

Excavating Power

In Search of Frontier Zones and New Actors

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IN THEIR compelling introduction, the editors of *TCS* map a conceptual zone that calls for intellectuals and scholars to get engaged in a critique of current conditions rather than abandoning it to the ‘prevarications of a weak pluralism’. Bourdieu and Wacquant alert us to the risks: many intellectuals, they argue, have wittingly or not contributed to a sort of global theoretical lingua franca which is little more than the inscription of American hegemony on the topics that dominate academic and journalistic circles throughout a growing part of the world.

There is much to be said on these matters and there are no definitive answers. Part of the task is, as the editors posit, the need to broaden the question of the relation of the scholar/intellectual to power into the problem of a post-Kantian autonomy of critical reason in order to go beyond the notion that we either stay away from power or we are sell outs. Yet this is no easy task given a collapse of the universalisms which were the ground for scholarly authority. It is insufficient merely to accept the fact of a multiplicity of different discourses/subjectivities. We need to produce a normative ground from which critical discourses and theorized critiques can get started, can engage power, and can engage each other by going further than a mere acceptance of differences.

Mine is, clearly, a partial view. But from where I sit and examine the questions of power and discourse in this particular period, there is room for going beyond the recognition of multiplicities in all domains and hence for working at producing a shared normativity, a shared normative ground for at least some of these multiple critical positions.

In this brief essay I want to focus on one particular issue, the need to produce a new narrative about the relation of the national state and the global economy. I will confine myself here to national states under the

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so-called rule of law. There are two, in appearance radically opposed, variations on this dominant discourse that are my concern here. In one of these the national state is represented as a victim of globalization. In the other globalization is represented as a non-reality and the national state as basically unchanged. Common to both these so-called critical discourses is an interpretation that tends to see globalization as a form of Americanization.

It strikes me that both of these positions, each of which presents itself as critical, are cases that illustrate Bourdieu and Wacquant's (1999) observation of intellectuals working out of old certainties. While this may be better than surrendering one's critical judgment and embracing the neo-liberal reading of globalization, it still remains a very problematic stance.

I want to argue that those of us who are working on these particular subjects must produce a new explanation/description/narrative that captures with far greater precision the interactions of the global economy and the national state. Why? Because there are not only theoretical implications involved but also deep political ones.

A more precise and critical appraisal of this interaction signals the existence of new political openings both in and outside the formal political system, and of a new politics that could allow citizens to demand accountability from the new global actors. These new political openings and new politics entail (a) the development of a normativity that engages the question of whose claims are legitimate in a context where the supposed neutrality of markets and technology is seen as obviating the need for normative approaches; and (b) represent a critique of older political lineages centered exclusively in the national state that easily excluded many groups which never completely identified with the national state and its representation of the nation.

A New Frontier Zone

The encounter of a global actor – firm or market – with one or another instantiation of the national state can be thought of as a new frontier zone. It is not merely a dividing line between the national economy and the global economy. It is a zone of politico-economic interactions that produce new institutional forms and alter some of the old ones. Nor is this encounter between the global and the national just a matter of reducing regulations or the role of government generally.

This zone of interaction is highly charged and potentially the outcomes of this interaction can make for epochal change. It is not simply the push by global firms and markets that is shaping the dynamics of interaction as is implied in much of the literature on the declining significance of the national state under globalization. States are also shaping the dynamics of interaction and are doing so not merely by resisting but also by participating (see, e.g., various chapters in Mittelman, 1996). In doing so, however, they are reconfigured (Sassen, 1996: ch. 1). This reconfiguring is shaped both by trends towards standardization, as is the growing convergence in the role of

central banks, and by national particularities, for example the different responses of Argentina, Indonesia and Malaysia to the 1997–8 financial crisis.¹

There is little doubt that economic globalization represents an at least partial transformation in the territorial organization of economic activity and of politico-economic power (Aman, 1998; Jessop, 1999; Mittelman, 1996). It contains the capacity to alter the particular form of the intersection of sovereignty and territory embedded in the modern state and the modern state-system. But simply to posit, as is so often done, that economic globalization has brought with it a declining significance of the national state *tout court*, misses some of the finer points about this transformation. For instance, in many countries, the necessity for autonomous central banks in the current global economic system has required a thickening of regulations in order to de-link central banks from the influence of the executive branch of government and, often, from broader national political interests, such as encouraging job growth at the expense of anti-inflationary policies.

Beyond the inadequacy of simply accepting the general proposition of a declining significance of the state, there is also the problematic acceptance of a simple quantitative measure of globalization. Simply to focus on the fact of the often minimal share of foreign inputs in national economies overlooks, again, some of the marking features of the current phase of the global economy. It is indeed the case that in most developed countries the share of foreign in total investment, the share of international in total trade, the share of foreign in total stock market value, are all very small. However, to infer from this that economic globalization is not really a significant issue misses two crucial features. One is that economic globalization is strategic rather than all-encompassing: it does not require ‘majorities’ to succeed. The second is the fact that most global processes materialize in national territories and do so to a large extent through national institutional arrangements, from legislative acts to firms, and are thereby not necessarily counted as ‘foreign’.

Conversely, for that same reason we cannot simply assume that because a transaction takes place in national territory and in a national institutional setting it is ipso facto national. In my reading, the imbrication of global actors and national institutions is far more ambiguous. The case of the central banks today also illustrates another key aspect in the process whereby national economies accommodate a global economic system: a country’s central bank can be a key institution for implementing – in its national economy – some of the new rules of the global economy, notably some of the standards in IMF conditionality. This signals that ‘national’ institutions can become home to some of the operational rules of the global economic system. This is one of the particular dynamics that I try to capture by using the term ‘incipient de-nationalizing’ of what have been constructed as national institutional orders, or components of these (Sassen, 1996: ch. 1).

Implementing today’s global economic system in the context of national territorial sovereignty required multiple policy negotiations. One

of the roles of the state vis-a-vis today's global economy, unlike earlier forms of the world economy, has been to negotiate the intersection of national law and the claims of foreign actors – whether firms, markets or supranational organizations. What makes the current phase distinctive is, on the one hand, the existence of an enormously elaborate body of law which secures the exclusive territoriality of national states to an extent not seen in the 19th century (e.g. Kratochwil, 1986; Ruggie, 1993), and on the other, the considerable institutionalizing of the 'rights' of non-national firms, the 'legalizing' of a growing array of cross-border transactions, and the growing, and increasingly institutionalized, participation by supranational organizations in national matters (e.g. Rosen and McFadyen, 1995).

This sets up the conditions for a necessary engagement of national states in the process of globalization. We generally use terms such as 'deregulation', financial and trade liberalization and privatization to describe the outcome of this negotiation. The problem with such terms is that they only capture the withdrawal of the state from regulating its economy. They do not register all the ways in which the state participates in setting up the new frameworks through which globalization is furthered (e.g. Mittelman, 1996; Shapiro, 1993); nor do they capture the associated transformations inside the state.

One way of putting it, then, would be to say that certain components of the national state operate as necessary instrumentalities for the implementation of a global economic system. This means that the state has negotiating capacities with the new global actors – it does not need to subject its agendas to the interests of these global actors, certainly not to the extent that the states in the highly developed countries have done so far.² How to recover this, albeit limited zone for state choices is part of both theory and politics.

New Political Openings and Actors

The combination of elements specified above produces at least two types of political opportunities that are lost when we simply think of the national state as a victim of globalization or alternatively as unchanged because globalization is not a significant process. One of these types of opportunity can be seen as predominantly located in the formal political system, and the other, as outside.

First, the necessary participation in the process of globalization by particular institutional orders within the state has meant that some parts of the national state have actually become relatively speaking more powerful because of globalization – for example, central banks, ministries of finance and the growing number of technical regulatory agencies.

This fact produces the possibility for a new type of politics within the state. The specific modes of participation by the state can also be seen as representing institutional bridges for citizens – who are largely confined to national institutions for the execution of their powers as citizens – to demand accountability from global actors. But this bridge will have to be

constructed in political, legal and administrative terms. It will take work. But then it also took an enormous amount of legal, accounting and other technical work for a sector of capital to reconstitute itself as global capital.

Second, in my reading, the impact of globalization on sovereignty has been significant in creating operational and conceptual openings for actors and subjects outside the formal political system (see Sassen, 1996, 1998: chs 1, 5, 10). I am particularly interested here in openings for actors other than the national state in cross-border political dynamics. Among these are the new global corporate actors but also those collectivities whose experience of membership has not been subsumed fully under nationhood in its modern conception, e.g. minorities, immigrants, first-nation people and many feminists.

At the limit this means that the state is no longer the only site for sovereignty and the normativity that comes with it and, further, that the state is no longer the exclusive subject for international law and the only actor in international relations. Other actors, from NGOs and minority populations to supranational organizations, are increasingly emerging as subjects of international law and actors in international relations.

The ascendance of a large variety of non-state actors in the international arena signals the expansion of an international civil society. This is clearly a contested space, particularly when we consider the logic of the capital market – profitability at all costs – against that of the human rights regime. But it does represent a space where actors other than the state can gain visibility as individuals and as collective actors, and come out of the invisibility of aggregate membership in a nation-state exclusively represented by the sovereign.

The large city of today, especially the global city, emerges as a strategic site for these new types of operations. It is one of the nexus where the formation of new claims materializes and assumes concrete forms (Sassen, 2000: ch. 6). The loss of power at the national level produces the possibility for new forms of power and politics at the subnational level. The national as container of social process and power is cracked. This cracked casing opens up possibilities for a geography of politics that links subnational spaces. Cities are foremost in this new geography. One question this engenders is how and whether we are seeing the formation of a new type of transnational politics that localizes in these cities.³

In brief, there are two strategic dynamics I am isolating here. One is the fact that there is a space – a new frontier – where far more political innovation on the part of the state could be possible because the implementation of a global economic system requires the at least partial participation of particular institutional orders within the national state. In short, the state has more leeway than images of victimization suggest. But the state has to an inordinate extent accepted the new normativity of the global capital market. The result has been a strengthening of those sectors of the state most closely

linked to the global economic system and the gradual weakening of other sectors of the state. The second point is that the withdrawal of the national state from institutional areas where it used to be more present has produced the formation of rhetorical and operational openings for actors other than the national state in cross-border political dynamics, particularly the new global corporate actors and those collectivities whose experience of membership has not been subsumed fully under nationhood in its modern conception, e.g. minorities, immigrants, first-nation people and many feminists.

Each one of these two dynamics contains emancipatory possibilities: for instance, implementing more distributive policies or demanding at least some accountability from global economic actors. But each of these dynamics also contains possibilities for the further strengthening of political and economic actors which represent new forms of concentrated power. We need a more detailed mapping of the potentials and the dangers of these new conditions. We cannot afford simply to subsume this new political landscape under notions of the state as victim of or as unchanged by globalization. One of the tasks that confronts critical scholars concerned with the state and globalization is to make visible how the state participates in that which it claims to be a victim of, and to identify the political possibilities produced by the new configuration. The task for intellectuals and scholars is to excavate power.

Notes

1. The actual materialization of globalization dynamics will go through specific institutional channels and assume distinct forms in each country, with various levels of resistance and consent – whence my notion of this dynamic as having the features of a frontier zone. Clearly, Malaysia responded differently to the imposition of IMF norms than some of the other countries in the region. The encounter between the new norms and national specificity can produce various outcomes, many of these unforeseen – e.g. the downfall of Suharto in Indonesia.
2. The options available to states under the rule of law in developing countries are likely to be more varied and difficult to specify at this time (helpful sources with empirically grounded studies on the options available to states are Calabrese and Burgelman, 1999; Copjec and Sorkin, 1999; Mittelman, 1996; Olds et al., 1999; Smith et al., 1999; see also *Indiana Journal of Global Legal Studies*, 1996, 1999).
3. Elsewhere (2000) I argue that the emphasis on hypermobility, global communications and the neutralization of place and distance in the mainstream account about economic globalization needs to be balanced with a focus on the *work* behind command functions, on the actual *production process* in the leading information industries, finance and specialized services, and on global *marketplaces*. This has the effect of incorporating the material facilities underlying globalization and the whole infrastructure of jobs typically not marked as belonging to the new corporate global economy. It overcomes the tendency in the mainstream account to take the existence of a global economic system as a given, a function of the power of transnational corporations and global communications. 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. Looking at it this way, we recover the material conditions, production sites and place-boundedness that are also part of globalization and the information economy. And we recover the broad range of types of firms, types of workers, types of work cultures, types of residential milieux, that are also part of globalization processes though never marked, recognized, represented or valorized as such.

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