracas	Houston	Osaka	Taipei
19	Melbourne	Philadelphia	Milan	Istanbul	Bangkok	Brussels	Zurich
20	San Francisco	Rome	Tokyo	Moscow	Athens	Dallas	Copenhagen

Table 4. Continued.

Rank	Indicator 5: Business Center	Air Passenger and Aircraft Traffic Through City Ports	Number of 5-Star Hotels	Volume of Commercial Real Estate Development	TEU Traffic Through City Ports	Air Cargo Traffic Through City Ports	International Air Passenger Through Traffic City Ports
21	Houston	Seoul	Atlanta	Shenzhen	Montreal	Atlanta	Vienna
22	Montreal	Hong Kong	Edinburgh	Kuala Lumpur	Buenos Aires	Kuala Lumpur	Barcelona
23	Madrid	Munich	Rome	Santiago	St. Petersburg	Milan	Brussels
24	Vancouver	Sao Paulo	Istanbul	St. Petersburg	Beirut	Sydney	Toronto
25	Washington D.C.	San Francisco	Hamburg	Montreal	Miami	Shenzhen	Shanghai
26	Milan	Miami	Washington D.C.	Amsterdam	Dublin	Bogota	Los Angeles
27	Brussels	Barcelona	New Delhi	Chicago	Amsterdam	San Francisco	Kuala Lumpur
28	Boston	Boston	San Francisco	London	Lisbon	Philadelphia	Miami
29	Dublin	Bangkok	Melbourne	San Francisco	Istanbul	Mumbai	Istanbul
30	Munich	Mexico City	Chicago	Shanghai	Rio de Janeiro	Sao Paulo	Dusseldorf

Source: Table prepared by Saskia Sassen (Columbia University). Mastercard Worldwide Centers of Commerce Report 2008.

Table 5. Livability and Selected Subindicators

Rank	Indicator 7: Livability	Quality of Life	Basic Services	Health and Safety	Personal Freedom
1	Vancouver	Los Angeles	Singapore	Zurich	New York
2	Dusseldorf	Sydney	Copenhagen	Geneva	Tokyo
3	San Francisco	San Francisco	Munich	Stockholm	Chicago
4	Frankfurt	Melbourne	Frankfurt	Frankfurt	Paris
5	Vienna	London	Vancouver	Amsterdam	Frankfurt
6	Munich	New York	Dusseldorf	Toronto	Amsterdam
7	Zurich	Paris	Tokyo	Copenhagen	Toronto
8	Tokyo	Milan	Zurich	Munich	Copenhagen
9	Paris	Rome	Stockholm	Vienna	Zurich
10	Copenhagen	Boston	Vienna	Dublin	Stockholm
11	Sydney	Berlin	London	Montreal	Philadelphia
12	Berlin	Washington D.C.	Osaka	Vancouver	Los Angeles
13	Toronto	Vancouver	Montreal	Dusseldorf	Osaka
14	Boston	Tokyo	Dallas	Berlin	Milan
15	Geneva	Chicago	Paris	Brussels	Boston
16	Stockholm	Vienna	Sydney	Hamburg	Atlanta
17	Los Angeles	Dallas	Toronto	Edinburgh	Berlin
18	Amsterdam	Dusseldorf	Atlanta	Singapore	Miami
19	Montreal	Johannesburg	Hamburg	Tokyo	Munich
20	Melbourne	Frankfurt	Amsterdam	Osaka	Vienna
21	Washington D.C.	Toronto	Philadelphia	Boston	San Francisco
22	Brussels	Atlanta	Boston	San Francisco	Brussels
23	Osaka	Miami	Brussels	Paris	Hamburg
24	London	Brussels	Washington D.C.	Melbourne	Montreal
25	New York	Amsterdam	Geneva	Chicago	Houston
26	Chicago	Philadelphia	Melbourne	Sydney	Dallas
27	Hamburg	Osaka	New York	Philadelphia	Washington D.C.
28	Dallas	Munich	Chicago	Washington D.C.	Vancouver
29	Philadelphia	Houston	Berlin	London	Dusseldorf
30	Milan	Barcelona	Los Angeles	Madrid	Geneva

Source: Table prepared by Saskia Sassen (Columbia University). Mastercard Worldwide Centers of Commerce Report 2008.

The capabilities needed to trade, finance, service, and invest globally need to be produced. They are not simply a by-product of the power of multinational firms and telecommunications advances. Different cities have different resources and talents for producing particular types of capabilities. The global city is a platform for producing such global capabilities. In many

Table 6. WCOC 2006 Overall Ranking

WCOC	Index	City
1	77.79	London
2	73.80	New York
3	68.09	Tokyo
4	67.19	Chicago
5	62.32	Hong Kong
6	61.95	Singapore
7	61.34	Frankfurt
8	61.19	Paris
9	60.70	Seoul
10	59.05	Los Angeles
11	57.30	Amsterdam
12	57.11	Toronto
13	56.47	Boston
14	56.26	Sydney
15	56.14	Copenhagen
16	56.06	Madrid
17	54.51	Stockholm
18	54.36	San Francisco
19	54.33	Zurich
20	54.19	Atlanta

cities this production may require large numbers of foreign firms: this is the case in cities as diverse as Beijing and Buenos Aires. But the point here is that this production, whether by local or by foreign firms, happens in the complex and thick environments of these cities. Each of the 70 plus major and minor global cities in the world contributes to the production of these capabilities in its home country, and thereby functions as a bridge between its national economy and the global economy.

For a firm to go global it has to put down its feet in multiple cities.

The other side of this dynamic is that for a firm to go global it has to put down its feet in multiple cities that function as entry points into national economies. The bridging capacity of these cities is critical: the multiple circuits connecting major and minor global cities are the live infrastructure of the global economy. It indicates, yet again, that cities do not simply compete with each other, and that a global firm does not want simply one global city, even if it is the best in the world. Diverse groups of cities will be desirable to diverse types of firms, even if those cities have some serious negatives. This helps explain why there is no one ‘perfect’ global city. Today’s global phase does not function through one imperial global capital that has it all.

Table 7. WCOC 2008 Overall Ranking

City	WCOC	Index
1	London	79.17
2	New York	72.77
3	Tokyo	66.60
4	Singapore	66.16
5	Chicago	65.24
6	Hong Kong	63.94
7	Paris	63.87
8	Frankfurt	62.34
9	Seoul	61.83
10	Amsterdam	60.06
11	Madrid	58.34
12	Sydney	58.33
13	Toronto	58.16
14	Copenhagen	57.99
15	Zurich	56.86
16	Stockholm	56.67
17	Los Angeles	55.73
18	Philadelphia	55.55
19	Osaka	54.94
20	Milan	54.73

A large study of 75 cities rates the top cities for worldwide commerce.[3] Not one of them ranks at the top in all of the 100 factors, and not one gets the perfect score of 100. The scores for the top two cities are well below the perfect score: 79 for London and 72 for New York. Further down, the 10th ranked city, for instance, which is Amsterdam, scores 60, followed by Madrid at 59. London and New York, the two leading global cities, rank low in several aspects—neither is in the top ten when it comes to starting or closing a business. If we consider a critical variable in the "ease of doing business" indicator, part of which is "ease of entry and exit," London ranks 43rd and New York ranks 56th. Perhaps most surprising, London ranks 37th on "contract enforcement" and 21st on "investor protection." It is Singapore that ranks number one in relation to all three variables. Less surprising is that New York ranks 34th on one of the data points for "livability": "health and safety." In the global South, cities like Mumbai and São Paulo are in the top group for financial and economic services, but are brought down in their overall score by their low rankings in factors related to the ease of doing business and livability, given their especially low levels of well-being for vast sectors of the population.

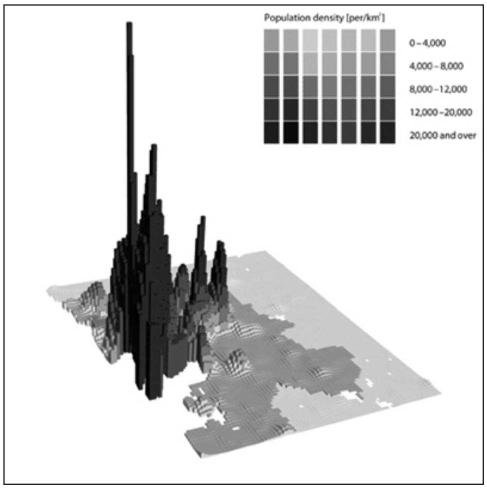
In the growing number and varied character of global cities we see the larger story of a shift to a multi-polar world. The loss of position of U.S. cities compared with the 2006 survey is part of this shift: Los Angeles dropped from the 10th to the 17th rank, and Boston from 12th to 23rd, while European and Asian cities moved up in the top ranks, notably Madrid going from 17th to 11th. In 2006, the US had 6 cities in the top 20; in 2008, it had 4. These shifts give added content to the loss of position of the United States as the dominant economic and military power. It is not that the United States is suddenly poorer, it is that other regions of the world are rising and that there are multiple forces feeding these multi-sited economic, political, and cultural strengths.

4. Urban/Regional Specificity Feeds The Knowledge Economy

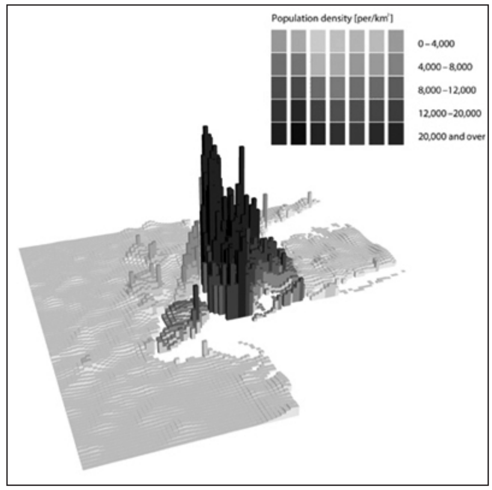
The specific global circuits on which a city is located will vary from city to city, depending on a city's particular strengths, just as the groupings of cities vary on each circuit. It points to a global or regional division of functions. For example, the knowledge economies of São Paulo, Chicago and Shanghai all share a long history of servicing major heavy manufacturing sectors; theirs are economic histories that global cities such as New York and London never developed. Out of these specialized differences comes a global division of functions. Thus a steel factory, a mining firm, or a machine manufacturer wanting to go global will, depending on location, go to São Paulo, Shanghai or Chicago for legal, accounting, financial, insurance, economic forecasting, and other such specialized services. Such firms will not go to New York or London for this highly particular servicing because the type of knowledge economy of New York and London is centered on finance and trade, not heavy manufacturing and mining.

Establishing how a city or region becomes a specialized knowledge economy requires highly detailed research. So let me use a case I researched, Chicago, to illustrate this. Chicago is usually seen as a latecomer to the knowledge economy—almost fifteen years later than in New York and London. Typically the explanation is that Chicago had to overcome its heavy agro-industrial past: its economic history is seen as a disadvantage compared to old trading and financial centers such as New York and London.

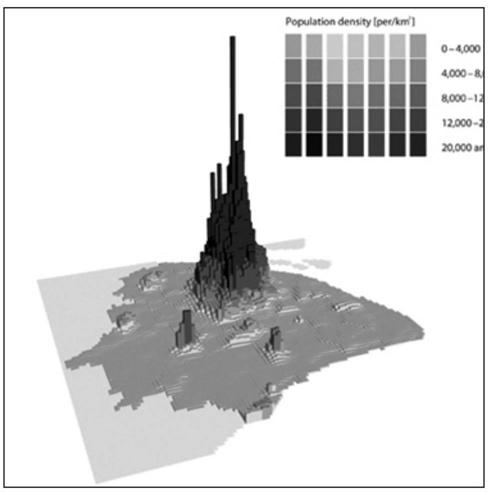
But I found that its past was not a disadvantage. It was one key source of its competitive advantage. This is most visible in the fact of its preeminence as a futures market built on pork bellies. The complexity, scale and international character of Chicago's historical agro-industrial economy required highly specialized financial, accounting, and legal expertise. But these were quite different from the expertise required to handle the sectors in which New York specialized, namely service exports, finance, and trade. It was Chicago's past as a massive agro-industrial complex that gave it some of its core and distinctive knowledge economy components and has made it the leading global futures financial center and global provider of specialized services (accounting, legal, insurance, etc.) for handling heavy industry, heavy transport, and large-scale agriculture. Chicago, Sao Paulo, Shanghai, Tokyo, and Seoul are among the leading producers of these types of specialized corporate services, not in spite of their economic past as major



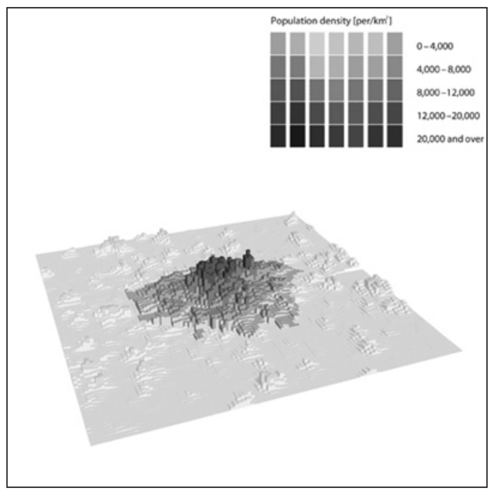
Density—Mumbai



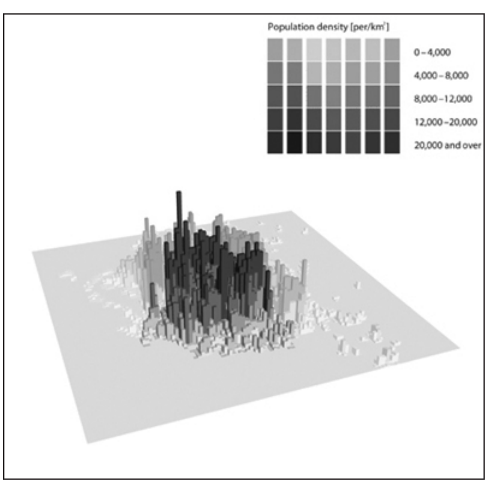
Density—NYC



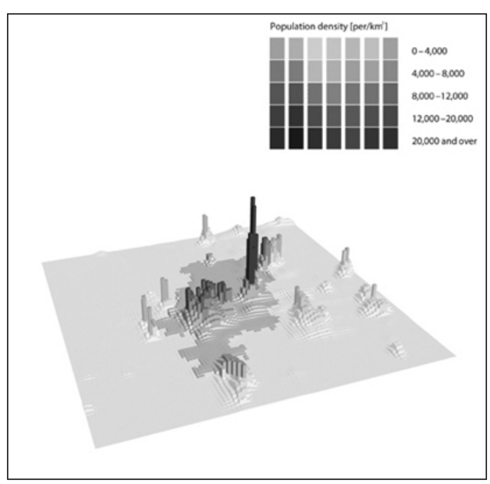
Density—Shanghai



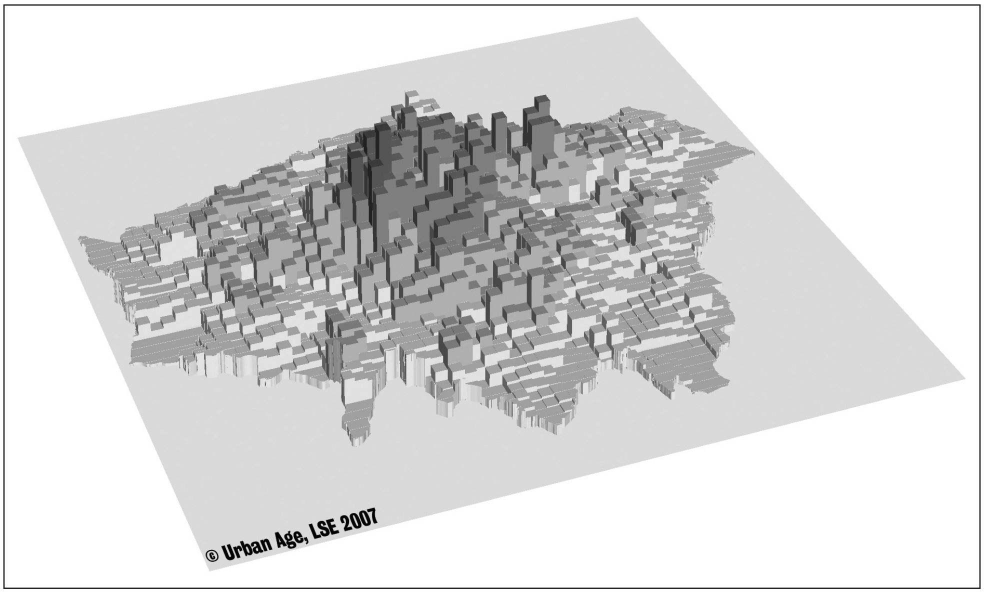
Density—London



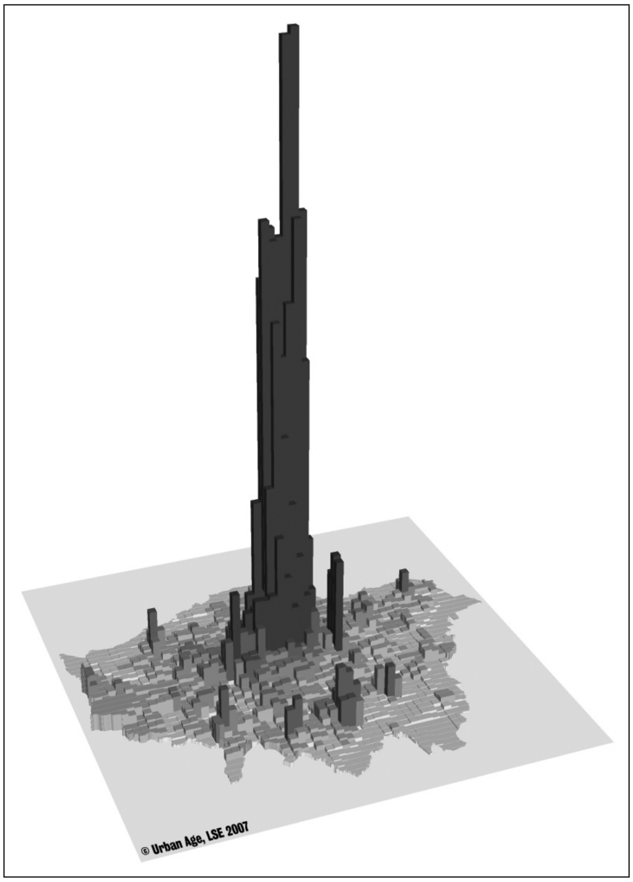
Density—Mexico City



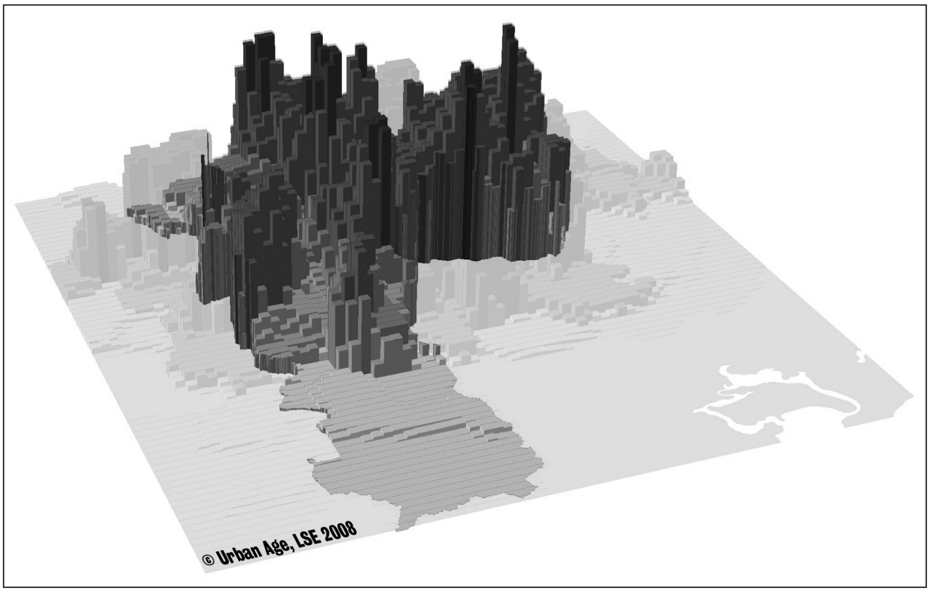
Density—Johannesburg



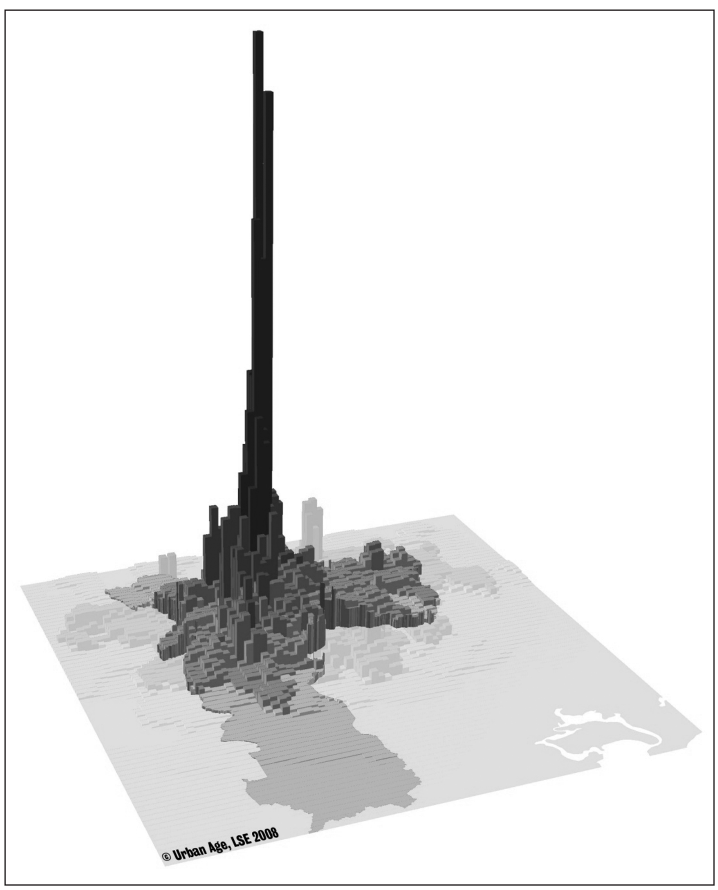
London (Population)



London (Workplace)



Sao Paulo (Population)



Sao Paulo (Workplace)

heavy industry centers, but because of it. Thus when Boeing decided that it needed to enter the knowledge economy, it did not even consider moving its headquarters to New York. It went to Chicago.

5. What Does Urban Centrality Mean in a Globally Networked System?

Cities can generate kinds of "knowledge," both formal and informal, that go beyond the sum of recognized knowledge actors (e.g. the sum of professionals and professional firms). This is a type of immaterial capital we can call "urban knowledge capital." One way of explaining it is that cities are complex systems with feed-back effects and that they can operate at multiple scales—from the household, through the neighborhood, on to the city level and beyond. This allows an urban economy to be more than the sum of its parts, and to enable the production of a third type of capability—urban knowledge capital.

Thus when Boeing decided that it needed to enter the knowledge economy, it did not even consider moving its headquarters to New York. It went to Chicago.

Particular processes, built environments, and spatial forms in each city are the concrete and localized channels through which globalization exists and functions in these cities. These legible conditions of each city contain both parallels and differences with other cities. Density is a marker of the business centers of nearly all major and minor global cities. This co-existence of spatial dispersal across the globe with centralization within cities contests the common notion that spatial dispersal is the new, post-modern urban form (epitomized by Los Angeles) for novel economic and cultural dynamics. The Los Angeles model of vast dispersal is often invoked as the new type of city, the post-modern city, while urban agglomeration and spatial density are seen as belonging to an older economic phase—that of the modern city.[4]

The Los Angeles model of vast dispersal is often invoked as the new type of city, the post-modern city.

The spatial forms and locations of density can vary sharply. Thus the central spaces of Johannesburg and Mexico City are increasingly housed in new centers at the edge of the old city, new centers which do not have particularly high buildings. New York and Sao Paulo build up density in the central city with high-rise buildings, but their density is low compared to that of Shanghai and Mumbai (see Density maps).

London, the leading global city today is the least dense of all these cities. But its density jumps when we just consider workplaces, as does Sao Paulo's (see maps). This is a physical representation of the global city function—the need for enormous concentrations of very diverse specialized firms in order to proudce urban knowledge capital.

As this process continues, urban and metropolitan spaces are becoming massive concentrations of new technical capabilities. A growing number of buildings are the sites for a variety of interactive technologies and distributed computing. Particular global communication infrastructures are connecting specific sets of buildings worldwide, producing a highly specialized interactive geography in which global firms are willing to pay a high premium for strategic sites. These are specific geographies that actually fragment the cities where these buildings stand—a firm needs to be in a "member" building to access the network. The most highly valued areas of global cities, particularly financial centers, now contain communication infrastructures that can be continuously upgraded without being spread to the rest of the city. They also contain particular technical capabilities which the rest of a city often lacks. Multiplying this case for thousands of multinational firms begins to give us an idea of these new inter-city connectivities, largely invisible to the average resident.

Within these distinct spatial forms there is room for much homogenizing of the visual order of the built environment, especially in state-of-the-art office districts and in luxury commercial and residential spaces. Yet, here again, detailed studies of the economies of global cities show that what inhabits those homogenized office districts can vary greatly.

In my interpretation, the state-of-the-art corporate built environment in global cities is increasingly functioning as a sort of "infrastructure" for specialized services: the state-of-the-art office districts which look the same in all global cities. Thus we need to understand how and for what that state-of-the-art "infrastructure" is actually used. There was a time when an office building simply signaled "office work;" up until the 1970s and even later, most jobs in such buildings were routinized office jobs. Today, most of the routinized office jobs have been outsourced to lower-cost areas, and only the most specialized and complex are kept. There is great specificity in the leading urban knowledge economies of global cities—this means that the particular contents of the work done in those state-of the—art-offices will vary enormously. For instance, the financial services that dominate New York are different from those that dominate Chicago, and the specialized accounting and insurance services in a health center for the elderly in Florida or Phoneix will be different from those in a manufacturing town like Detroit. In my reading these different specialized contents tell us that the office districts, especially in major global cities, are more akin to an infrastructure *for* the advanced corporate economy. In brief, the visual order which makes the office districts of all global cities look similar, tells only part of the story of the specilaized work that is actually done in those offices.

The visual order which makes the office districts of all global cities look similar, tells only part of the story.

6. Deregulation At The Top/Informalization At The Bottom

The novel spatial shifts and inequalities briefly mentioned in the introductory section take on concrete and specific forms in these cities. One of these is the recent growth of informal economies in major global cities in North America, Western Europe, and to a lesser extent, Japan. Informal here refers to licit work done outside the regulatory framework; that is to say, it is not criminal work which necessarily would be done outside the regulatory frame. These are all countries where most economic activity had been brought under regulatory umbrellas by the mid-1900s. The return of informal work since the the 1980s in major cities of the developed world, raises a number of questions about what is and what is not part of today's phase of advanced urban economies.

Three trends suggest that much of today's informalization is actually linked to key features of advanced urban capitalism. One is that this is a new type of informal economy that can resemble older, traditional informal economies but is actually geared to high-end design industries, from fashion to luxurious hand-made furniture. The workers might be paid sweatshop wages but the demand comes from advanced economic sectors and high-income professional households. This in turn explains the particularly strong growth and dynamism of these informal economies in global cities of both the north and the south.

A second and often overlooked trend has been the proliferation of an informal economy of creative professionals in these cities. Comprised of artists, architects, designers, and software developers, this new informal economy greatly expands opportunities and networking potentials for people to operate in the interstices of urban and organizational spaces that are usually dominated by large corporate actors. It also allows these artists and professionals to escape the corporatization of creative work. In this process they contribute a very specific feature of the new urban economy: its innovativeness and a certain type of frontier spirit. We can see it as a reinvention of Jane Jacobs' urban economic creativity. The growth of this new informal economy is also happening in cities of the global South.

Finally, the new types of informalization of work actually function as the informal equivalent of the formal deregulation in finance, telecommunications and most other advanced economic sectors that has been pursued in the name of "flexibility and innovation." The difference is that while formal deregulation was costly, and was paid through tax revenue as well as private capital, informalization is low-cost and done largely on the backs of workers and informal firms themselves.

Informalization is low-cost and done largely on the backs of workers and informal firms themselves.

Conditions akin to those in global cities of the North may also be producing a new type of informal economy in global cities of the South, including a professional creative informal economy. Their emergence may be far less visible than in the North because they are partly submerged under the old informal economies that continue to operate, and are still more a result of poverty and survival than of the needs of advanced economic sectors.[5]

In brief, the same politico-economic restructuring that led to the new urban economy emerging in the late 1980s also contributed to the formation of new informal economies. The decline of the manufacturing-dominated industrial complex that characterized most of the twentieth century, and the rise of a new, service-dominated economic complex, provide the general context within which we need to place informalization if we are to go beyond a mere description of instances of informal work.

Conclusion

Much has been said about the global economy making all cities more similar to each other. But the urban facts presented here actually point in the opposite direction: different cities have different strengths, and this is an advantage in a globalized economy. Global firms and markets, but also cultural enterprises, want many global cities because each of these cities expands the global platform for their operations, and because each city is a bridge between the global economy and the particularities of national economies and societies. This also signals that global cities do not just compete with each other. They also function in emerging divisions of specialized work.

Global firms and markets, but also cultural enterprises, want many global cities because each of these cities expands the global platform for their operations.

The rebuilding of central areas that is occurring in all of these cities, whether downtown, at the edges, or in both areas, is part of this new economic role. Rebuilding key parts of these cities as platforms for a rapidly growing range of global activities and flows, from the economic to the cultural and political, also explains why architecture, urban design and urban planning have all become more important and visible in the last two decades. And it explains both the growing competition for space in these cities and the emergence of a new type of politics centered in the right to the city.

Whether all of this is good or bad for the larger social fabric of these cities and their countries is a complex matter, and the subject of many debates. But the fact that global firms need cities, and indeed groups of cities, should enable the political, corporate and civic leadership in those cities to negotiate for more benefits for their cities from global firms. This could lead to overall positive outcomes if the governing classes can see that these global economic functions will grow better in a context of a strong and prosperous middle class rather than in the context of sharp inequality and polarity that exists among a growing share of households. European global cities have done better than global cities in the United States precisely for this reason.

The trends in the new rising global cities of the South have seen the now familiar trends of the North: the growing numbers of the very rich and of the very poor, along with the impoverishment of the once prosperous but modest middle classes. The modest middle class and the modest profit-making economic sectors that once underpinned these cities are now declining. Both are critical to the urban economy because they have incomes and profits which are most likely to be fully spent in the city's economy, unlike the incomes and profits of rich households and rich firms. Their presence is a built-in resistance to the extreme spatial and social inequalities reshaping cities along class lines.

We urgently need to innovate on the front of urban governance. The old bureaucratic ways will not do. This is a whole new urban era, with its share of positive potentials and its share of miseries. In cities our governance challenges become concrete and urgent. National states can keep talking; urban leaders need to act.

Notes

[1] My most pessimistic scenario is that conflict is now wired into urban space itself, partly due to gentrification and displacement and the resulting politics of competition for space. In some cities, for instance New York and Los Angeles, it takes the form of the rise of gangs to protect space. In other cities, such the European ones but also the rising Shanghais, it takes the form of new racisms that can lead to physical violence. And yet in others, perhaps Sao Paulo or Rio de Janeiro, at its most extreme it takes the form of partial sporadic urban warfare, which often extends into the space of the urban prison. (See Sassen, Cities and the New Wars (On file with author); "Cities and the new wars: Mumbai and beyond." *www.OpenDemocracy.net* (November 28 2008)

[2] See, for instance http://www.opendemocracy.net/article/the-new-wars-and-cities-after-mumbai-0

[3] The 2008 Mastercard Study of Centers of Global Commerce compiles 100 factors which cover a wide range of conditions—from macro-level factors such as political and legal frameworks to the particulars of how easy it is to execute an import or export operation, how many days it takes to open and to close a firm, as well as livability factors and a city's global recognition. The author is one of the experts on this project.

[4] For a multi-perspective debate, see *Urban Geography*, 2008.

[5] For one of the most detailed accounts on four *favelas* in Sao Paulo and how they are connected to the new economic trends see Simone Buechler's chapter in *Deciphering the Global: Its Scales, Spaces and Subjects* (Routledge 2007).